

**THIS PRINT COVERS CALENDAR ITEM NO. 11
FOR THE MEETING OF: January 20, 2005**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION: Approving the draft Option Agreement for the Purchase and Sale of Real Property ("Option Agreement"), and authorizing the Executive Director to sign a substantially similar document for adoption of the Transbay Redevelopment Plan.

SUMMARY:

- The Option Agreement grants the San Francisco Redevelopment Agency (the "Agency") the right to take title to the State-Owned Parcels transferred to the City and County of San Francisco ("City") and the Transbay Joint Powers Authority ("Authority") under the Cooperative Agreement. The parcels for the Transbay Terminal building are not included in the Option Agreement.
- The Agency may take title at any time after the Transbay Redevelopment Plan is adopted, the Authority and the City have taken title to the parcels, the Authority has finished work on the Transbay Terminal ramps, and the Authority no longer requires the use of the temporary terminal parcel.
- The Agency's title will be subject to the deed restriction that all Gross Sales Proceeds resulting from sale of a parcel to a third-party developer must be paid to the Authority.
- The Agency's title will also be subject to such easements and structures as the Authority may need for the Transbay Terminal Project, including bus ramps and rail extension facilities.
- The Agency agrees to develop and sell the parcels under a separate Implementation Agreement and agrees to transfer tax increment from all State-Owned Parcels to the Authority in a separate Tax Allocation Agreement.

ENCLOSURES:

1. Resolution
2. Option Agreement for the Purchase and Sale of Real Property
3. Exhibit Map of Option Parcels

EXPLANATION:

The Option Agreement provides a process for transfer of the parcels from the Cooperative Agreement ("State-Owned Parcels") to third party developers.

The Option Agreement grants the Redevelopment Agency the right to all land to be received by the Authority and City under the Cooperative Agreement, except for the Transbay Terminal building parcels. The Agency intends to prepare the parcels for development and sale consistent with the Transbay Redevelopment Plan.

The Agency must take title from the City or Authority once certain conditions have been met; such as approval of the Redevelopment Plan and the absence of legal challenges. The parties recognize, however, that under the Cooperative Agreement, the State has the power to void any sale to a developer unless the State agrees that the Agency has made a "good faith effort" to get the "fair market value" purchase price for each parcel. In order to avoid a last-minute adverse decision from the State, and in order to assure potential developers that the Agency can transfer clear title, the Option Agreement provides that the Agency may submit a "baseline appraisal" to the State for approval prior to offering a parcel for sale to a third party. If the State refuses to accept the baseline appraisal, the Agency is not obliged to accept a conveyance from the City or Authority.

The Agency intends to offer parcels for sale and development through an RFP process using a minimum fair market value price based on the baseline appraisal. In many cases, especially for City parcels, closings under the Option Agreement will occur at the same time that closings occur with developers. At a closing, the Agency will take title and immediately transfer title to the developer. The developer's purchase money will be deposited into the Authority account (as required by the Cooperative Agreement and the Tax Allocation Agreement), and at that point the State will already have issued its baseline approval of the minimum price and should relinquish its power to void the sale. If the State has refused to agree to the baseline appraisal, then the Agency would have to negotiate a different deal, or convince the State of its good faith effort to obtain fair market value. The Option Agreement sets up a meet and confer process with the other parties to negotiate next steps.

Authority parcels, for the most part, are covered by ramps and so are less developable than City parcels. The Authority's title to those parcels, or the Agency's if transferred under the Option Agreement, will remain subject to the State's power of termination until the Terminal begins actual bus service, at which time all of the State's powers are terminated.

The Option Agreement is subject to Agency approval at the Redevelopment Commission meeting of January 25, 2005, and must be adopted as part of the Redevelopment Plan by the City's Board of Supervisors.

TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS

Resolution No. _____

WHEREAS, Upon adoption of the Transbay Redevelopment Plan the Redevelopment Agency ("Agency") will begin the process of rehabilitating and revitalizing the Plan area to attract and enhance the ability of the area to attract developers to create a cohesive neighborhood designed around the Transbay Terminal; and

WHEREAS, Vacant parcels owned by the State of California (the "State-Owned Parcels") will be transferred to the City and County of San Francisco and the Transbay Joint Powers Authority ("Authority") pursuant to the Cooperative Agreement; and

WHEREAS, The Agency has agreed to prepare the vacant State-Owned Parcels within the Redevelopment Plan area for development and sell them to third parties for development consistent with the Redevelopment Plan; and

WHEREAS, It is necessary for the Agency to have clear title to the parcels offered for sale in order to attract developers and generate purchase funds that will be transferred to the Authority pursuant to the Cooperative Agreement, and

WHEREAS, The Option Agreement for the Purchase and Sale of Real Property has been filed with the Secretary and provides for the transfer of title of State-Owned Parcels to the Agency in a manner designed to comply with the requirements of the Cooperative Agreement and to raise necessary funds for the Transbay Terminal Project; and

WHEREAS, The Option Agreement for the Purchase and Sale of Real Property must be approved as part of the Transbay Redevelopment Plan before it becomes effective; now, therefore, be it

RESOLVED, That the Transbay Joint Powers Authority Board authorizes the Executive Director to sign the Option Agreement for the Purchase and Sale of Real Property on file with the Secretary or a substantially similar document; and be it

FURTHER RESOLVED, That if changes are made by the parties to the document on file with the Secretary, and those changes are substantial in the opinion of the Executive Director and the General Counsel, the Executive Director shall return to the Board of Directors for additional signature authorization and approval.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of _____.

Secretary, Transbay Joint Powers Authority

OPTION AGREEMENT
FOR THE PURCHASE AND SALE OF REAL PROPERTY

by and between

CITY AND COUNTY OF SAN FRANCISCO,
as CITY,

TRANSBAY JOINT POWERS AUTHORITY,
as Authority,

and

REDEVELOPMENT AGENCY
OF CITY AND COUNTY OF SAN FRANCISCO,
as Agency

For the option to purchase

Certain Parcels Within the Transbay Redevelopment Project Area
San Francisco, California

_____, 2004

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OPTION AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY

(All or a portion of the following: Block 3718, Lot 025 and Lot 027; Block 3721, Lot 015A; Block 3736, Lot 007, Lot 018, Lot 089 and Lot 120; Block 3737, Lot 005, Lot 012 and Lot 027; Block 3738, Lot 004; Block 3739, Lot 008; Block 3749, Lot 052, Lot 061 and Lot 064; and Block 3764, Lot 068; San Francisco)

THIS OPTION AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY (this "Agreement") is entered into as of this ___ day of _____, 2004, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), the TRANSBAY JOINT POWERS AUTHORITY, a joint powers agency created under California Government Code Sections 6500 et seq. ("Authority") and the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic, established pursuant to the Community Redevelopment Law of the State of California ("Agency"). For purposes of this Agreement, "Party" means City, Authority or Agency, as a party to this Agreement, and "Parties" means the City, Authority and Agency, as parties to this Agreement. Furthermore, for purposes of this Agreement, "Grantor", means either the City or Authority.

THIS AGREEMENT IS MADE WITH REFERENCE TO THE FOLLOWING FACTS AND CIRCUMSTANCES:

A. The State of California, acting by and through its Department of Transportation ("State") owns and operates the Transbay Transit Terminal ("Transbay Terminal") in the City as a regional transit hub utilized by several transit providers, including the San Francisco Municipal Railway, the Golden Gate Bridge, Highway and Transportation District, the Alameda-Contra Costa Transit District ("AC Transit"), the San Mateo County Transit District, and Greyhound Lines.

B. State also owns and operates a system of ramps ("loop ramps") that connect the Transbay Terminal with the San Francisco-Oakland Bay Bridge ("SFOBB") and owns land adjacent to the Transbay Terminal and the loop ramps which land was formerly occupied by the Terminal Separator Structure ("TSS").

C. The Transbay Terminal and loop ramps were constructed as part of the SFOBB in the 1930's.

D. Damage from the Loma Prieta Earthquake of 1989 resulted in the demolition of the TSS, leaving State with vacant parcels of land, some of which are currently leased as parking lots (each, a "State-Owned Parcel" and collectively, the "State-Owned Parcels").

E. In January 2001, the Transbay Panel of Metropolitan Transportation Commission determined that the existing Transbay Terminal does not meet projected transit operational needs and is in need of significant remodeling or replacement to improve transit services in the San Francisco Bay Area.

F. In order to determine the existence of blighting conditions and the feasibility of adopting a redevelopment plan for the area including the Transbay Terminal, loop ramps and the State-Owned Parcels and roughly bounded by Mission, Main, Folsom and Second Street, the San

Francisco Board of Supervisors established a Transbay Redevelopment Survey Area (the "Survey Area").

G. On _____, the Agency approved a Transbay Project Area Redevelopment Plan for all or a substantial portion of the Survey Area ("Redevelopment Plan") and identified the potential for a new regional transit terminal and for transit-oriented development of the State-Owned Parcels within the Survey Area.

H. On April 4, 2001, the City, AC Transit and the Peninsula Corridor Joint Powers Board created the Transbay Joint Powers Authority, a joint powers agency created pursuant to the provisions of California Government Code Section 6500 et seq. (the "Authority"), and the Authority is authorized to develop, design, construct and operate a new Transbay Terminal and ramps on the site of the existing structure.

I. On October 4, 2002, a draft Environmental Impact Statement, Environmental Impact Report (the "EIS/EIR"), and Section 4(f) Evaluation was issued by City, Agency, the Peninsula Corridor Joint Powers Board, and the Federal Transit Administration for the Transbay Terminal-Caltrain Downtown Extension-Redevelopment Project (the "Transbay Terminal Project"). On March 18, 2004, a final EIS/EIR (the "Final EIS/EIR") was published, and on April 20, 2004 the Final EIS/EIR was certified by the City, Agency and the Peninsula Corridor Joint Powers Board.

J. In accordance with Section 33413(b) of the Community Redevelopment Law (the "CRL"), at least 15 percent of all new and substantially rehabilitated dwelling units developed within the Redevelopment Plan Area by public or private entities other than the Agency, shall be available at affordable housing cost to, and occupied by, persons and families of very low-, low- or moderate-income, as defined by the California Health and Safety Code. In addition to the requirements of the CRL, California Public Resources Code Section 5027.1 (the "Public Resources Code") sets minimum affordable housing requirements that increases the minimum affordable housing requirements for any redevelopment plan adopted to finance the demolition of the Transbay Terminal and construction of a new terminal. The Public Resources Code requires that at least twenty-five (25) percent of all dwelling units developed within the Transbay Project Area shall be available at affordable housing cost to, and occupied by, persons and families whose incomes do not exceed sixty (60) percent of the area median income, and that an additional ten (10) percent of all dwelling units developed within the Transbay Project Area shall be available at affordable housing cost to, and occupied by, persons and families whose incomes do not exceed one hundred twenty (120) percent of the area median income.

K. A newly constructed multi-modal Transbay Terminal could benefit the State and the San Francisco Bay region by providing the region with an improved mass transit hub. The Transbay Terminal Project (1) has the potential to provide expanded bus and rail service and direct access to and from the SFOBB, resulting in more efficient bus and train service and more convenience for the passengers utilizing those transit systems; (2) has significant potential to ease traffic congestion and improve traffic flow on City streets in and around the Survey Area; and (3) could receive tax increment funding from all State-Owned Parcels and proceeds from sales of the State-Owned Parcels, if a final Transbay Project Area Redevelopment Plan (the "Transbay Redevelopment Plan") is structured to dedicate such funds to the construction and operation of a new Transbay Terminal, and if the associated Tax Increment Allocation and Sales Proceeds Pledge Agreement (the "Pledge Agreement") is executed by the Parties.

L. The City and Authority have agreed to cooperate with the Agency in implementing the Redevelopment Plan and to reimburse certain Agency Costs and Agency Administrative Fees as set forth in the Transbay Redevelopment Project Implementation Agreement ("Implementation Agreement"), attached hereto as Schedule 3.

M. State has determined that the ownership and operation of a regional transit terminal is most appropriately a local or regional function and State and the Parties have determined that the sale and development of certain of the State-Owned Parcels would represent a significant source of potential funding for a new Transbay Terminal.

N. State is assisting local and regional authorities in their efforts to construct a new Transbay Terminal in downtown San Francisco by transferring specified State-Owned Parcels to the City and the Authority, as more particularly described in Exhibit A-1 attached hereto (the “Transferred Parcels”), pursuant to that certain Cooperative Agreement dated as of _____, 2002, by and between City, State and the Authority (a copy of which is attached hereto as Schedule 1, the “Cooperative Agreement”).

O. Pursuant to the Cooperative Agreement, State intends to convey to City certain of the Transferred Parcels as more particularly described in Exhibit A-2 attached hereto (the “City Parcels”) and intends to convey to the Authority the balance of the Transferred Parcels, as more particularly described in Exhibit A-3 attached hereto (the “Authority Parcels”).

P. City, Authority and Agency desire to enter into this Agreement in accordance with the terms of the Cooperative Agreement to implement the Transbay Redevelopment Plan.

Q. Subject to the satisfaction of conditions set forth in this Agreement, City and Authority intend to grant options to acquire certain of the Transferred Parcels to Agency of which the potential parcels for transfer are more particularly described in Exhibit ___ attached hereto (the “Agency Transfer Parcels”) for assembly, re-parcelization and development consistent with the requirements of the Transbay Redevelopment Plan. After exercising such options, Agency intends to transfer the Agency Transfer Parcels to third party developers, through the transfer of fee title, and allocate (i) the Gross Sales Proceeds, as defined in Section 5.1 of this Agreement, and (ii) all Net Tax Increment, as defined in Section 13.3 of this Agreement, generated from the Agency Transfer Parcels to Authority for the development of the new Transbay Terminal, which Transbay Terminal will be located on portions of the Authority Parcels.

R. Transfer from the City and the Authority to the Agency of the Agency Transfer Parcels is provided for in the Cooperative Agreement, and further, the City’s Director of Real Property is authorized to take any and all steps and to make such transfers of the City Parcels to the Agency as the Director of Property deems necessary or appropriate in order to consummate the conveyances included in the Cooperative Agreement without any further action required by the City’s Board of Supervisors pursuant to the Board of Supervisors’ Resolution No. 441-03, dated July 8, 2003.

S. Subject to the terms and conditions set forth in this Agreement, Agency now desires to acquire the exclusive and irrevocable right to purchase the Agency Transfer Parcels at no cost for the purposes of assembly, re-parcelization and development, and the City and Authority, each separately as Grantor, are willing to grant such right.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

1. PROPERTY SUBJECT TO OPTION

1.1 Agency Transfer Parcels. The following property is subject to the Option granted below:

(a) The Agency Transfer Parcels, as more particularly shown in the map attached hereto as Exhibit _____. Development of the Agency Transfer Parcels shall be subject to the completion of any environmental review required under the California Environmental Quality Act ("CEQA"), as reasonably determined by Agency;

(b) All improvements and fixtures located on the Agency Transfer Parcels (collectively, the "Improvements");

(c) Any and all of the Grantor's rights, privileges, and easements incidental or appurtenant to the Agency Transfer Parcels or Improvements, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under any of the Agency Transfer Parcels, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Agency Transfer Parcels, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Agency Transfer Parcels or Improvements, and any and all of City's and Authority's right, title and interest in and to all roads and alleys adjoining or servicing the Agency Transfer Parcels or Improvements (collectively, the "Appurtenances").

All of the items referred to in Sections 1.1(a), 1.1(b) and 1.1(c) above are collectively included in references to the Agency Transfer Parcels.

1.2 Cooperative Agreement. This Agreement is in furtherance of the Cooperative Agreement, attached hereto as Schedule 1 and incorporated as though set forth fully herein, and the Transbay Redevelopment Plan. Agency shall abide by all of the terms and conditions of the Cooperative Agreement. In the event of any inconsistency between the terms of this Agreement and the Cooperative Agreement, the terms of the Cooperative Agreement shall control.

1.3 Cooperation between Parties for Transfer of Agency Transfer Parcels to Third Parties. The parties will work cooperatively to ensure that there are adequate resources to provide for the preparation and sale of the Agency Transfer Parcels to third parties, including, but not limited to, the resources necessary to address environmental contamination issues.

2. GRANT OF OPTION TO PURCHASE

2.1 Grant of Option. City and Authority grant to Agency the exclusive and irrevocable option to purchase the Agency Transfer Parcels (the "Option") on the terms and conditions of this Agreement.

2.2 Consideration for Option. The Parties Agree:

(a) Agency shall prepare and sell the Agency Transfer Parcels, as designated, to third parties, and require the Gross Sales Proceeds to be deposited into the Trust Account as defined and implemented in the Cooperative Agreement and in Section 6.1 of this Agreement;

(b) All parties shall approve and execute the Implementation Agreement attached hereto as Schedule 3.

(c) All parties shall approve and execute the Pledge Agreement attached hereto as Schedule 2;

3. TERM OF OPTION

3.1 Term. The term of the Option shall commence as of the date first set forth above and shall expire or terminate on the earliest of the following dates (the “Term”):

(a) As to any particular Agency Transfer Parcel, the date that Agency acquires recorded fee title to such Agency Transfer Parcel; or

(b) As to any particular Agency Transfer Parcel, the date Agency cancels this Option; or

(c) As to any particular Agency Transfer Parcel, the day immediately following the Closing Date for the Agency Transfer Parcel; or

(d) As to any particular Agency Transfer Parcel, ninety (90) days after the Agency receives notice from the City or Authority, that the State has terminated or quitclaimed its easement for Temporary Construction or Trailer Offices under Sections III.C and F of the Cooperative Agreement.

(e) The date this Agreement is terminated pursuant to its terms; or

(f) Such earlier date as State retakes title to an Agency Transfer Parcel pursuant to its Power of Termination (as defined below).

4. EXERCISE OF OPTION; TERMINATION OF AGREEMENT; QUITCLAIM DEED

4.1 Exercise Notice. Agency may exercise this Option by delivering to Grantor before the expiration of the Term (as defined in Section 3.1 above) written notice of the exercise of Agency’s Option as to the Agency Transfer Parcel(s) described in the notice (“Exercise Notice”). Any subsequent development of the Agency Transfer Parcel(s) shall be subject to Agency's completion of any environmental review required under CEQA, as reasonably determined by Agency. Agency may first exercise the Option only after the following conditions have been satisfied:

(a) With respect to Authority Parcels A”, A’, I, I”, H’, G, F, O’, and O”, and City Parcel O as described in Exhibit A-3, attached hereto, at any time after the State has relinquished its power of termination under Section (a)(2) in the Authority’s or City’s deed as attached to the Cooperative Agreement, or at such earlier time that such parcels are not being used for the construction of ramps and siting of the temporary terminal.

(b) Grantor has acquired fee title to and the legal authority to dispose of such Option Parcel(s); and

(c) The Agency’s Commission has adopted, in its sole and absolute discretion, a resolution approving and authorizing the transactions contemplated by this Agreement.

(d) The City's Board of Supervisors, in its sole and absolute discretion, has adopted the Transbay Redevelopment Plan including all of the Agency Transfer Parcels, and has approved execution of the Pledge Agreement and Implementation Agreement.

Agency may exercise all subsequent Options only after Grantor has acquired fee title to and the legal authority to dispose of such Agency Transfer Parcel(s). Agency acknowledges and agrees

that the City may transfer that portion of Agency Transfer Parcel B to the adjacent landowner as shown on the Survey Map attached as Schedule 4 at any time prior to Closing.

4.2 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 Transbay Redevelopment Project Implementation Agreement for Agency work regarding the particular parcel.

4.3 Termination of Agreement. In the event that this Agreement is terminated by either party as permitted under any provision of this Agreement or the Option is not exercised upon or prior to the expiration of the Term, then the Option shall become void and of no further force or effect, and neither party shall have any further obligation to the other hereunder except with respect to obligations which expressly survive such termination.

4.4 Obligation to Deliver Quitclaim Deed or other Instrument. Upon the expiration of the Term or in the event this Agreement and/or the Option is otherwise terminated for any reason, upon City's or Authority's written request, Agency shall promptly execute and deliver to Grantor a quitclaim deed or other document (in recordable form) as may be required by any title company designated by Grantor to release any right of Agency to purchase one or more of the remaining Agency Transfer Parcels as requested by Grantor. Such document shall be provided by Grantor to Agency together with such written request of Grantor.

5. AGREEMENT ON BASELINE VALUATION OF STATE-OWNED PARCELS PRIOR TO THIRD PARTY OFFERINGS

5.1 Baseline Valuation. The Agency may seek an appraisal to determine a baseline valuation for any State-Owned Parcel subject to this Agreement prior, or subsequent, to delivering an Exercise Notice to the Grantor (the "Baseline Valuation"). According to the requirements for determining Gross Sales Proceeds, as provided in Section 6 of this Agreement, such appraisal will be conducted by a MAI appraiser using commonly accepted practices and standards and may include consideration of Redevelopment Plan development restrictions, environmental contamination, legally required affordable housing, and other conditions which reasonably effect the fair market value. The Agency's determination of a Baseline Valuation will occur prior to the Agency's offering of a State-Owned Parcel to a third-party. The Baseline Valuation will represent the minimum price the Agency will accept for a specific State-Owned Parcel and accordingly the final price, or Gross Sales Proceeds, received by the Agency subsequent to the disposition process will not be less than, but may exceed the Baseline Valuation.

5.2 Submission of Baseline Valuation to the State. The Agency, Authority or City, will submit the Baseline Valuation to the State with a request for response within thirty (30) days indicating if the State objects to or accepts the Baseline Valuation (the "Response Period"). The Parties agree that such submittal is in substantial compliance with the notice requirements of Section III, G (1) of the Cooperative Agreement, which requires Caltrans to file an objection to the terms within a thirty-day period.

5.3 Process Following Submission to the State. If the State does not respond within the Response Period, or if the State files an objection within the Response Period, the Parties agree to meet and confer to determine how to proceed in either requesting a response from the State or resolving the issues related to the State's objections (the "Dispute Period"). Furthermore, the Parties agree, that notwithstanding Section 4.2 of this Agreement, the Agency may rescind its Exercise Notice for any State-Owned Parcel at any time during the Dispute Period.

6. GROSS SALES PROCEEDS

6.1 Gross Sales Proceeds. Agency acknowledges that its title to Agency Transfer Parcels and the title conveyed to a third party shall be subject to the State's Power of Termination as set forth in the Cooperative Agreement until the Gross Sales Proceeds are deposited in the Authority's Trust Account. The terms "Gross Sales Proceeds" and "Trust Account" are defined in Sections I.I and III. G of the Cooperative Agreement. Fair market value for each Agency Transfer Parcel will be determined by an MAI appraiser using commonly accepted practices and standards. The parties agree that, consistent with the definition of Gross Sales Proceeds, the Agency's good faith acceptance of a final purchase price may include consideration of Redevelopment Plan development restrictions, environmental contamination, legally required affordable housing, and other conditions which reasonably effect the fair market value. Agency shall cause the escrow holder to pay directly to the Trust Account the Gross Sales Proceeds for each Agency Transfer Parcel conveyed to Agency immediately upon conveyance of such Agency Transfer Parcel to a third party, through the transfer of fee title. Grantor shall have the right to review and approve any escrow instructions submitted by Agency to escrow holder in connection with any conveyance of an Agency Transfer Parcel by Agency to a third party. Agency may retain title to all or a portion of any Agency Transfer Parcel for uses consistent with the Transbay Redevelopment Plan and such title will remain subject to the State's Power of Termination. Nothing in this Agreement shall require the Agency to convey all or a portion of any Agency Transfer Parcel to a third party, but Agency's obligations in this paragraph 6.1 shall survive termination of the Cooperative Agreement.

6.2 Closing Costs. Agency shall pay all closing costs related to the transfer of the Agency Transfer Parcels from the Grantor to the Agency, including, without limitation, all title insurance, survey, escrow and recording costs.

7. TITLE

7.1 Conditions of Title. At the Closing, Grantor shall convey its right, title and interest in and to the Agency Transfer Parcels to Agency by quitclaim deed substantially in the form of Exhibit B attached hereto (the "Deed"). Title to the Agency Transfer Parcels shall be subject to (a) all exceptions and exclusions in preliminary title reports to be prepared by Chicago Title Company, 388 Market Street, Suite 1300, San Francisco, California 94111 (the "Title Company"), (b) liens of local real estate taxes and assessments, (c) all existing exceptions and encumbrances, whether or not disclosed by a current preliminary title report or the public records or any other documents delivered to Agency by Grantor, including, without limitation, the parking lot leases more specifically described in Exhibit C attached hereto (the "Existing Leases"), any replacement parking lot leases(s) entered into by City or Authority following termination of existing leases(s) as provided in Section II.C of the Cooperative Agreement (collectively, "Grantor Replacement Leases"), the temporary construction and storage easements granted to the State in connection with the WASSP (the "Temporary Construction Easements"), if any, the temporary easement, if any, reserved by State in its quitclaim deed to Grantor for office and parking use for the WASSP Resident Engineers (the "WASSP Resident Engineers Easement"), and those other documents listed on Exhibit C attached hereto, if any, (d) the right of State to terminate City's, Authority's and Agency's interest in the Agency Transfer Parcels (as more particularly described in the Deed, the "Power of Termination"), (e) easements, structures, fixtures and appurtenances required for a temporary bus terminal, bus ramps, and a railroad tunnel as determined by the Authority for the Transbay Terminal Project and (f) any other exceptions to title which would be disclosed by an accurate survey or inspection of each of the properties. All of the foregoing exceptions to title shall be referred to collectively as the "Conditions of Title." Agency further acknowledges that it has reviewed the preliminary title report and all underlying documents and has obtained its own survey of the Agency Transfer Parcels.

7.2 Agency's Responsibility for Title Insurance. Agency understands and agrees that the right, title and interest to be acquired in the Agency Transfer Parcels shall not exceed that vested in Grantor, and Grantor is under no obligation to furnish any policy of title insurance in connection with this transaction. Agency recognizes that any fences or other physical monument of the Agency Transfer Parcels' boundaries lines may not correspond to the legal description of the Agency Transfer Parcels. Grantor shall not be responsible for any discrepancies in the parcel area or location of the property lines or any other matters which an accurate survey or inspection might reveal. It is Agency's sole responsibility to obtain a survey and a policy of title insurance, if desired.

8. AS IS PURCHASE; RELEASE OF GRANTOR

8.1 Agency's Independent Investigation of the Agency Transfer Parcels. Agency represents and warrants to Grantor that Agency has performed (or will have performed prior to any Exercise Notice) a diligent and thorough inspection and investigation of each and every aspect of the Agency Transfer Parcels, either independently or through agents of Agency's choosing, including, without limitation, with regard to the following matters (collectively, the "Property Conditions"):

(a) All matters relating to title including, without limitation, the existence, quality, nature and adequacy of any access to the Agency Transfer Parcels.

(b) The condition of title to the Agency Transfer Parcels and any survey matters relating to the Agency Transfer Parcels, including, but not limited to, the total square footage of the Agency Transfer Parcels.

(c) The zoning, redevelopment plan, and other legal status of the Agency Transfer Parcels, including, without limitation, the compliance of the Agency Transfer Parcels or their operation with any applicable codes, laws, regulations, statutes, resolutions and private or public covenants, conditions and restrictions, and all governmental and other legal requirements such as taxes, assessments, use permit requirements and building and fire codes.

(d) The quality, nature, adequacy, and physical, geological and environmental condition of the Agency Transfer Parcels (including soils and any groundwater), and the presence or absence of any Hazardous Materials in, on, under or about the Agency Transfer Parcels or any other real property in the vicinity of the Agency Transfer Parcels. As used in this Agreement, "Hazardous Material" shall mean any petroleum or petroleum product, asbestos, polychlorinated biphenyls, underground storage tanks and the contents thereof, flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials, including but not limited to any such materials defined in or regulated pursuant to any of the laws referenced in Section 8.4 below, and in any regulations adopted and publications promulgated pursuant thereto, as such laws or regulations may now exist or may exist in the future, or any other substance or material defined as a Hazardous Material by the Cooperative Agreement.

(e) The suitability of the Agency Transfer Parcels for Agency's intended uses.

(f) The economics and development potential, if any, of the Agency Transfer Parcels.

(g) All other matters of material significance affecting the Agency Transfer Parcels.

8.2 Entry and Indemnity. In connection with any entry by Agency or its Agents (as defined in Section 16.7 below) onto the Agency Transfer Parcels prior to the Closing Date (as defined in Section 10.2(a) below), Agency shall give Grantor reasonable advance written notice of such entry and shall conduct such entry and any inspections in connection therewith so as to minimize, to the extent possible, interference with uses being made of the Agency Transfer Parcels and otherwise in a manner and on terms and conditions acceptable to Grantor. All entries by Agency or its Agents onto the Agency Transfer Parcels to perform any testing or other investigations which could affect the physical condition of the Agency Transfer Parcels (including, without limitation, soil borings) or the uses thereof will be made only pursuant to the terms and conditions of a permit to enter substantially similar to the City's form and with such insurance and indemnity provisions as are reasonably satisfactory to Grantor. Without limiting the foregoing, prior to any entry to perform any on-site testing, Agency shall give Grantor written notice thereof, including the identity of the company or persons who will perform such testing and the proposed scope of the testing. Grantor shall have the right to approve or disapprove the proposed testing within ten (10) business days after receipt of such notice. If Agency or its agents, employees or contractors take any sample from the Agency Transfer Parcels in connection with any approved testing, upon written request Agency shall provide to Grantor a portion of such sample being tested to allow Grantor, if it so chooses, to perform its own testing. Grantor or its representative may be present to observe any testing or other inspection performed on the Agency Transfer Parcels. Agency shall promptly deliver to Grantor copies of any reports relating to any testing or other inspection of the Agency Transfer Parcels performed by Agency or its agents, employees or contractors.

Agency shall maintain, and shall require that its Agents maintain, public liability insurance, including Agency self-insurance reasonably acceptable to Grantor, and property damage insurance in amounts and in form and substance adequate to insure against all liability of Agency and its Agents arising out of any entry or inspection of the Agency Transfer Parcels in connection with the transaction contemplated hereby, and Agency shall provide Grantor with evidence of such insurance coverage upon request from Grantor.

To the fullest extent permitted under law, Agency shall indemnify, defend and hold harmless Grantor, its Agents, and each of them, from and against any liabilities, costs, damages, losses, liens, claims and expenses (including, without limitation, any liabilities and indemnity obligations that Grantor may have to the State under the Cooperative Agreement and reasonable fees of attorneys, experts and consultants and related costs), except to the extent that Grantor has indemnification from the State pursuant to Section IV. E of the Cooperative Agreement, arising out of or relating to the conduct of Agency, its Agents, contractors or subcontractors or its or their activities during any entry on, under or about the Agency Transfer Parcels in performing the inspections, testing or inquiries provided for in this Agreement, whether prior to the date of this Agreement or during the term hereof, including, without limitation, any injuries or deaths to any persons (including, without limitation, Agency's Agents) and damage to any property, from any cause whatsoever. The foregoing indemnity shall survive beyond the Closing Date, or, if the sale is not consummated, beyond the termination of this Agreement.

8.3 "As-Is" Purchase. AGENCY SPECIFICALLY ACKNOWLEDGES AND AGREES THAT GRANTOR IS CONVEYING AND AGENCY IS ACCEPTING THE AGENCY TRANSFER PARCELS ON AN "AS-IS WITH ALL FAULTS" BASIS SUBJECT TO ALL APPLICABLE LAWS, RULES AND ORDINANCES, INCLUDING WITHOUT LIMITATION, ANY ZONING ORDINANCES, THE TRANSBAY REDEVELOPMENT PLAN, OR OTHER REGULATIONS GOVERNING THE USE, OCCUPANCY OR POSSESSION OF THE AGENCY TRANSFER PARCELS. AGENCY REPRESENTS AND WARRANTS THAT AGENCY IS RELYING SOLELY ON ITS INDEPENDENT INVESTIGATION AND NOT ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM GRANTOR OR ITS AGENTS AS TO ANY MATTERS CONCERNING THE AGENCY TRANSFER PARCELS, THEIR

SUITABILITY FOR AGENCY'S INTENDED USES OR ANY OF THE PROPERTY CONDITIONS. GRANTOR DOES NOT GUARANTEE THE LEGAL, PHYSICAL, GEOLOGICAL, ENVIRONMENTAL OR OTHER CONDITIONS OF THE AGENCY TRANSFER PARCELS, NOR DOES IT ASSUME ANY RESPONSIBILITY FOR THE COMPLIANCE OF THE AGENCY TRANSFER PARCELS OR THEIR USE WITH ANY STATUTE, RESOLUTION OR REGULATION. THE AGENCY AGREES THAT NEITHER GRANTOR NOR ANY OF GRANTORS' AGENTS HAVE MADE, AND GRANTOR DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY CONDITIONS.

8.4 Release of Grantor With Regard to Hazardous Materials. As part of its agreement to accept the Agency Transfer Parcels in their "As-Is With All Faults" condition, Agency, on behalf of itself and its successors and assigns, waives any right to recover from, and forever releases and discharges, Grantor, its officers, employees, agents, contractors and representatives, and their respective heirs, successors, legal representatives and assigns, except to the extent that Grantor has indemnification from the State pursuant to Section IV. E of the Cooperative Agreement, from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with (i) the physical, geological or environmental condition of the Agency Transfer Parcels, including, without limitation, any Hazardous Materials in, on, under, above or about the Agency Transfer Parcels, and (ii) any federal, state, local or administrative law, rule, regulation, order or requirement applicable thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended by Superfund Amendments and Reauthorization Act of 1986 ("SARA") (42 U.S.C. Sections 9601-9657), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (collectively, "RCRA") (42 U.S.C. Sections 6901-6987), the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977 (collectively the "Clean Water Act") (33 U.S.C. Sections 1251 et seq.), the Toxic Substances Control Act ("TSCA") (15 U.S.C. Sections 2601-2629), Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), the Carpenter-Presley-Tanner Hazardous Substance Account Law (commonly known as the "California Superfund" law) (California Health and Safety Code Sections 25300-25395), Hazardous Waste Control Act (California Health and Safety Code Section 25100 et seq.), Hazardous Materials Release Response Plans and Inventory Law (commonly known as the "Business Plan Law") (California Health and Safety Code Sections 25500 et seq.), Porter-Cologne Water Quality Control Act (California Water Code Section 13000 et seq.), Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (California Health and Safety Code Section 25249.5 et seq.).

In connection with the foregoing release, Agency expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

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

BY PLACING ITS INITIALS BELOW, AGENCY SPECIFICALLY ACKNOWLEDGES AND CONFIRMS THE VALIDITY OF THE RELEASES MADE ABOVE AND THE FACT THAT AGENCY WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THE ABOVE RELEASES.

INITIALS: AGENCY:_____

8.5 Hazardous Materials Indemnity.

(a) Agency, its successors and assigns (collectively, “Indemnitor”), shall indemnify, defend and hold Grantor, its officers, employees, agents, successors, and assigns (collectively, “Indemnitee”) harmless from and against any and all liabilities (including, without limitation, any liabilities and indemnity obligations that Grantor may have to the State under the Cooperative Agreement), losses, claims, demands, penalties, fines, settlements, damages (including, without limitation, foreseeable and unforeseeable consequential damages), response, remedial or inspection costs, and any expenses (including, but not limited to, attorney and consultant fees, laboratory costs and litigation costs) of whatever kind or nature, known or unknown, contingent or otherwise, which are incurred by or asserted against Indemnitee (other than by virtue of acts of Indemnitee) after the Closing Date, except to the extent that Grantor has indemnification from the State pursuant to Section VI. E of the Cooperative Agreement, and arise from or relate directly to (i) any Hazardous Materials from, in, on, under or affecting or otherwise resulting from operations or activities on the Agency Transfer Parcels, (ii) migration of Hazardous Materials onto the Agency Transfer Parcels from any contiguous property or onto any other property from the Agency Transfer Parcels, (iii) past disposal of Hazardous Materials on the Agency Transfer Parcels by any person, known or unknown, (iv) the removal, treatment, remediation or disposal of Hazardous Materials on or from the Agency Transfer Parcels, and (v) any personal injuries or property damages, real or personal, any violations of law or of orders, regulations, requirements or demands of governmental authorities, and any lawsuit brought or threatened, settlement reached or governmental order arising out of or in any way related to Hazardous Materials on, in, from under or affecting or otherwise resulting from operations or activities on the Agency Transfer Parcels.

(b) Whenever requested by Indemnitor, Indemnitee shall give Indemnitor all reasonable aid in investigating the subject matter of a claim, securing evidence, obtaining witnesses, prosecuting or defending any action or proceeding, effecting settlement, and in any other lawful act which in the opinion of Indemnitor may be necessary or desirable in connection with the defense, compromise or settlement of any claim to which this Section applies. If Indemnitor is prejudiced by the failure of Indemnitee to furnish the required cooperation, Indemnitor’s obligations under this Section shall terminate, including any liability or obligation to defend or continue any litigation with regard to the matter or matters requiring such cooperation. Under no circumstances shall Indemnitee be required to incur any expense in connection with its obligations hereunder.

(c) Within thirty (30) days following Indemnitor’s receipt of notice from Indemnitee of the existence of a claim against Indemnitee, Indemnitor shall notify Indemnitee whether it accepts, denies or conditionally accepts the obligation to defend and indemnify Indemnitee against such claim.

(d) The agreement to indemnify, defend and hold harmless set forth in this Section is in addition to, and in no way shall be construed to limit or replace, any other obligations or liabilities which Indemnitor may have to Indemnitee in this Agreement, at common law or otherwise.

(e) Indemnitee agrees to give prompt notice to Indemnitor with respect to any suit or claim initiated or threatened to be initiated against Indemnitee, and in no event later than the earlier of (a) twenty (20) days after valid service of process as to any filed suit or (b) sixty (60) days after receiving notification of the filing of such suit or the assertion of such claim, which Indemnitee has reason to believe is likely to give rise to a claim for indemnity hereunder. If prompt notice shall not be given to Indemnitor, then Indemnitor’s liability hereunder shall

terminate as to the matter for which such notice is not given, provided, that failure to notify Indemnitor shall not prejudice the rights of Indemnitee hereunder unless Indemnitor shall be prejudiced by such failure, and then only to the extent of such prejudice. Indemnitor shall, at its option but subject to the reasonable consent and approval of Indemnitee, be entitled to control the defense, compromise, or settlement of any such matter through counsel of Indemnitor's own choice; provided, however, that in all cases Indemnitee shall be entitled to participate in such defense, compromise, or settlement at its own expense. If Indemnitor shall fail, however, in Indemnitee's reasonable judgment, within a reasonable time following notice from Indemnitee alleging such failure, to take reasonable and appropriate action to defend, compromise, or settle such suit or claim, Indemnitee shall have the right promptly to hire counsel at Indemnitor's sole expense to carry out such defense, compromise, or settlement, which expense shall be immediately due and payable to Indemnitee upon receipt by Indemnitor of an invoice therefor.

9. CONDITIONS

9.1 Grantor's Condition Precedent. The following are conditions precedent to Grantor's obligation to convey each Agency Transfer Parcel to Agency ("Grantor's Conditions Precedent"):

(a) Agency shall have delivered an Exercise Notice to Grantor with respect to such Agency Transfer Parcel in accordance with Section 4.1 hereof;

(b) Agency shall have performed all of its obligations hereunder required to be performed before conveyance of the Agency Transfer Parcel(s); and

(c) All of Agency's representations and warranties shall be true and correct.

9.2 Failure of Grantor's Conditions Precedent. Each of Grantor's Conditions Precedent are intended solely for the benefit of Grantor. If any of Grantor's Conditions Precedent are not satisfied as provided above, Grantor may, at its option, terminate Agency's Option to purchase the Agency Transfer Parcel(s) identified in the Exercise Notice. Upon any such termination, neither Party shall have any further rights or obligations hereunder with respect to the Agency Transfer Parcel(s) in question, except as provided in Sections 8.2, Entry and Indemnity, 13.2, No Brokers or Finders, or 16.4, Authority of Parties, or as otherwise expressly provided herein.

9.3 Agency's Conditions Precedent. The following are conditions precedent to Agency's obligation to accept the Grantor's conveyance of each of the Agency Transfer Parcels ("Agency's Conditions Precedent"):

(a) Issuance by Title Company (or agreement of Title Company to issue upon payment by Agency of all required premiums) of a CLTA Owner's policy or, at Agency's option, an ALTA extended coverage Owner's Policy of Title Insurance (Form B-1970 or equivalent satisfactory to Agency) insuring Agency as owner of fee simple title to the Agency Transfer Parcel(s) identified in Agency's Exercise Notice, subject only to the exceptions and exclusions contained in such policy and permitted under Section 3.1 hereof, and including such endorsements as Agency may reasonably request; and

(b) The absence of any pending legal challenge to or of this Agreement, Agency's exercise of the Option pursuant to this Agreement, or the Transbay Redevelopment Plan pertaining to the Agency Transfer Parcels.

(c) The receipt of a notice from the State of California that pursuant to Section III.G.1 of the Cooperative Agreement, and Section 5 of this Agreement, the State of California has no objection to the Agency's submission of the Baseline Valuation for such State-Owned Parcel.

9.4 Failure of Agency's Conditions Precedent. Each of Agency's Conditions Precedent are intended solely for the benefit of Agency. If any of Agency's Conditions Precedent are not satisfied as provided above by the Closing Date, Agency may, at its option, terminate Agency's Option to purchase the Agency Transfer Parcel(s) identified in the Exercise Notice. Upon any such termination, neither Party shall have any further rights or obligations hereunder with respect to the Agency Transfer Parcel(s) in question, except as provided in Sections 8.2, Entry and Indemnity, 13.2, No Brokers or Finders, or 16.4, Authority of Parties, or as otherwise expressly provided herein.

10. ESCROW AND CLOSING

10.1 Escrow. Within five (5) days after delivery of an Exercise Notice as to any Agency Transfer Parcel, Agency and Grantor shall deposit an executed counterpart of this Agreement with the Title Company, and this instrument shall serve as the instructions to the Title Company as the escrow holder for consummation of the conveyance contemplated hereby. Grantor and Agency agree to execute such supplementary escrow instructions as may be appropriate to enable the Title Company to comply with the terms of this Agreement.

10.2 Closing Date.

(a) The consummation of the purchases and sales contemplated hereby (each, a "Closing") shall be held, and delivery of all items to be made at each Closing under the terms of this Agreement shall be made, at the offices of the Title Company on the tenth (10th) business day of the first month succeeding Agency's exercise of the Option as to each Agency Transfer Parcel by delivery of an Exercise Notice, or such other date as Agency and Grantor may mutually agree upon in writing (as to each Agency Transfer Parcel, a "Closing Date"). Each such Closing Date may not be extended without the prior written approval of both Grantor and Agency.

(b) In no event shall the final Closing Date as to any Agency Transfer Parcel hereunder be extended beyond the expiration of the Term as provided in Section 3.1, without the prior approval of both Grantor and Agency, provided that Grantor may give or withhold such consent in its sole and absolute discretion and nothing herein shall limit Grantor's rights to terminate this Agreement in such event.

10.3 Deposit of Documents and Funds.

(a) At or before the Closing as to each Agency Transfer Parcel, Grantor shall deposit into escrow the following items:

(i) an original, duly executed and acknowledged Deed conveying the Agency Transfer Parcel to Agency subject to the Conditions of Title; and

(ii) an original counterpart, duly executed Assignment and Assumption of Leases assigning the Existing Leases and Grantor Replacement Leases, if any, applicable to the Agency Transfer Parcel to Agency, in the form attached hereto as Exhibit D (the "Assignment of Leases").

(b) At or before each Closing Date, Agency shall deposit into escrow:

(i) the funds necessary to close the transaction;

(ii) an original counterpart, duly executed Assignment of Leases; and

(iii) the duly executed and acknowledged original of the Agency's Certificate of Acceptance of each Agency Transfer Parcel to be attached to and recorded with each Deed.

(c) Notwithstanding any provision to the contrary in Section 10.3(b) above, the Agency shall have no obligation to deposit the Gross Sales Proceeds into escrow on or before a Closing Date, if Agency's transfer of the particular Agency Transfer Parcel or Agency Transfer Parcels to a third party will not occur concurrently with the Closing. If such transfer occurs subsequent to a Closing, then Agency shall deposit the applicable Gross Sales Proceeds into the Trust Account. The foregoing obligation of Agency to deposit all Gross Sales Proceeds from the sale of all Agency Transfer Parcels into the Trust Account shall survive beyond the Closing Date and beyond the termination of this Agreement.

(d) Grantor and Agency shall each deposit such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the purchase and sale of the Agency Transfer Parcels in accordance with the terms hereof.

10.4 Prorations. Any real property taxes and assessments, water, sewer and utility charges, amounts payable under any service contracts, annual permits and/or inspection fees (calculated on the basis of the period covered), and any other expenses normal to the operation and maintenance of the Agency Transfer Parcels, shall all be prorated as of 12:01 a.m. on the date each Deed is recorded, on the basis of a 365-day year. Grantor and Agency hereby agree that if any of the above described prorations cannot be calculated accurately on the Closing Date, then the same shall be calculated as soon as reasonably practicable after the Closing Date and either Party owing the other Party a sum of money based on such subsequent proration(s) shall promptly pay said sum to the other Party.

11. RISK OF LOSS

11.1 Loss. Grantor shall give Agency notice of the occurrence of damage or destruction of, or the commencement of condemnation proceedings affecting, all or any portion of any of the Agency Transfer Parcels. In the event that all or any portion of the Agency Transfer Parcels is condemned, or destroyed, or damaged by fire, or other casualty at any time following Agency's delivery of its Exercise Notice, but prior to the Closing Date, then Agency may, at its option to be exercised within ten (10) days of City's notice of the occurrence of the damage or destruction or the commencement of condemnation proceedings, either terminate its Option with respect to the Agency Transfer Parcel(s) that are the subject of the damage, destruction or condemnation or consummate the conveyance as required by the terms hereof. If Agency elects to terminate this Agreement or fails to give Grantor notice within such 10-day period that Agency will proceed with the purchase of such Agency Transfer Parcel(s), then Agency's Option with respect to such Agency Transfer Parcel(s) shall terminate at the end of such 10-day period, and neither Party shall have any further rights or obligations hereunder with respect to such Agency Transfer Parcel(s) except as provided in Sections 8.2, Entry and Indemnity, 13.2, No Brokers or Finders, 16.4, Authority of the Parties, or otherwise expressly provided herein.

11.2 Self-Insurance. Notwithstanding anything to the contrary above, Agency and Authority acknowledge that City self-insures and City shall not be obligated to purchase any third party comprehensive liability insurance or property insurance. Agency and City acknowledge that Authority reserves the right to fulfill any insurance obligations required by this Agreement through its membership in and programs of the Special District Risk Management Authority ("SDRMA"). In addition, Grantor acknowledges that Agency self-insures and reserves the right to fulfill the insurance obligations required by this Agreement through

Agency's participation in the public liability self-insurance and property damage insurance program available to the Agency through its membership in the Bay Cities Joint Powers Insurance Agency ("BCJPIA"), as well as any successor to BCJPIA.

12. MAINTENANCE; CONSENT TO NEW CONTRACTS

12.1 Maintenance of the Agency Transfer Parcels by Grantor. Between the date of State's conveyance of each of the Agency Transfer Parcels to Grantor and the Closing, Grantor shall maintain each Agency Transfer Parcel conveyed to Grantor from the State in good order, condition and repair, reasonable wear and tear excepted, shall perform all work required to be done by the landlord under the terms of any Existing Lease or Grantor Replacement Lease as to each Agency Transfer Parcel, and shall otherwise operate the Agency Transfer Parcels in the same manner as before the date of State's conveyance to City, as if Grantor were retaining the Agency Transfer Parcels. Except with respect to changes to the Agency Transfer Parcels required by the Temporary Construction Easements, Grantor shall not make or permit any substantial change in the physical condition of the Agency Transfer Parcels owned by Grantor.

12.2 Monetary Encumbrances; New Contracts Affecting the Agency Transfer Parcels; Termination of Existing Contracts. Except as otherwise expressly provided herein, during the Term, Grantor shall not sell, grant, convey, assign or otherwise transfer ("Transfer") or grant an option which may result in a Transfer of any of the Agency Transfer Parcels or any portion thereof, or agree to do any of the same. After the date first written above, except with respect to Grantor Replacement Leases, Grantor shall not enter into any lease, or any amendment of an existing lease, affecting the Agency Transfer Parcels which has a term longer than thirty (30) days in duration without the prior written consent of Agency, which consent shall not be unreasonably withheld, conditioned or delayed. In the event that Grantor enters into any such lease, Grantors shall deliver to Agency, within five (5) days of execution thereof, written notice together with copies of the agreement and any other pertinent correspondence or documents relating thereto. Other than the Existing Leases and Grantor Replacement Leases which shall be assigned by Grantor to Agency at the Closing of each Agency Transfer Parcel, Grantor shall terminate prior to the Closing, at no cost or expense to Agency, any and all management agreements, leases, contracts or other occupancy agreements affecting the Agency Transfer Parcels that Agency does not agree to assume in writing prior to the Closing. Notwithstanding any foregoing provision to the contrary, Agency acknowledges that pursuant to the Cooperative Agreement, until State transfers the Agency Transfer Parcels to City, State has the right to enter into new parking lot leases and extend Existing Leases on the Agency Transfer Parcels provided that the terms, or extended terms, of such new leases or extended Existing Leases shall not exceed one (1) year.

13. EXPENSES

13.1 Expenses. Agency, or the third party who purchases the Agency Transfer Parcel from the Agency, shall pay any transfer taxes applicable to the sale, any personal property taxes, escrow fees and recording charges and any other costs and charges of the escrow(s) for the purchase and sale of the Agency Transfer Parcels.

13.2 No Brokers or Finders. The parties represent and warrant to each other that no broker or finder was instrumental in arranging or bringing about this transaction and that there are no claims or rights for brokerage commissions or finder's fees in connection with the transactions contemplated by this Agreement. If any person brings a claim for a commission or finder's fee based on any contact, dealings, or communication with Agency or Grantor, then the Party through whom such person makes a claim shall defend the other Party from such claim, and shall indemnify the indemnified Party from, and hold the indemnified Party harmless against, any and all costs, damages, claims, liabilities, or expenses (including, without limitation,

reasonable attorneys' fees and disbursements) that the indemnified Party incurs in defending against the claim. The provisions of this Section shall survive each and every Closing for each Agency Transfer Parcel, or, if the purchase and sale is not consummated for any reason, any termination of the Option with respect to any Agency Transfer Parcel and any termination of this Agreement.

14. ACKNOWLEDGEMENTS AND COVENANTS

14.1 Temporary Construction Easements. Agency acknowledges that any Temporary Construction Easement located on an Agency Transfer Parcel will terminate in accordance with the terms of the Cooperative Agreement upon (a) the fulfillment of all of State's contractor's construction contract obligations in connection with the completion of the WASSP with respect to the particular Agency Transfer Parcel, consistent with the terms of State's construction contractor's contract, and State's delivery of a written notice to Grantor thereof, and (b) State's recordation in the Official Records of the City and County of San Francisco (the "Official Records") of a notice of termination of Temporary Construction Easement with respect to such Agency Transfer Parcel and delivery of a copy thereof to City. Grantor shall promptly deliver to Agency a copy of each recorded notice of termination received from State.

14.2 Power of Termination. Agency acknowledges that State retains a Power of Termination, which right as to each Agency Transfer Parcel shall expire (a) with respect to each Agency Transfer Parcel conveyed by Agency to a third party, on the date that funds equal to the Gross Sales Proceeds are deposited into the Trust Account and a Relinquishment of Power of Termination (as described in the Cooperative Agreement) covering such Agency Transfer Parcel is recorded in the Official Records; and (b) with respect to all other Agency Transfer Parcels, the earlier to occur of the date that (i) the new Transbay Terminal is completed as set forth in the Cooperative Agreement and a Relinquishment of Power of Termination covering all such Agency Transfer Parcels is recorded in the Official Records; and (ii) actual passenger bus service commences at the new Transbay Terminal and a Relinquishment of Power of Termination covering all such Agency Transfer Parcels is recorded in the Official Records.

14.3 Tax Increment. Agency covenants that all Net Tax Increment (as defined in the Cooperative Agreement) generated from the development of each Agency Transfer Parcel shall be provided to Authority to use for capital improvements associated with the construction and design of the new Transbay Terminal and access ramps. Agency shall use its best efforts to maximize the amount of Net Tax Increment to be provided to Authority. The Agency obligations in this paragraph 14.3 shall survive termination or expiration of this Agreement.

14.4 Relocation of WASSP Resident Engineers Agency acknowledges that State is currently using 2,036 square feet of office space in temporary trailers and eighty (80) parking spaces (the "WASSP Engineers' Office Trailers and Parking Spaces") for WASSP Resident Engineers located on portions of Parcels C and P shown on Exhibit A (Blocks 3737 and 3838). Agency also acknowledges that State reserved an easement for such office and parking space use in the quitclaim deed from State to Grantor covering Parcels C and P (the "WASSP Resident Engineers Easement"). Agency covenants that if following the transfer to the Agency of the parcels subject to the WASSP Resident Engineers Easement, Agency desires to relocate the WASSP Engineers from the WASSP Engineers' Office Trailers and Parking Spaces prior to CCA of the WASSP, Agency shall relocate such State personnel to offices and parking spaces reasonably satisfactory to State. The relocation shall occur in accordance with a relocation schedule prepared by Agency, and mutually agreed upon by State, City, Authority and Agency, and shall occur at the Agency cost and expense, subject to reimbursement as an Agency Administrative Fee pursuant to Sections 2.1(a) and 2.2(c) of the Implementation Agreement. After the CCA of the WASSP, Agency shall have no obligation to relocate the WASSP Engineers from the WASSP Engineers' Office Trailers and Parking Spaces, or pay any

relocation expenses in connection with any relocation of the WASSP Engineers from the WASSP Engineers' Office Trailers and Parking Spaces. Pursuant to the Cooperative Agreement, upon the sooner to occur of relocation in accordance with this Section 13.5, or CCA of the WASSP, State is obligated to file quitclaim deeds in the Official Records extinguishing all of State's easement right to Parcels C and P.

15. DEFAULT; REMEDIES

In the event that either Party fails to perform such Party's obligations hereunder (except as excused by the other Party's default), the Party claiming default may make written demand for performance upon the defaulting Party. If the defaulting Party fails to cure such default within ten (10) days after receipt thereof, or if such default cannot reasonably be cured within such ten (10) day period, then thirty (30) days, provided that the defaulting party commences and diligently prosecutes such cure to completion within such thirty (30) day period, the Party claiming default will have the option to waive such default, to demand specific performance or to terminate this Agreement.

On any termination provided for in this Section, the parties will be discharged from any further obligations and liabilities under this Agreement, except as otherwise provided in Sections 8.2 (Entry and Indemnity), 8.5 (Hazardous Materials Indemnity) 13.2 (No Brokers or Finders) or 16.4, Authority of Parties, or as otherwise expressly provided herein.

16. GENERAL PROVISIONS

16.1 Notices. Any notices required or permitted to be given under this Agreement shall be in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, or (c) by U.S. Express Mail or commercial overnight courier that guarantees next day delivery and provides a receipt, and such notices shall be addressed as follows:

City:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attn: Director of Property

with a copy to:
Office of the City Attorney
Room 234, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Attn: Real Estate & Finance Team

with an additional copy to:

Mayors Office of Economic and Workforce
Development
Room 336, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94105
Attn: Transbay Project Manager

Agency:

Redevelopment Agency of the City and

County of San Francisco
770 Golden Gate Avenue, 3rd Floor
San Francisco, CA 94102
Attn: Marcia Rosen, Executive Director

with a copy to:

Redevelopment Agency of the City and
County of San Francisco
770 Golden Gate Avenue, 3rd Floor
San Francisco, CA 94102
Attn: James B. Morales,
Agency General Counsel

Authority:

Transbay Joint Powers Authority
201 Mission Street, Suite 1960
San Francisco, CA 94105
Attn: Maria Ayerdi, Executive Director

with a copy to:

Office of the City Attorney
Rm. 234, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94105
Attn: Transbay Terminal Project

or such other address as either Party may from time to time specify in writing to the other Party. Any notice shall be deemed given when actually delivered if such delivery is in person, two (2) days after deposit with the U.S. Postal Service if such delivery is by certified or registered mail, and the next business day after deposit with the U.S. Postal Service or with the commercial overnight courier service if such delivery is by overnight mail.

16.2 Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, legal representatives, administrators and assigns. Agency's rights and obligations hereunder shall not be assignable without the prior written consent of City; provided, however, even if Grantor approves any such proposed assignment, in no event shall Agency be released from any of its obligations hereunder.

16.3 Amendments. This Agreement may be materially amended or modified only by a written instrument signed by the Agency, based on approval by the Agency's Commission, signed by the City, based on the approval of the Board of Supervisors and its Mayor, and signed by the Authority, based on the approval of its Board.

16.4 Authority of Parties. Agency, City and Authority each represent and warrant to the other Party that this Agreement and all documents and delivered at Closing: (a) are or at the time of Closing will be duly authorized, executed and delivered by that Party; (b) are or at the time of Closing will be legal, valid and binding obligations of that Party; and (c) do not and at the time of Closing will not violate any provision of any agreement or judicial order to which that Party is a Party or to which that Party is subject. Notwithstanding anything to the contrary in this Agreement, the foregoing representations and warranties and any and all other

representations and warranties of the Parties contained herein or in other agreements or documents executed by the Parties in connection herewith, shall survive the Closing Date or earlier termination of the Agreement.

16.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California and City's Charter.

16.6 Merger of Prior Agreements. This Agreement, together with the exhibits hereto, contain any and all representations, warranties and covenants made by Agency and Grantor and constitutes the entire understanding between the parties hereto with respect to the subject matter hereof. Any prior correspondence, memoranda or agreements are replaced in total by this Agreement together with the Exhibits hereto.

16.7 Parties and Their Agents. As used herein, the term "Agent" or "Agents" when used with respect to either Party shall include the agents, employees, officers, contractors and representatives of such Party.

16.8 Interpretation of Agreement. The article, section and other headings of this Agreement and the table of contents are for convenience of reference only and shall not affect the meaning or interpretation of any provision contained herein. Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa, and each gender reference shall be deemed to include the other and the neuter. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each Party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purposes of the parties and this Agreement.

16.9 Attorneys' Fees. If any Party hereto fails to perform any of its respective obligations under this Agreement or if any dispute arises between the Parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting Party or the Party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other Party on account of such default or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. For purposes of this Agreement, the reasonable fees of attorneys of the Office of the City Attorney of the City and County of San Francisco shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office.

16.10 Time of Essence. Time is of the essence with respect to the performance of the parties' respective obligations contained herein.

16.11 No Merger. The obligations contained herein shall not merge with the transfer of title to the Agency Transfer Parcels but shall remain in effect until fulfilled.

16.12 Non-Liability of Grantor's Officials, Employees and Agents. Notwithstanding anything to the contrary in this Agreement, no elective or appointive board, commission, member, officer, employee or agent of Grantor shall be personally liable to Agency, its successors and assigns, in the event of any default or breach by Grantor or for any amount which

may become due to Agency, its successors and assigns, or for any obligation of Grantor under this Agreement.

16.13 Tropical Hardwoods and Virgin Redwood Ban. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood wood product, virgin redwood or virgin redwood wood product except as expressly permitted by the application of Section 12I.3.b and 12I.4.b of the San Francisco Administrative Code.

16.14 No Joint Venture. The relationship between Grantor and Agency hereunder is solely that of transferor and transferee. None of the terms or provisions hereof shall be deemed to create a partnership between Grantor and Agency, nor shall it cause them to be considered joint venturers or members of any joint enterprise.

16.15 Recording. The Parties agree to execute and acknowledge a Memorandum of Option, in the form attached hereto as Exhibit E (the "Memorandum"), for the purpose of recordation thereof in the Official Records of the City and County of San Francisco. Agency agrees to pay all costs, if any, in connection with the recordation of the Memorandum and agrees to promptly execute and deliver to City, pursuant to the terms of Section 4.4 above, a quitclaim deed or other document (in recordable form) as may be reasonably required by Grantor or any title insurer to release any right of Agency to purchase the Agency Transfer Parcels.

16.16 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

16.17 Effective Date. As used herein, the term "Effective Date" shall mean the date on which all of the following have occurred: the Authority's Board of Directors has approved this Agreement and the transactions contemplated herein, the City's Board of Supervisors and Mayor have enacted a resolution or ordinance approving and authorizing this Agreement and the transactions contemplated herein as part of the Transbay Redevelopment Plan, the Agency has accepted this Agreement, and the parties have executed this Agreement.

16.18 Acceptance by Agency. This Agreement shall be deemed accepted by the Agency on the date that execution hereof is authorized by the Agency's Commission; provided, however, that this Agreement shall be null and void unless it is accepted by Agency and two fully executed copies hereof are returned to Grantor on or before 5:00 p.m. San Francisco Time on _____.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, AGENCY ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY OR AUTHORITY HAS AUTHORITY TO COMMIT CITY OR AUTHORITY TO THIS AGREEMENT UNLESS AND UNTIL A RESOLUTION OF CITY'S BOARD OF SUPERVISORS OR THE AUTHORITY'S BOARD SHALL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY OR AUTHORITY HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH RESOLUTIONS, AND THIS AGREEMENT SHALL BE NULL AND VOID IF CITY'S BOARD OF SUPERVISORS AND MAYOR AND THE AUTHORITY'S BOARD DO NOT APPROVE THIS AGREEMENT IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF THE TRANSACTIONS CONTEMPLATED HEREBY BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

Transbay Option Agreement

The parties have duly executed this Agreement as of the respective dates written below.

AGENCY:

Authorized by Agency Resolution No. 2002, adopted _____, 2002

REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic

By: _____
MARCIA ROSEN
Executive Director

Date: _____

APPROVED AS TO FORM:

By: _____
JAMES B. MORALES
General Counsel

AUTHORITY:

Transbay Joint Powers Authority
Board of Directors
Resolution No. _____
Adopted: _____
Attest: _____

TRANSBAY JOINT POWERS AUTHORITY, a Joint Powers Agency

By: _____
MARIA AYERDI
Executive Director

Secretary, TJPA Board

APPROVED AS TO FORM:

By: _____
JOHN D. COOPER
Deputy City Attorney

CITY:

CITY AND COUNTY OF
SAN FRANCISCO,
a municipal corporation

By: _____
STEVE LEGNITTO
Director of Property

Date: _____

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

By: _____
Deputy City Attorney

EXHIBIT A-1

MAP OF ALL TRANSFERRED PARCELS

EXHIBIT A-2

LEGAL DESCRIPTION OF THE AGENCY TRANSFER PARCELS

EXHIBIT A-3

LEGAL DESCRIPTION OF THE AUTHORITY PARCELS

EXHIBIT B

FORM OF QUITCLAIM DEED

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Redevelopment Agency
of the City and County of San Francisco
770 Golden Gate Avenue, 3rd Floor
San Francisco, CA 94102
Attn: James B. Morales, Agency General Counsel

MAIL TAX STATEMENTS TO:

Same address as above

Documentary Transfer Tax of \$0, based on full value of the property conveyed.

(Space above this line reserved for Recorder's use only)

QUITCLAIM DEED WITH POWER OF TERMINATION
(Block __, Lot __ in San Francisco, California)

FOR VALUABLE CONSIDERATION, receipt and adequacy of which are hereby acknowledged, the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), pursuant to Resolution No. ____, adopted by the Board of Supervisors on ____, and approved by the Mayor on ____, hereby RELEASES, REMISES AND QUITCLAIMS to the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic established pursuant to the Community Redevelopment Law of the State of California ("Grantee"), any and all right, title and interest City may have in and to the real property located in the City and County of San Francisco, State of California, described on Exhibit A attached hereto and made a part hereof.

[Power of Termination language and other applicable easements, structures, fixtures or appurtenances to be inserted from Grantor's deed.]

Executed as of this ____ day of _____, 200__.

GRANTOR: [as applicable]

CITY AND COUNTY OF SAN
FRANCISCO,
a municipal corporation

By: _____
STEVE LEGNITTO
Director of Property

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

By: _____
Deputy City Attorney

GRANTEE: REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN
FRANCISCO,
a public body, corporate and politic

By: _____
MARCIA ROSEN
Executive Director

APPROVED AS TO FORM:

By: _____
JAMES B. MORALES
Agency General Counsel

GRANTOR: [as applicable]	TRANSBAY JOINT POWERS AUTHORITY, a joint powers agency By: _____ MARIA AYERDI Executive Director
APPROVED AS TO FORM: By: _____ Deputy City Attorney	

State of California)
County of San Francisco)

On _____ before me, _____, personally
appeared _____

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

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California)
County of San Francisco)

On _____ before me, _____, personally
appeared _____

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT C

LIST OF DOCUMENTS

1. [Describe Existing Leases.]
2. All parking lot leases entered into by State after the date of this Option Agreement with a term of one (1) year or less.
3. All parking lot leases entered into by City after the date of this Agreement with terms of thirty (30) days or less.
4. All Grantor Replacement Leases
5. [List all existing Temporary Construction Easements.]
6. All temporary construction and storage easements granted to State by City after the date of this Agreement.

EXHIBIT D

FORM OF ASSIGNMENT OF LEASES

THIS ASSIGNMENT AND ASSUMPTION OF LEASE(S) (this "Assignment") is made and entered into as of this ____ day of _____, 200_, by and between [as applicable] [the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Assignor," and "City")] [the TRANSBAY JOINT POWERS AUTHORITY, a joint powers agency under the California Joint Exercise of Powers Act, "Assignor," and "Authority"] and the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic established pursuant to the Community Redevelopment Law of the State of California ("Assignee").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the date (the "Conveyance Date") Assignor conveys title to that certain real property legally described in Schedule 1 attached hereto (the "Property"), and Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under certain lease(s) executed with respect to the Property as more fully described in Schedule 2 attached hereto (collectively, the "Lease(s)").

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

As of the Conveyance Date, Assignor hereby agrees to indemnify, defend and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating prior to the Conveyance Date and arising out of the landlord's obligations under the Lease(s).

As of the Conveyance Date, Assignee hereby assumes all of the landlord's obligations under the Leases and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating on or subsequent to the Conveyance Date and arising out of the landlord's obligations under the Lease(s).

If either party hereto fails to perform any of its respective obligations under this Assignment or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Assignment, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. For purposes of this Assignment, the reasonable fees of attorneys of the Office of the City Attorney of the City and County of San Francisco shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered and who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office.

This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.

This Assignment shall be governed by and construed in accordance with the laws of the State of California and City's Charter.

This Assignment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Assignor and Assignee have executed this Assignment as of the day and year first written above.

ASSIGNEE: REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN
APPROVED AS TO FORM: FRANCISCO,
a public body corporate and politic

By: _____
JAMES B. MORALES
Agency General Counsel

By: _____
MARCIA ROSEN
Executive Director

ASSIGNOR: [as applicable]
APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

CITY AND COUNTY OF SAN
FRANCISCO,
a municipal corporation

By: _____
Deputy City Attorney

By: _____
STEVE LEGNITTO
Director of Property

ASSIGNOR: [as applicable]	TRANSBAY JOINT POWERS AUTHORITY, a joint powers agency By: _____ MARIA AYERDI Executive Director
---------------------------	--

EXHIBIT E

MEMORANDUM OF OPTION OF AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED SEND TO:

Redevelopment Agency
of the City and County of San Francisco
770 Golden Gate Avenue, 3rd Floor
San Francisco, CA 94102
Attn: James B. Morales, Agency General
Counsel

(Space above this line reserved for Recorder's use only)

THIS MEMORANDUM (this "Memorandum") is made as of _____, 2004 between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), the TRANSBAY JOINT POWERS AUTHORITY, a joint powers agency created under the California Joint Exercise of Powers Act ("Authority"), and the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic established pursuant to the Community Redevelopment Law of the State of California ("Agency").

City and Authority hereby grant to Agency an option (the "Option") to purchase the Property described in Exhibit A attached hereto, in accordance with the terms and provisions of that certain Option Agreement for the Purchase and Sale of Real Property (the "Option Agreement") dated as of _____, 2005 between City, Authority and Agency. Under the terms of the Option Agreement, the Option expires if not exercised on or before _____, and the closing of the Option must occur, if at all, not later than in the month of _____.

IN WITNESS WHEREOF, the parties have executed this Memorandum on the date first above written.

AGENCY:

REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN
FRANCISCO,
a public body corporate and politic

By:

MARCIA ROSEN
Executive Director

APPROVED AS TO FORM:

By: JAMES B. MORALES

Agency General Counsel

GRANTOR:	TRANSBAY JOINT POWERS AUTHORITY, a joint powers agency By: _____ MARIA AYERDI Executive Director
APPROVED AS TO FORM: By: _____ Deputy City Attorney	

CITY:

CITY AND COUNTY OF SAN
FRANCISCO,
a municipal corporation

By:

STEVE LEGNITTO
Director of Property

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

By:

Deputy City Attorney

State of California)
County of San Francisco)

On _____ before me, _____, personally
appeared _____, personally

known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California)
County of San Francisco)

On _____ before me, _____, personally
appeared _____

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

WITNESS my hand and official seal.

Signature _____ (Seal)

SCHEDULE 1

COOPERATIVE AGREEMENT
[Attached]

SCHEDULE 2

TAX INCREMENT ALLOCATION AND SALES PROCEEDS PLEDGE

AGREEMENT

[Attached]

SCHEDULE 3

TRANSBAY REDEVELOPMENT PROJECT IMPLEMENTATION AGREEMENT
[Attached]

SCHEDULE 4

SURVEY MAP, PARCEL B
(Section 4.1).