

FIRST AMENDMENT TO EXCLUSIVE NEGOTIATING AGREEMENT

This FIRST AMENDMENT TO EXCLUSIVE NEGOTIATING AGREEMENT (“**First Amendment**”) dated for reference purposes as of March 1, 2019 (“**First Amendment Effective Date**”) is entered into by and between the Peninsula Health Care District, a political subdivision of the State of California (“**District**”), and PMB LLC, a California limited liability company (“**PMB**”) and Generations LLC, an Oregon limited liability company (“**Generations**”). PMB and Generations are referred to collectively herein as “**Developer**”.

RECITALS

A. The District and the Developer are parties to that Exclusive Negotiating Agreement (“**ENA**”), dated as of July 1, 2018, establishing an exclusive negotiating period during which the District and the Developer intend to conduct planning activities for the development of the Project, negotiate a Project description and a non-binding Term Sheet, and, if successful in negotiating the Term Sheet, to negotiate a DDA.

B. The ENA requires the Developer to complete and submit to the District certain scopes of work during the Term Sheet Phase by the completion dates set forth in the Schedule of Performance attached as Exhibit C to the ENA. Pursuant to the Schedule of Performance, the Developer is negotiating with Sutter regarding potential occupancy of some portion of the Project. The Developer has requested an extension of the completion dates for certain components of Developer work in the Schedule of Performance, including an extension of the completion date related to Developer’s evaluation of potential partnerships with Sutter and other health care provider partners.

C. The ENA also requires the Developer to inform the District whether it intends to develop the Gatepath Site and/or the School District Site as part of the Project by the Gatepath / School District Decision Date, which expires one hundred eight (180) days from the Effective Date of the ENA. The Developer has informed the District that it intends to proceed with development of the Project without the Gatepath Site. The District and the Developer have collaborated in negotiations with the School District for the possible acquisition of the School District Site and the Parties believe that it would be beneficial to extend the Gatepath / School District Decision Date to allow for negotiations to continue with the School District. As set forth in this First Amendment, the Parties desire to extend the Gatepath / School District Decision Date to be coterminous with the completion date for Developer’s evaluation of a potential partnership with Sutter.

D. The Parties recognize that the outcome of Developer’s discussions with the School District and Sutter will affect certain scopes of work related to the design and development program for the Project. The Parties therefore desire to enter into this First Amendment to extend the Gatepath / School District Decision Date and the completion dates for certain scopes of work set forth in the Schedule of Performance in accordance with the terms of this First Amendment.

E. By this First Amendment, the Parties desire to amend the ENA to reflect the foregoing, in accordance with the terms set forth herein.

AGREEMENT

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the District and Developer agree as follows:

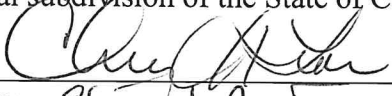
1. Extension of the Gatepath / School District Decision Date. The Parties agree that the Gatepath / School District Decision Date set forth in Section 8.2 of the ENA shall be extended to March 15, 2019. All other terms and provisions in Section 8.2 of the ENA shall remain in full force and effect.
2. Amendment to Schedule of Performance Completion Dates. The District agrees to extend the completion dates for Developer's submittal of certain scopes of work in the Schedule of Performance. The revised completion dates for these scopes of work are identified in Exhibit 1 to this First Amendment.
 - a. Exhibit C. The Schedule of Performance attached to the ENA as Exhibit C is hereby deleted and replaced by Exhibit 1 hereto.
 - b. Extension Option Period. The Parties further acknowledge and agree that the extension of the completion dates shall constitute use of a Developer Extension Option Period pursuant to Section 2.1 of the ENA.
3. Extension of Term Sheet Phase. To accommodate the Developer's performance of the Developer's Work in accordance with the amended completion dates set forth in Exhibit 1 to this First Amendment, the District agrees to extend the Term Sheet Phase to January 28, 2020. Section 2.1 of the ENA is amended to provide that the Term Sheet Phase shall expire on January 28, 2020 subject to any Developer Extension Option Period remaining available following this First Amendment. All other terms and provisions in Section 2 of the ENA shall remain in full force and effect.
4. Miscellaneous.
 - a. Incorporation. This First Amendment constitutes a part of the ENA and any reference to the ENA shall be deemed to include a reference to the ENA as amended by this First Amendment.
 - b. Ratification. To the extent of any inconsistency between this First Amendment and the ENA, the provisions contained in this First Amendment shall control. As amended by this First Amendment, all terms, covenants, conditions, and provisions of the ENA shall remain in full force and effect.
 - c. Successors and Assigns. This First Amendment shall be binding upon and inure to the benefit of the respective successors and assigns of the District and the Developer.
 - d. Counterparts. This First Amendment may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one and the same document, binding on all parties hereto notwithstanding that each of the parties hereto may have signed different counterparts.

- e. Integration. This First Amendment contains the entire agreement between the parties hereto with respect to the subject matter of this First Amendment. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this First Amendment. No prior drafts of this First Amendment or changes from those drafts to the executed version of this First Amendment shall be introduced as evidence in any litigation or other dispute resolution proceeding by either party hereto or any other person, and no court or other body shall consider those drafts in interpreting this First Amendment.

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment as of the First Amendment Effective Date.

DISTRICT

PENINSULA HEALTHCARE DISTRICT,
a political subdivision of the State of California

By: 
Name: Cheryl A. Fama
Its: CEO

DEVELOPER

PMB LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

GENERATIONS LLC

an Oregon limited liability company

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment as of the First Amendment Effective Date.

DISTRICT

PENINSULA HEALTHCARE DISTRICT,
a political subdivision of the State of California

By: _____
Name: _____
Its: _____

DEVELOPER

PMB LLC,
a California limited liability company

By:  _____
Name: JAKE ROTTE
Its: PARTNER / SUP

GENERATIONS LLC

an Oregon limited liability company

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment as of the First Amendment Effective Date.

DISTRICT

PENINSULA HEALTHCARE DISTRICT,
a political subdivision of the State of California

By: _____
Name: _____
Its: _____

DEVELOPER

PMB LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

GENERATIONS LLC

an Oregon limited liability company

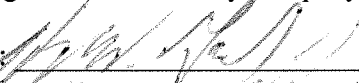
By: 
Name: Harry W. Coakley, Jr.
Its: Authorized Member

Exhibit 1
Schedule of Performance for Developer's Work

Scope of Work	Completion Date
<p>Communications Protocol: In cooperation with the District, prepare a communications protocol for efficient communication with the District to keep the District regularly informed throughout the Negotiation Period. The communications protocol shall provide a meeting matrix with meeting frequency and attendance requirements, and propose a framework for keeping the District apprised of Developer communications with community stakeholders, neighboring businesses, District partners, and potential tenants for the Project.</p>	<p>15 days from Effective Date</p>
<p>Conceptual Developer Organizational Chart: Provide a conceptual entity organizational chart associated with Project delivery and Developer's structure and governance, including documents relating to Developer's composition, any operating agreements or formation documents regarding the business relationship between PMB and Generations (including the Joint Venture Entity to serve as master lessee and developer) and operator(s) of the Peninsula Wellness Community, and the responsibilities designated to key personnel within each organization. The development team shall be responsible for management level leadership, reviewing Project progress, and assisting Developer and the District in achieving the development of the Project. The Parties acknowledge that Developer's proposal for legal organizational structure of the Project will be influenced by the final scope of the Project including any debt and equity partners.</p>	<p>90 days from Effective Date</p>
<p>Preliminary Project Schedule: Develop and submit a preliminary schedule identifying proposed Project milestones, including a critical path schedule identifying elements that have a sequential relationship and those that can be pursued concurrently.</p>	<p>30 days from Effective Date</p>

Exhibit 1
Schedule of Performance for Developer's Work

<p>Community Outreach and Public Relations Plan: Prepare and submit for District review and approval a proposed community outreach and public relations plan (“Outreach and PR Plan”) that describes Developer’s proposed community outreach strategy and plan during the Negotiation Period. The Outreach and PR Plan shall include a description of Developer’s proposed public relations program, including community and stakeholder outreach, and informing the public, the Board, and applicable regulatory agencies about the Project. The Outreach and PR Plan shall also include (i) a budget for the community outreach efforts; (ii) a strategy for community and public outreach for the Project and keeping regulatory agencies apprised of the Project; (iii) a proposed schedule for presentations to community groups, stakeholders, regulatory agencies during the Negotiation Period; and (iv) a proposal for keeping the District informed during the Negotiation Period. During the Negotiation Period, Developer shall conduct various outreach efforts to communicate with, and receive input from, community stakeholders, including but not limited to, residents, business and property owners within, and adjacent to, the Site to ensure that the development of the Project reflects reasonable community interests and desires. Developer and District acknowledge that the Outreach and PR Plan and strategy may be modified as negotiations and discussions regarding the Project proceed.</p>	<p>45 days from Effective Date</p>
<p>Land Use Approval & CEQA Schedule: Meet with the City of Burlingame and any other appropriate agency or authority that Developer determines will have discretionary review authority over the Project as proposed by Developer. Prepare and submit to the District for review and approval a schedule for processing and obtaining all necessary land use entitlements for the Project and completing the associated environmental review under CEQA (the “Entitlement Schedule”).</p>	<p>By September 30, 2019</p>
<p>Preliminary Due Diligence Investigation: Complete due diligence investigation of any Project or Site information provided by District or procured by Developer and issue a letter to District with any objections or required clarifications. The due diligence investigation shall include the review of a preliminary title report and any</p>	<p>180 days from Effective Date</p>

Exhibit 1
Schedule of Performance for Developer’s Work

<p>underlying documents relating to the exceptions referred to in the preliminary report, inspections, inquiries and investigations regarding the market conditions, the financial and physical condition of the Site, environmental matters, zoning and governmental compliance, financing and such other matters relating to the Site and the Project.</p>	
<p>Healthcare Partnerships and Services: Developer agrees and acknowledges that the District will require the Project to provide significant health care services to District residents.</p> <p><u>Step 1:</u> Developer shall engage with Sutter Health (“Sutter”) to evaluate potential partnerships between Developer and Sutter regarding potential occupancy of some portion of the Project. Developer shall provide advance notice to District of all discussions with Sutter and shall provide a reasonable opportunity for District to participate in any such discussions. On or before the Step 1 Date, Developer shall submit to District in writing Developer’s proposal for inclusion of any Sutter-affiliated uses in the Project or, alternatively, Developer’s proposal for further engagement by Developer, if any, with Sutter.</p> <p><u>Step 2:</u> Developer shall host a minimum of two (2) meetings at which the Board, Developer and prospective health care provider partners and prospective users (other than Sutter), identified by Developer and the District, shall have the opportunity to continue discussions regarding the development of the Project. These introductory meetings may include presentations by Developer of its preliminary development concept and strategy for the Project and opportunity for feedback by Developer, District, prospective health care providers, and other attendees regarding Developer’s proposed planning, programming, design and development of the Project.</p> <p>Developer shall participate in District and Board meetings throughout Step 1 and Step 2, as needed, to refine the Developer’s development concept and strategy for the Project, to provide the Board with additional information, as necessary, regarding the programming, entitlement, and financing approach for the Project and</p>	<p><u>Step 1 Date:</u> March 15, 2019</p> <p><u>Step 2 Date:</u> 60 days from completion of Step 1 (May 14, 2019)</p>

Exhibit 1
Schedule of Performance for Developer's Work

<p>any additional matters necessary for the Parties to proceed with negotiation of the Term Sheet</p>	
<p>Preliminary Conceptual Design and Project Description: Prepare and submit for District review and approval:</p> <p>(1) Preliminary Conceptual Design documents that consist of drawings, plans, and other necessary documents illustrating the scale and relationship of Project components that will include, but not be limited to, a site plan, preliminary building layout and floor plans, sections and elevations; and</p> <p>(2) Project Description that provides information regarding the proposed development of the Site, including but not limited to the Project's development program and characteristics, including the proposed number of residential units and development square footage; a description of the Project's objectives; and the existing and proposed land uses on the Site.</p>	<p>By August 12, 2019</p>
<p>Project Economics: Prepare and submit for District review:</p> <p>(1) a detailed proforma, and financing plan that demonstrates the financial feasibility to develop and complete the Project. The pro forma shall include all financial considerations and requirements including sources of funds and method of calculating returns to the Developer and ground lease revenues and cash flow participation to the District, as well as projected revenues to the Developer and the District. Market assumptions, including absorption and rents shall be documented in a market study, and the basis for all financial assumptions shall be sourced and explained in a narrative supporting the financial analysis; and</p> <p>(2) an implementation strategy that includes (i) Developer's organizational plan, marketing program, and public benefit plan, and (ii) an overview of how the Project will commence, function, manage risk, and raise capital, based on preliminary assessments of infrastructure cost, phasing, environmental issues, market analysis, economic and financial modeling, and other technical studies.</p>	<p>August 18, 2019 - January 28, 2020</p>

Exhibit 1
Schedule of Performance for Developer's Work

<p>The District reserves the right to request reasonable additional information and data from Developer necessary for the review and evaluation of Developer's proforma, financing plan, and implementation strategy. Developer agrees to provide such additional information or data as requested in a timely manner.</p>	
<p>Final Conceptual Design: Prepare and submit for District review a development plan that includes the proposed land uses; conceptual designs; program of uses; phasing plan; infrastructure plan (including analysis of existing site infrastructure and proposed improvements relating to circulation, traffic/transportation, parking); constructability analysis and cost estimates for the Project; schedule of performance; and key milestones for design, development, construction and completion.</p>	<p>By December 10, 2019</p>
<p>Project Development Schedule: Prepare and submit for District review a Project Development Schedule identifying milestones for detailed design, development, and construction of the Project. The Project Development Schedule shall include financing milestones; submittal, processing, and approval of implementing City approvals (for example, subdivision maps, design review, etc.); Project phasing, commencement and completion of infrastructure; commencement and completion of Project buildings and associated improvements; and commencement of operations within the Project. The Project Development Schedule shall include submittal dates, District review times, and review and approval timelines for any approving agency, utility, or similar body. Developer shall regularly update the Project Development Schedule to reflect milestone dates set forth in the Entitlement Schedule.</p>	<p>30 days from completion of Final Conceptual Design (January 9, 2020)</p>