

**GROUND LEASE  
TERM SHEET  
(95<sup>TH</sup> AND INTERNATIONAL BOULEVARD)**

Note - This term sheet shall serve as the basis for the negotiation of a detailed, final form of Ground Lease (“*Ground Lease*”), to be entered into by and between the City of Oakland, a municipal corporation (the “*City*”), and 95<sup>th</sup> & International Housing Partners, L.P., a California limited partnership (“*Developer*”), a tax credit limited partnership whose partners are Acts Community Development, a California nonprofit public benefit corporation (“*ACTS*”), and an affiliate of The Related Companies of California, a California limited liability company (“*Related*”). The terms hereof are not binding on the parties until Tenant and City, pursuant to City Council authorization, have executed a mutually acceptable Ground Lease for the proposed project. The final Ground Lease may include terms that differ from, or are in addition to, the terms set forth in this term sheet.

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| <p align="center"><b>1.</b></p> | <p><b>Parties</b></p>      | <p>A. <u>Landlord</u>: City of Oakland, a municipal corporation, the “<i>City</i>” or “<i>Landlord</i>”.</p> <p>B. <u>Tenant</u>: 95<sup>th</sup> &amp; International Housing Partners, L.P., a California limited partnership, the general partners of which shall consist of affiliates of ACTS and Related, the “<i>Tenant</i>.”</p>   |
| <p align="center"><b>2.</b></p> | <p><b>Premises</b></p>     | <p>Approximately 0.74 of an acre of land, comprised of eight (8) contiguous parcels, owned by the City, currently having the following designated Assessor’s Parcel Numbers: 044-4967-001, 044-4967-002, 044-4967-003, 044-4967-004-02, 044-4967-004-03, 044-4967-005, 044-4967-007-01, and 044-4967-009, with frontage on International Boulevard between 94th Avenue and 95th Avenue (the “<i>Premises</i>”).</p> <p>Parties acknowledge that the City currently owns seven (7) parcels composing the Property, and it is currently anticipated that Developer will transfer the parcel currently designated as APN 044-4967-001 (the “<i>Eighth Parcel</i>”), to the City to be merged with those currently owned by the City through the appropriate land use process to form one parcel that will serve as the Property.</p> |
| <p align="center"><b>3.</b></p> | <p><b>Improvements</b></p> | <p>A four story mixed use building consisting of fifty-five (55) units of affordable housing to be developed and constructed on the Premises in accordance with the Lease, Disposition and Development Agreement (the “<i>LDDA</i>”), including, without limitation, 2,411 square feet of ground floor retail area (the “<i>Improvements</i>”). The Property may also include up to 33 parking spaces, which will be shared between the residential and commercial uses.</p>  |

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| 4. | <b>Term</b>                      | <u>Term.</u> The Ground Lease shall have a term of seventy-five (75) years.   |
| 5. | <b>Project Funding Sources</b>   | <p>To date, Tenant has received financial commitments from the below listed lenders and in the amounts set forth below:</p> <p style="padding-left: 40px;">A. The City of Oakland (\$6,868,659)<br/>B. Alameda County (\$956,341)</p> <p>In addition, to the project funding sources listed above, Tenant will obtain financing consistent with the Financial Plan required by the LDDA.</p>  |
| 6. | <b>Restrictions on Financing</b> | <p>Tenant shall not place or suffer to be placed any lien or encumbrance on Landlord’s fee interest in connection with any permitted financing. Tenant agrees and acknowledges that Landlord will not subordinate its interest in the Premises nor its right to receive Rent to any mortgagee of Tenant.</p>  |
| 7. | <b>Use</b>                       | <p>Tenant shall use and operate the Premises in accordance with the LDDA for the construction, development of the Improvements, and the Ground Lease for the operation, marketing for lease and leasing of the dwelling units of the Improvements as affordable rental housing for families and such other uses as are reasonably related to such use, and for limited commercial uses in the ancillary commercial space, as further detailed in the Ground Lease.</p>  |
| 8. | <b>Rent</b>                      | <p>Rent shall be structured as a capitalized, ground rent payment funded by a separate nonrecourse loan secured by the Property from Landlord to Tenant in the amount determined by a current and updated appraised fair-market value of the Property or \$1,210,000, whichever is greater. (“<i>Capitalized Ground Rent Loan</i>”).</p> <p>In addition, Tenant shall make payments owed under the Capitalized Ground Rent Loan on an annual basis, payable from Tenant to City, from the project’s residual receipts on a pro-rata basis with other public lenders providing financial assistance, in accordance with the provisions of Section 8314 of the Uniform Multifamily Regulations (Cal. Code Regs. Title 25, Division 1 Chapter 7, Subchapter 19).</p> <p>The Capitalized Ground Rent Loan shall have a term of 55 years from permanent loan conversion and have a simple interest rate of three percent (3%) interest, or such other interest rate as may be feasible based upon projected project cash flow.</p> |

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| <p><b>9.</b></p>  | <p><b>Transfer / Assignment</b></p>                               | <p>A. <u>Prior to Completion of the Initial Improvements:</u><br/>All transfers shall require the consent of the City, in its sole and absolute discretion, which shall not be unreasonably withheld, conditioned or delayed. Approved transfers shall be (i) pursuant to an agreement in recordable form that has been approved by the City, wherein transferee shall assume performance of Tenant’s obligations under the Ground Lease, and (ii) subject to City’s transfer and processing fees.</p> <p>B. <u>After Completion of the Initial Improvements.</u><br/>All transfers shall require the consent of the City, in its reasonable discretion, which shall not be unreasonably withheld, conditioned or delayed. Approved transfers shall be (i) pursuant to an agreement in recordable form that has been approved by the City, wherein transferee shall assume performance of Tenant’s obligations under the Ground Lease, and (ii) subject to City’s transfer and processing fees.</p> <p>C. <u>Affiliate Transfers.</u><br/>Notwithstanding the foregoing, the assignment to, and assumption of, the Ground Lease by a limited partnership of which the Developer (or another entity affiliated with and wholly controlled by ACTS and/or Related) is the managing general partner, shall be a permitted transfer; provided, however, that such transfer shall be (i) pursuant to an agreement in recordable form that has been approved by the City, wherein transferee shall assume performance of Tenant’s obligations under the Ground Lease, and (ii) subject to City’s transfer and processing fees.</p> |
| <p><b>10.</b></p> | <p><b>Impositions; Possessory Interest Tax</b></p>                | <p>Tenant shall pay any and all impositions, including, without limitation, possessory interest and property taxes assessed, levied or imposed on the Premises or any of the Improvements or personal property located on the Premises.</p>  |
| <p><b>11.</b></p> | <p><b>Ownership of Improvements; Tax Benefits During Term</b></p> | <p>During the Term, for federal income tax purposes, Tenant shall be the “tax owner” of the Improvements and shall be entitled to all depreciation deductions and any tax credits with respect to the Improvements.</p>  |
| <p><b>12.</b></p> | <p><b>Default</b></p>   | <p>The Ground Lease will include City’s standard remedies, including, without limitation, the right to terminate the transaction upon Tenant’s default, subject to standard notice and cure provisions permitting cure rights for Tenant, other project lenders and Tenant’s investor.</p>   |
| <p><b>13.</b></p> | <p><b>Tenant Maintenance /</b></p>                                | <p>Tenant shall maintain the Premises and the Improvements in compliance with applicable law and in good condition and repair</p>  |

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|     | <b>Standard of Premises</b>                           | to the reasonable satisfaction of the City. The Tenant shall ensure that the Premises and the Improvements do not violate the City’s Blight Ordinance.   |
| 14. | <b>Indemnification</b>                                | The Ground Lease will require Tenant to indemnify, defend, and hold the Landlord and its Councilmembers, other elected and appointed officials, and employees, officers, commissioners, directors, and agents (collectively, the “ <i>Indemnified Parties</i> ”) harmless from and against any liability directly or indirectly arising from or relating to Tenant’s development, operation, and/or management of the Improvements, including, without limitation, liability arising as a result of property damage, personal injury, or violation of state, federal, or local laws, except to the extent that any of the matters described above is determined by a final non-appealable judgment of a court of competent jurisdiction to have arisen from an Indemnified Party’s gross negligence or willful misconduct of an Indemnified Party. |
| 15. | <b>Waiver of Consequential Damages</b>                | Neither party shall be liable for and shall waive any claims against the other for any consequential damages incurred by the other Party and arising out of any defaults by the other Party.   |
| 16. | <b>City Employment &amp; Contracting Requirements</b> | Tenant shall abide by all applicable City employment and contracting requirements, including, but not limited to, the following: the provisions of City’s Local and Small Local Business Enterprise Program; Local Employment Program; Required Prevailing Wages; Living Wage Ordinance; the City of Oakland’s First Source Employment Referral Program; Employment Nondiscrimination; and Reporting Requirements of the City of Oakland.  |
| 17. | <b>Legal Reimbursement</b>                            | Tenant shall deliver to City a payment equal to the lesser of (i) Fifty Thousand Dollars (\$50,000) or (ii) the amount necessary to reimburse City for reasonable third party attorneys’ fees incurred by City in negotiating and drafting the Ground Lease, the LDDA and all exhibits thereto; provided, that reasonable documentation supporting the amount of attorneys’ fees incurred by City is provided to Tenant. Such payment shall be made within ten (10) business days after Tenant’s receipt of such supporting documentation. The payment made shall be immediately non-refundable to Tenant.   |

**EXHIBIT A**

Legal Description

**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF OAKLAND, COUNTY OF ALAMEDA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

**TRACT I:**

**PARCEL 1:**

Lots 287 and 288 and a portion of Lot 290, Map of E. B. & A. L. Stone Co's Lots Elmhurst, filed December 29, 1903, [Map Book 19, Page 24](#), Alameda County Records, described as follows:

Beginning at a point on the Southwestern line of East 14th Street, formerly San Leandro Road, distant thereon southeasterly 35 feet from the point of intersection thereof with the Southeastern line of 94th Avenue, formerly Mountain View Avenue, as said Street and Avenue are shown on the Map herein referred to; running thence Southeasterly along said line of East 14th Street 50 feet; thence at right angles Southwesterly 115.50 feet; thence at right angles Northwesterly 85 feet to said Southeastern line of 94th Avenue; thence Northeasterly along said line of 94th Avenue 15.50 feet; thence at right angles Southeasterly 35 feet; and thence at right angles Northeasterly 100 feet to the point of beginning.

Assessor's Parcel No. 044-4967-002-00

**PARCEL 2:**

Lot 286 and a portion of Lots 285 and 290, Map of E. B. & A. L. Stone Co's Lots, filed July 25 1904, [Map Book 20, Page 19](#), Alameda County Records, described as follows:

Beginning at a point on the Southwestern line of East 14th Street, formerly San Leandro Road, distant thereon 85 feet Southeasterly from the intersection thereof with the Southeastern line of 94th Avenue, formerly Mountain View Avenue, as said Street and Avenue are shown on the Map herein referred to; running thence at right angles Southwesterly 115.50 feet; thence at right angles Northwesterly 5 feet; thence at right angles Southwesterly 9.50 feet; thence at right angles Southeasterly 45 feet; thence a right angles Northeasterly 25 feet; thence at right angles Southeasterly 1 foot; thence at right angles Northeasterly 100 feet to the Southwestern line of East 14th Street; and thence Northwesterly along said line of East 14th Street 41 feet to the point of beginning.

Assessor's Parcel No. 044-4967-003-00

**PARCEL 3:**

Lot 280, Map of E. B. & A. L. Stone Co's Lots, filed July 25, 1904, [Map Book 20, Page 19](#), Alameda County Records.

Assessor's Parcel No. 044-4967-004-02

**PARCEL 4:**

Lot 284, and portions of Lots 283 and 285, Map of E. B. & A. L. Stone Co's Lots, filed July 25, 1904, [Map Book 20, Page 19](#), Alameda County Records, described as follows:

*This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by Fidelity National Title Insurance Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; and Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.*

27C165 Commitment for Title Insurance (Adopted 6-17-06 Revised 08-01-2016)

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Beginning at a point on the Southwestern line of East 14th Street, formerly San Leandro Road, distant thereon 75 feet Northwesterly from the point of intersection thereof with the Northwestern line of 95th Avenue, formerly Wall Street, as said Road and Street are shown on the Map herein referred to; thence Northwesterly along said line of East 14th Street, 50 feet; thence at a right angle Southwesterly 100 feet; thence at a right angle Southeasterly 50 feet; thence at right angles Northeasterly 100 feet to the point of beginning.

Assessor's Parcel No. 044-4967-004-03

PARCEL 5:

The Northwestern 16 feet of Lot 282, and the Southeastern 9 feet of Lot 282, as said Lots are shown on the Map entitled, " Map of E. B. & A. L. Stone Co's Lots, Elmhurst, Brooklyn Township, Alameda Co., Cal.", filed July 25, 1904 in [Book 20 of Maps, Page 19](#), in the Office of the County Recorder of Alameda County.

Assessor's Parcel No. 044-4967-005-00

PARCEL 6:

The Northwestern 16 feet of Lot 281, and the Southeastern 9 feet of Lot 282, according to the Map of E. B. & A. L. Stone Co's Lots filed July 25, 1904 in the Office of the County Recorder of said Alameda County, and of record in [Map Book 20, at Page 19](#).

Assessor's Parcel No. 044-4967-007-01 (portion)

PARCEL 7:

The Southeastern 25 feet of Lot 281 according to the Map of E. B. & A. L. Stone Co's Lots filed July 25, 1904 in the Office of the County Recorder of said Alameda County and of record in [Map Book 20, at Page 19](#).

Assessor's Parcel No. 044-4967-007-01 (remainder)

PARCEL 8:

The Northeastern 10 feet, front and rear measurement of Lot 279 and the Northeastern 10 feet of the Southeastern 45 feet of Lot 291 as said Lots are shown on the Map herein referred to.

Assessor's Parcel No. 044-4967-009-00

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27C165 Commitment for Title Insurance (Adopted 6-17-06 Revised 08-01-2016)

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**TRACT II:**

Lot 289, Map of E.B. & A. L. Stone Co's., Lots, filed July 25, 1904, [Map Book 20, Page 19](#), Alameda County Records.

[APN: 044-4967-001-00](#)

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27C165 Commitment for Title Insurance (Adopted 6-17-06 Revised 08-01-2016)

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