



**Request for Proposals**

**80 Octavia Street**

**Childcare Development Center**

**February 10, 2020**

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## **INTRODUCTION**

On behalf of Octavia RSU Associates, LP (the “Owner”), the Tenderloin Neighborhood Development Corporation (“TNDC”) requests proposals for a community-serving, high quality early care and education provider (the “Provider”) to operate a childcare development center (“CDC”) to be located in the ground-floor retail space as part of a to-be-built, mixed-use, 8-story housing development (the “Project”).

TNDC envisions up to 35 children from ages zero to five.

The approximate gross total square footage of the CDC is 3,349 sf\*. The total Project square footage is 45,102.

## **RFP PROCESS**

### **Timeline**

<b>RFP Released</b>	<b>February 10, 2020</b>
<b>Questions Due</b>	<b>February 17, 2020</b>
<b>Answers Published</b>	<b>February 19, 2020</b>
<b>Responses Due</b>	<b>March 2, 2020</b>
<b>Interview (if needed)</b>	<b>Week of March 9, 2020</b>
<b>Responded Selected</b>	<b>March 16, 2020</b>
<b>Selected Provider Hires CDC Architect (deadline)</b>	<b>March 31, 2020</b>
<b>Architect Coordination Meeting**</b>	<b>April 1, 2020</b>
<b>CDC 100% Schematic Design Set Due</b>	<b>July 1, 2020</b>
<b>CDC 100% Construction Documents Due</b>	<b>November 1, 2020</b>
<b>Project Construction Commencement*</b>	<b>January, 2021</b>
<b>CDC Space Available for Tenant Improvements*</b>	<b>March, 2022</b>
<b>Project Construction Completion (Provider commences operation)*</b>	<b>June, 2022</b>

*\*subject to change.*

*\*\*described further, below.*

### **Contact**

Elizabeth Madrigal  
Assistant Project Manager  
Tenderloin Neighborhood Development Corporation  
201 Eddy Street  
San Francisco, CA 94102  
[emadrigal@tndc.org](mailto:emadrigal@tndc.org) (415) 358-3922

## **BUILDING DESCRIPTION**

### **The Project**

The Project will be a single, 63-unit 8-story apartment building located on the northeast corner of Haight Street and Octavia Boulevard in San Francisco. The Project's zoning allows for the intended uses, including childcare.

### **Residential Tenants**

The homes at the Project will be set aside for two different types of tenants:

- 1) 32 units will be set aside for Transitional Aged Youth ("TAY"). TAY are youth ages 18 to 24 who are formerly homeless or at risk of homelessness. 5 of the TAY units will be further designated for Parenting TAY. There will be supportive services on site designed to assist them achieve their education and career goals.
- 2) 31 units will be set aside for low-income individuals and families with incomes between 30% and 80% of Area Median Income.

58 of the apartments will be studios; 5 will be 1-bedroom units.

The numbers of units above and AMI levels are subject to change.

### **The CDC within the Project**

The CDC will be located on the ground floor of the building facing Octavia Boulevard.

#### *Note:*

- The residential entrance for the building will be located on the Haight street side of the Project and its address is 78 Haight Street.
- The CDC entrance will be located on the Octavia Boulevard side of the Project and its address will be 80 Octavia Boulevard (subject to City approval).
- The names "Octavia Boulevard" and "Octavia Street" may be used interchangeably in this RFP and publicly (i.e., on Google maps).

### **CDC Rendering**

See Exhibit B.

## **ABOUT TNDC**

TNDC is a nonprofit that helps people focus on living a meaningful life by building deeply affordable homes and supportive communities in San Francisco. We currently provide homes to over 5,000 people with low incomes through 43 buildings across seven neighborhoods. Our staff

works alongside people, families, and communities that have faced severe economic and racial inequity in the hopes of improving health disparities, raising marginalized voices, and building a better future for all. Through programs like the Tenderloin After-School Program and the Healthy Corner Store Coalition, we have driven positive change in San Francisco for the last 38 years.

TNDC is further described on the Internet, at [www.tndc.org](http://www.tndc.org).

## **PROCESS, PARAMETERS AND EXPECTATIONS**

Upon selection, the process by which the selected Provider will ultimately operate a CDC in the Project will proceed as follows:

- 1) **Architect Coordination**
- 2) **Letter of Intent**
- 3) **Lease**
- 4) **Build Out**
- 5) **Licensing, Compliance & Waivers**
- 6) **Occupancy**

Each step is further described below.

### **Architect Coordination**

Time is of the essence; therefore, immediately following selection TNDC will require a meeting among representatives of TNDC, the selected Provider, TNDC's architect for the Project, and the selected Provider's intended architect for the CDC.

It will be important for a successful Build Out (as described below) to quickly coordinate on certain details, such as the location and number of restrooms, kitchen needs and so forth.

NOTE: see Timeline above for architecture-related milestones and deliverables.

### **Letter of Intent**

A Letter of Intent ("LOI") will be given to the selected Provider upon selection. The form of the LOI is included as Exhibit A.

### **Lease**

Prior to build out, the Owner and the Provider shall enter into a lease agreement (the "Lease").

The LOI found in Exhibit A has been pre-populated with the Lease terms proposed by the Owner.

The intention of the Owner in negotiating both the LOI and the Lease will be that the Provider pay for: a) its own operating costs (including insurance, utilities and property taxes if any, b) its share of building-wide lender and city requirements and c) a nominal commercial management fee. The income from the commercial tenant will not be used to support the residential programming, or vice versa. See Exhibit D.

The total base rent will be \$1.00 per year, in order to support the priority of maximizing the benefit to the low-income community.

It is anticipated that the Lease will also describe the maintenance and janitorial obligations of the Owner and the Provider.

### **Build Out of CDC Tenant Improvements**

The Owner will build out the CDC at its own expense to the level specified as a “Warm Shell” by the City and County of San Francisco Mayor’s Office of Housing and Community Development’s Commercial Underwriting Guidelines (the “Guidelines”). The Guidelines are subject to change and are linked [here](#).

All necessary materials, furniture, or fixtures not included in the Guidelines’ definition of a Warm Shell are considered a Tenant Improvement (“TI”).

The Provider will be required to hire all required architects, engineers, and contractors in order to complete the design, permitting, and construction of the TI’s of the CDC. Additionally, the Provider will need to finance the total development costs (hard costs as well as soft costs) of the TI build out of the CDC. The Provider will further be responsible for all expenses, fundraising and liens relating to the TI’s.

The TI’s must be built out by the Provider according to schedule above, which is subject to change.

The Owner will not contribute capital resources nor project-management assistance to the development of the CDC Space other than as described immediately above.

TNDC will retain approval rights over the TI build out.

### **Licensing, Waivers and Compliance**

Prior to Occupancy, the Provider will need to demonstrate to the Owner that it has obtained all necessary licenses as listed in Exhibit B.

### **Occupancy**

Occupancy may start upon satisfaction of Licensing & Waiver requirements.

It is anticipated that the Owner will maintain the major building and equipment systems that are connected to the CDC and the Project overall, (such as heating, cooling, plumbing, electrical, weatherproofing, and structural systems), but the Provider will maintain all improvements in the interior of the CDC or that were completed as part of the Providers' TI's.

The Provider will be responsible for all costs associated with basic maintenance of the CDC, including but not limited to garbage/recycling/composting, communication services, janitorial services, and exterior maintenance. The Provider will have to maintain trash on the CDC premises and will not have access to the residential waste facility. The Provider must have the ability to contract for basic exterior maintenance and custodial services.

See Exhibit E for an estimate of operational costs.

There will be no onsite parking for the Provider; however, the Owner will obtain the necessary permits for and will construct a pick-up and drop-off zone in front of the front door to the CDC.

### **PROVIDER REQUIREMENTS**

The selected Provider must:

- 1) Maintain the licensing requirements listed above.
- 2) Maintain welfare property tax exemption. The Provider will be responsible for property taxes relating to the CDC if the Provider does not successfully obtain an exemption. The Provider is responsible for all property taxes relating to the CDC for which an exemption is not available, if any.
- 3) Participate in the Quality Rating and Improvement System of the City and County of San Francisco (the "City").
- 4) Have a philosophy and program policies aligned with that program for Infant/Toddler Care, as well as integrates the California Department of Education's Infant/Toddler Learning & Development Foundations/Curriculum Framework and the California Preschool Learning Foundations/Curriculum Framework.
- 5) Maintain good standing with California Department of Social Services Community Care Licensing Division regulations, and have no outstanding citations at the time of application.
- 6) Be a Early Learning Scholarship (ELS) participating agency and participate in City supported quality improvement activities (contingent upon the continued availability of City supports).
- 7) Be a nonprofit, 501(c)(3) organization.
- 8) Have a qualified Director/Site Supervisor that meets Title 5 requirements with a proven track record of providing publicly funded program services in the City for a minimum of 5 years.
- 9) Have the ability to provide subsidized services through Title 5 contracts/subcontracts, and/or Head Start and/or Early Head Start, and/or other government-funded subsidies, and demonstrate the ability to serve populations of families with subsidy vouchers.
- 10) Operate a CDC which is inclusive of all learners and children with multiple abilities.
- 11) Adhere to the following enrollment priorities for enrollment at the CDC:

- 1st priority are children that are residents of the Project.
- 2nd priority is an enrollment that balances maximum benefit for the low-income community (as measured by the percentage of subsidized slots) and financial feasibility.
- 3rd priority are children of families that live in San Francisco Supervisorial District 5 or within one mile of San Francisco Supervisorial District 5.
- 4th priority are children of families with a parent working live in San Francisco Supervisorial District 5 or within one mile of San Francisco Supervisorial District 5.

## **PROPOSAL FORMAT**

All proposals must adhere to the following format:

- 1) All responses must include these separate sections:
  - a. Introduction. Provide any further information not captured below which you feel is pertinent to the evaluation of the proposal. Three pages maximum.
  - b. Section 1 -Technical Proposal. The Technical Proposal shall contain no reference to or discussion of cost.
  - c. Section 2 - Cost Proposal. The Cost Proposal shall identify costs and projected incomes with all necessary explanations and detail.
  - d. Signed Exhibit D.
- 2) Sections 1 and 2 further broken down into subsections, listed below. *Each subsection must adhere to the maximum number of pages for that subsection, shown in parentheses, below.*

### **Section 1 – Technical Proposal**

#### *1) Statement of Philosophy and Mission Statement (1)*

Provide a brief statement about your organization that shares background information, program philosophy, and mission, including the most important goals of an early care and education program; detail the salient features of your organization and the conclusions as to the reasons why your organization is most qualified and should be selected.

#### *2) Children’s Programming (2)*

Describe the overall curriculum philosophy and approach. If a particular curriculum model is subscribed to, name it.

#### *3) Qualifications and Experience of Teaching Staff (2)*

Detail the educational attainment level and relevant experience of all teaching staff, and provide a resume of each staff member. If staff has yet to be hired, include detailed job descriptions, requirements, and recruitment strategies to ensure the appropriate hire.

#### *4) Program Operation and Staff Patterning (2)*

Detail the schedule of operation (including hours and days), and the staffing pattern (should reflect all parts of the day) to ensure that adequate coverage will be maintained (including adult-child ratios and group sizes).



*5) Director/Site Supervisor (2)*

Detail the educational attainment level and relevant experience of all lead staff that would be the CDC administration, and provide a resume of each staff member. If staff has yet to be hired, include detailed job descriptions, requirements, and recruitment strategies to ensure the appropriate hire.

*6) Scope of Services (2)*

Explain how your organization's program for young children will facilitate strategic planning and program evaluations in areas of quality curriculum, assessments in support of learning objectives for children, screening and identification of children with special needs, risk management, and meeting health and safety standards. Describe what processes, procedures, and tools will be used to ensure high quality early care and education programming and environments. \

*7) Food and Nutrition (2)*

Describe the proposed food and nutrition services to be provided.

*8) Partnerships (3)*

Describe your organization's plans to generate family support and involvement in your program. Explain how your organization works with shared governance as it relates to staff, children, parents, etc.

Describe how your organization is engaged in partnerships with fellow community-based organizations that support and enhance your programming for young children and their families. Describe how your organization will collaborate with the San Francisco Unified School District to ensure effective enrollment and transition to kindergarten.

*9) Cultural Diversity (2)*

Describe your organization's record of accomplishment in providing program services that address the cultural, linguistic needs of children and their families, beyond translation of materials. This includes the demonstrated capacity to tailor the provision of program services to diverse types of families that includes LGBT families.

*10) Marketing, Public Relations, and Fundraising (2)*

Describe your proposed strategy and metrics to ensure the enrollment priorities as outlined in the Provider Requirements section above will be met. Describe your proposed strategy and metrics to recruit and maintain enrollment, and secure subsidies and other funding needed to ensure the requirements for serving low/moderate income and at-risk children as outlined in the Provider Requirements section above will be met.

Describe your organization's methodology for determining tuition and scholarships, including the processes, procedures, and tools used to ensure that fees charged are in keeping with the economy and a family's ability to pay.

*11) References (2)*

Provide a minimum of three references, including name, address, e-mail address, and telephone number of persons (not agencies) that can attest to your organization's performance as it relates to high quality child care and early learning services, as well as three references of persons (not agencies) that can attest to your organization's financial stability. One person may serve both purposes, if qualified to do so.

*12) Facility/Operations (2)*

Describe any experience your organization has had with capital financing, design, permitting, construction build-out (including project management of the project) and licensing and start-up of a high quality early care and education program(s) and with working with San Francisco permitting and approval agencies. Provide your plan and a timeline to complete the capital financing, design, permitting, and construction build out and licensing and start-up of the Center, assuming you are selected as the Provider.

*13) Compliance with MOHCD Policies (1 plus form; see below)*

Please describe any experience your organization has with Workforce and Contracting Policies with MOHCD or OCII. See Exhibit D for Licensing Requirement and Statement of Compliance. *Please include a signed copy of Exhibit D in your response to this section.*

*14) Neighborhood Integration (1)*

The neighbors of the Project, as represented by the Hayes Valley Neighborhood Association (or "HVNA"), are truly excited to welcome the CDC and the Provider to the neighborhood. The HVNA supports both the Project generally and having a CDC at this location, specifically. The HVNA would like to see the selected Provider integrate the operation of the CDC with the neighborhood. TNDC will facilitate a meeting with representatives of the HVNA and the selected Provider soon after selection. Please provide examples of neighborhood integration you have implemented in the past.

Please describe successful past initiatives your organization has performed to facilitate neighborhood integration. Please also describe any further ideas or examples, separate from the ones above, which you are willing to perform and will facilitate this shared goal.

**Section 2 – Cost Proposal**

*1) Maximizing Economy and Operational Effectiveness (2)*

Describe your organization's methodology for providing access to high quality early care and education services that minimizes cost and maximizes economy and operational effectiveness. Include information on your organization's budget planning and account services.

*2) Operational Budget (4)*

Provide a detailed operational budget, with narratives as needed, that includes the following:

- a) Salaries - identify all employee's salary costs and benefits.

- b) Administrative Costs - identify administrative costs, insurance, professional development, substitutes, food costs, marketing expenses, and any other expenses predicted for the operation of the Center.
- c) Income - identify all income, including other sources of income predicted as revenue (e.g., food subsidies, fundraising, etc.).

*3) Tuition/Fee Proposal (5)*

For fee paying families, provide a proposed tuition/fee schedule that covers all aspects of the program/services (infants, toddlers, preschool, part-time, full-time, sick-care, drop-offs, etc.). Identify the cost per week for each category of user and any additional costs to users beyond tuition. Specify the services that are included in the tuition (e.g., food, special classes). Specify the number of hours of care per day the tuition fee reflects. Indicate, if appropriate, what charges will be for additional hours.

Provide information on your scholarship, financial aid, or any other type of assistance provided to families, including policies and procedures and application for tuition assistance.

*4) Tenant Improvement Sources and Uses and Funding Plan (3)*

Provide a simple development budget in Sources and Uses format detailing the TI build out described elsewhere in this RFP. Describe each source including if that source requires fundraising or a grant application. If the source requires fundraising or a grant application, describe further the schedule involved to obtain the source and your previous success with it.

*5) Financial Data*

Please provide a dropbox link or similar containing:

- Two years of audited financial statements
- Two years of tax returns
- Operating Budget for Provider organization

**PROPOSAL EVALUATION, SUBMITTAL PROCESS, AND GENERAL PROVISIONS**

**Proposal Evaluation**

The selection process will be conducted by a committee (the “Selection Committee”), which will include representatives from the Office of Early Care and Education (“OECE”), MOHCD, TNDC and others as chosen by TNDC. The criteria by which the proposals will be evaluated is listed below (the “Selection Criteria”). The Selection Committee will score all proposals and select a Provider that obtains the highest score based on the Selection Criteria.

The Selection Criteria are:

Technical Proposal. Does the proposal demonstrate that the potential Provider has	40 points
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the skills and experience necessary to provide a high quality CDC at the Project? The proposal that demonstrates these factors the most will receive the highest points in this category.	
Cost Proposal. Is the cost proposal complete, reasonable, feasible, and supportable? The proposal that demonstrates these factors the most will receive the highest points in this category.	50 points
Other. This category allows the Selection Committee to award points for creativity, vision, and innovation.	10 points
TOTAL POINTS	100
Graduated Bonus Score. Ensuring higher proportion of low-income slots. Points for this category will vary based on proposal content.	

### Submittal Process

Interested organizations should submit four (4) copies in a three-ring binder (preferably double-sided) and one (1) electronic copy of their proposal to TNDC by the due date and time. No enclosures will be accepted except those requested. Anything additional will be discarded and not considered. Label all responses according to the outline in this RFP. No oral, telegraphic, facsimile or telephone statements will be considered.

Proposals should be clearly titled "80 Octavia CDC RFP" and delivered to:

Elizabeth Madrigal, Assistant Project Manager  
TNDC

If by USPS:

201 Eddy Street  
San Francisco, CA 94102

If by messenger, hand-delivered, FedEx or UPS:

49 Powell Street  
San Francisco, CA 94102

Please email electronic copies to: [emadrigal@tndc.org](mailto:emadrigal@tndc.org)

**ALL RESPONSES MUST BE RECEIVED NO LATER THAN:**

Date: February 21, 2020

Time: 5:00 p.m.

Any proposals received after 5:00 p.m. on the due date will not be considered and will be returned unopened.

Questions or clarifications concerning this RFP should be directed to Elizabeth Madrigal, Assistant Project Manager at [emadrigal@tndc.org](mailto:emadrigal@tndc.org).

A portion of the respondents will be invited to be interviewed by the Selection Committee, if any.

### **General Provisions**

- 1) TNDC may modify this RFP or any of its deadline dates set forth in the RFP prior to the date fixed for the submission by issuance of an addendum.
- 2) The proposer may withdraw its RFP by submitting an email request signed by the proposer's authorized representative to the address above.
- 3) TNDC reserves the right to cancel this RFP at any time prior to contract award without obligation in any manner for statement preparation, interview, fee negotiation, or other marketing costs associated with RFP.
- 4) TNDC may reject any or all submittals and may waive any immaterial deviation from the RFP. TNDC's waiver of an immaterial defect shall in no way modify the RFP documents or excuse the submitter from compliance with other provisions of the RFP.
- 5) Submittals become the property of TNDC and may be returned only at TNDC's option and at the submitter's expense.
- 6) TNDC's evaluation is solely for determining which organizations are deemed most qualified. Determination made by TNDC based upon the submitted information and any other information available to TNDC. TNDC may request all proposers to submit additional information pertinent to the RFP.
- 7) TNDC reserves the right to investigate other available resources in addition to any documents or information submitted by the Provider.
- 8) As of the date this RFP is issued and continuing until the final date for submission, prospective applicants are prohibited from contacting any TNDC employee, OECE, or MOHCD employee regarding this RFP other than the individual specified above. Applicants found to be acting in any way contrary to this directive will be automatically disqualified.
- 9) No tours to view or inspect the location will take place.
- 10) TNDC reserves the right to reject any and all submittals.
- 11) TNDC reserves the right not to score any and all submittals.
- 12) TNDC will select which potential Providers will be interviewed by the Selection Committee, if any.

**EXHIBIT A**

**FORM OF LETTER OF INTENT**

*Note: Owner's proposed Lease terms included therein; additional exhibits to follow.*

Octavia RSU Associates, LP  
201 Eddy Street  
San Francisco, California 94102

[Date]

[Selected Provider, Name and Address]

**RE:** Letter of Intent  
Childcare Development Center  
80 Octavia Street  
San Francisco, California 94102

The Tenderloin Neighborhood Development Corporation ("TNDC"), as sponsor of Octavia RSU Associates, L.P. ("Owner") is pleased to present this Letter of Intent ("LOI") for lease of the proposed Childcare Development Center (the "CDC" or the "Premises") located at 80 Octavia Street (the "Project").

The Project will be a single, 63-unit 8-story apartment building with located on the northeast corner of Haight Street and Octavia Boulevard in San Francisco. The Project's zoning allows for the intended uses, including childcare.. The homes at 78 Haight will be set aside for two different types of tenants:

- 1) Transitional Aged Youth ("TAY"). TAY are youth ages 18 to 24 who are formerly homeless or at risk of homelessness. Some of the TAY units will be further designated for Parenting TAY.
- 2) Low-income individuals and families with incomes up to 85% of San Francisco's Area Median Income.

[Selected Provider] (or "Tenant") meets the intent of the CDC space at the Project.

On behalf of Octavia RSU Associates LP, we are pleased to extend the following business terms for consideration in lease discussions for the referenced location:

**TENANT:** [Selected Provider]

**PREMISES:** Approximately 3,349 of ground floor leasable retail space located at the Project.

**USE:** Early Childcare Development and Education Center. Tenant shall undertake its own due diligence to establish its ability to use the Premises for the intended purposes, and shall be required to obtain any required permits or approvals as listed in Exhibit D to the 80 Octavia Request for Proposals (“RFP”) dated February 10, 2020.

**DUE DILIGENCE:** Landlord shall provide Tenant reasonable access to the Premises to allow Tenant to gather information prior to entering into a Lease.

**INITIAL OCCUPANCY TERM:** 10 years

**OPTIONS:** Two Five-Year Options

**RENT COMMENCEMENT:** Rent will commence upon completion of the Project (as such term is defined in the RFP) which is anticipated to be June, 2022. Notwithstanding, Tenant acknowledges that delivery of Premises by landlord is dependent upon finalization of a complex financing structure for the overall Project that may result in delivery of premises later than Tenant’s ideal move-in date.

**BASE RENT:** In exchange for providing specific services, including an agreement to provide availability of an agreed upon number of childcare spots, and a specified number of low-income spots, with a set-aside of certain spaces for residents of the housing component of the Project, Base Rent shall be established at \$1.00 per year. At such time as options and future extensions may be considered, Base Rent will be the amount reasonably determined for Landlord to responsibly maintain the proposed Premises over the life of the building.

**TENANT EXPENSES INCLUDING UTILITIES:** In addition to the nominal Base Rent paid by Tenant, Tenant shall pay its pro-rata share of all operating and capital costs of the Project, including:

- 1) An annual amount to fund Replacement Reserves for the Project.
- 2) Utility Costs, which either will be separately metered or separately sub-metered (decision to meter or sub-meter made exclusively by Owner). See Exhibit D.
- 3) A commercial management fee in an amount not less than \$1,000.00 per year.
- 4) Tenant is responsible for payment of all Real Estate Taxes or other assessments attributable to the Premises by any government agency. If Tenant qualifies for a Welfare Tax Exemption, and files the necessary paperwork to obtain the exemption each year, Landlord will support the Tenant's application by filing its own required documentation.

**MAINTENANCE:** Tenant will be responsible for its own interior maintenance, janitorial and municipal trash collection.

**TENANT IMPROVEMENTS:** The Owner will build out the CDC at its own expense to the level specified as a "Warm Shell" by the City and County of San Francisco Mayor's Office of Housing and Community Development's Underwriting Guidelines (the "Guidelines"). Any improvements required or desired by Tenant shall be constructed at Tenant's sole expense, after obtaining Landlord's written approval of proposed improvements.

**SECURITY DEPOSIT:** \$3,000.00 due at Rent Commencement.

**INSURANCE:** Tenant will procure insurance as listed in Exhibit C to the RFP and provide Certificates of Insurance to Owner as requested.

**PROPERTY TAXES:** Tenant will be responsible for Tenant's share of property taxes, if applicable. Notwithstanding, Landlord and Tenant acknowledge that Tenant may qualify for a Welfare Tax Exemption, and that it is in the Parties mutual interest to cooperate in a timely manner that allows Tenant to secure such exemption.

**BROKER:** Tenant hereby represents that it is not being represented by a Broker and there shall be no commissions owed to any outside party unless contracted directly with Landlord, if Tenant enters into a Lease for the Premises.



**NON-BINDING:** The purpose of this letter is not to bind the two parties legally, but is intended to document discussions for preparations of a Lease Agreement. The terms of this LOI are subject to the financial feasibility of the proposed development and financial underwriting of the Tenant, and satisfactory achievement of milestones as specified within the RFP.

**AUTHORITY:** Each of the parties represents that it has the right, power and authority to enter into this LOI and the authority to negotiate and enter into a written Lease.

**TERMINATION:** Each of the parties recognizes that time is of the essence in communications and decision making. Notwithstanding the non-binding nature of this LOI, each party has the right, power and authority to terminate with 60 days' notice or the following:

1. Both parties cannot come to agreement on material terms of the Lease Agreement.
2. Execution of Lease Agreement

Both Landlord and Tenant agree that any sums expended by either party, including but not limited to legal fees, architectural fees, and/or inspection fees, prior to lease execution shall not be recoverable by either party should negotiations fail for any reason and a Lease is not consummated.

OCTAVIA RSU ASSOCIATES, L.P.,  
a California Limited Partnership

By: OCTAVIA RSU GP, LLC,  
a California limited liability company

Its: General Partner/Manager

By: Tenderloin Neighborhood Development Corporation,  
a California non-profit public benefit corporation,  
its sole member

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

*Agreed and Accepted:*

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B**

**PROJECT RENDERINGS AND CDC PLAN DIAGRAM**

See OneDrive link:

<https://1drv.ms/u/s!Aq-xWf3OupTN02P6btic9zM14cxQ?e=b7p473>

## EXHIBIT C

### INSURANCE REQUIREMENTS

Insurance Requirements are not final, subject to change, and generally consist of two categories of requirements:

- 1) Project-Wide Insurance
  - a. The CDC will be responsible for its share of the overall annual cost for property and liability insurance for the entire Project.
  - b. This amount is estimated in Exhibit D.
- 2) CDC Insurance
  - a. The Provider will be responsible for maintaining certain coverages at its sole expense including but not limited to:
    - i. Commercial General Liability
    - ii. Property Insurance (to cover Tenant Improvements)
    - iii. Plate Glass Insurance
    - iv. Workers Compensation Insurance
  - b. Deductibles and occurrence amounts to be determined and subject to Owner and City approval.

**EXHIBIT D**

**LICENSING REQUIREMENTS AND STATEMENT OF COMPLIANCE**

- 1) The necessary approvals and licenses from the State of California to operate the CDC.
- 2) All necessary approvals and licenses from the City and County of San Francisco, including but not limited to the Office of Early Care and Education.
- 3) Upon completion of the Tenant Improvements, Provider will obtain an Open Space Waiver approval from The City and County of San Francisco Planning Department. The two nearby open spaces available are the Koshland Community Park (Page Street at Buchanan Street) and the Hayes Valley Playground (Hayes Street at Buchanan Street). Patricia’s Green is not an acceptable open space.
- 4) If Provider makes use of State and/or Federal funding for Tenant Improvement build out, the following requirements will apply:
  - a. The City and County of San Francisco Contract Monitoring Division (“CMD”) will set the Local Business Enterprise (“LBE”) and/or Small Business Enterprise (“SBE”) participation goal.
  - b. All bid solicitation activities are to be conducted in such a manner as to provide, to the maximum extent practical, open and free competition, and cost efficiencies.
  - c. The San Francisco LBE Directory of Certified firms can be searched by name or trade / specialty, and is found at <http://sfgov.org/cmd/search-our-online-directory-certified-firms>.
  - d. Conduct direct outreach to these Contractors and Subcontractors.
  - e. Maintain records of all outreach efforts made (emails, calls, etc.). Documentation of this outreach establishes Good Faith Effort.

By signing below, Provider agrees to obtain approval and/or comply with the above requirements.

*Agreed and Accepted:*

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT E: COST OF OPERATIONS**

<u>Category</u>	<u>Expense</u>	<u>Annual Amount (\$)</u>	<u>Notes</u>
<b>Paid to Owner</b>	Rent	1.00	One dollar per year.
<b>Paid to Owner</b>	Commercial Management Fee	1,000	<ul style="list-style-type: none"> <li>• Estimated; Subject to Change.</li> <li>• Covers Owner’s expenses for management of commercial space.</li> </ul>
<b>CDC’s Share of Project’s Overall Obligations</b>	Replacement Reserve	2,306	<ul style="list-style-type: none"> <li>• Estimated.</li> <li>• Represents the Premises' portion of the overall Project's obligation to fund the Lender-required Replacement Reserve.</li> <li>• Pro-rata portion is determined by dividing the square footage of the Premises by the square footage of the overall Project.</li> <li>• Square footage of Premises and Project are subject to change.</li> <li>• Lender’s determination of Replacement Reserve requirement is subject to change, and is currently estimated by the Owner to be \$31,000 per year.</li> <li>• Owner will collect the pro-rata portion from the Provider and forward payment to the Lender.</li> </ul>
<b>CDC’s Share of Project’s Overall Obligations</b>	Project-wide Insurance	5,207	<ul style="list-style-type: none"> <li>• Estimated.</li> <li>• Represents the Premises' portion of the overall Project's obligation for Property-wide liability and property damage insurance.</li> <li>• Pro-rata portion is determined by dividing the square footage of the Premises by the square footage of the overall Project.</li> <li>• Square footage of Premises and Project are subject to change.</li> <li>• Owner will collect the pro-rata portion from the Provider and forward payment to the insurance company.</li> </ul>
	<i>Subtotal:</i>	<i>\$8,515.00</i>	
<b>CDC’S use of Premises</b>	Electricity, Water, and Sewer	TBD; depends upon use	<ul style="list-style-type: none"> <li>• Provider will be responsible for payment for its use of electricity, water and sewer.</li> <li>• There will be no gas on site (100% electric building).</li> <li>• It has not yet been determined if electricity and water/sewer will be separately metered or sub-metered; either way, CDC’s expense will depend upon its use. No “owner mark up.”</li> </ul>
<b>CDC’S use of Premises</b>	Insurance Coverage	TBD; depends upon	<ul style="list-style-type: none"> <li>• CDC will be solely responsible for the cost to satisfy Owner’s requirements for Provider’s coverage.</li> </ul>

		Provider's policy	<ul style="list-style-type: none"><li>• This is separate from and in addition to the overall Project's insurance.</li><li>• See Exhibit C.</li></ul>
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