

File No. 220294

Committee Item No. 11

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date April 13, 2022

Board of Supervisors Meeting Date _____

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- Motion
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- Draft Bond Purchase Agreement - Facilities (2022A)
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- Draft Form of Facilities Indenture
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- California Superior Court Judgement - 5/9/2018
- Subordinate Pledge Agreement - 5/29/2015
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- TEFRA Hearing Notice 3/25/2022
- _____

Completed by: Brent Jalipa Date April 7, 2022

Completed by: Brent Jalipa Date _____

1 [TEFRA Approval - Issuance of Bonds by Infrastructure and Revitalization Financing District
2 No. 1 (Treasure Island) - Not to Exceed \$30,000,000]

3 **Resolution supplementing Resolution No. 7-17, of the City and County of San**
4 **Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island)**
5 **(IRFD), to authorize the issuance and sale of one or more series of bonds in an**
6 **aggregate principal amount not to exceed \$30,000,000 approving related documents,**
7 **including an Official Statement, one or more Indentures of Trust, Bond Purchase**
8 **Agreements and Continuing Disclosure Certificates and a Special Fund Administration**
9 **Agreement, approving bonds for purposes of Internal Revenue Code, Section 147(f),**
10 **approving a debt policy for the IRFD, and determining other matters in connection**
11 **therewith, as defined herein.**

12
13 WHEREAS, Under Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California
14 Government Code commencing with Section 53369 (“IRFD Law”), this Board of Supervisors is
15 authorized to establish an infrastructure and revitalization financing district and to act as the
16 legislative body for an infrastructure and revitalization financing district; and

17 WHEREAS, Pursuant to IRFD Law Section 53369.5, an infrastructure and revitalization
18 financing district may be divided into project areas; and

19 WHEREAS, The Board of Supervisors has conducted proceedings under and pursuant
20 to the IRFD Law to (a) form City and County of San Francisco Infrastructure and Revitalization
21 Financing District No. 1 (Treasure Island) (“IRFD”) and four initial project areas (“Initial Project
22 Areas” and together with any future project areas that may be established in the IRFD,
23 “Project Areas”), (b) approve an infrastructure financing plan for the IRFD and the Project
24 Areas (“Infrastructure Financing Plan”) pursuant to Ordinance No. 29-22, adopted by the
25 Board of Supervisors on February 15, 2022, (c) provide a process for the future annexation of

1 territory to the IRFD, (d) establish an annual appropriations limit, as defined by subdivision (h)
2 of Section 8 of Article XIII B of the California Constitution, for the IRFD, and (e) authorize the
3 issuance from time to time of bonds or other debt in one or more series for the IRFD for the
4 purpose of financing certain improvements described in the Infrastructure Financing Plan in
5 the maximum aggregate principal amount of (i) \$780 million plus (ii) the principal amount of
6 bonds or other debt approved by this Board of Supervisors and the qualified electors of
7 annexation territory in connection with each annexation of annexation territory to the IRFD, so
8 long as the Board makes the finding specified in IRFD Law Section 53369.41(f), all as
9 described in those proceedings; and

10 WHEREAS, Capitalized terms used in this Resolution but not defined herein have the
11 meanings given them in the Infrastructure Financing Plan; and

12 WHEREAS, The Infrastructure Financing Plan provides for the allocation of Net
13 Available Increment by the City to the IRFD to finance IRFD Improvements, and further
14 provides that (i) 17.5% of the Net Available Increment (“Housing Increment”) shall be put in a
15 segregated account to be used by the Treasure Island Development Authority (“TIDA”) for
16 Housing Costs and (ii) 82.5% of the Net Available Increment (“Facilities Increment”) will be
17 used to finance certain Facilities (improvements required to serve development of Treasure
18 Island and Yerba Buena Island that will be provided by the private sector); and

19 WHEREAS, The Infrastructure Financing Plan also provides for the allocation to the
20 IRFD of Conditional City Increment for the limited purpose of paying debt service on bonds
21 and other debt of the IRFD in the event that Net Available Increment is insufficient for that
22 purpose, and the Infrastructure Financing Plan also provides for the repayment of the City by
23 the IRFD from Net Available Increment for any Conditional City Increment used by the IRFD
24 to pay debt service in an amount equal to the Conditional City Increment used to pay debt
25 service plus interest through the date of repayment; and

1 WHEREAS, Pursuant to Resolution No. 7-17, which was adopted by the Board of
2 Supervisors as the legislative body of the IRFD on January 24, 2017, and signed by the
3 Mayor on February 3, 2017 (“Original Resolution of Issuance”), this Board of Supervisors
4 authorized the issuance of bonds entitled "City and County of San Francisco Infrastructure
5 and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds"
6 in one or more series, in an aggregate principal amount not to exceed \$780 million; provided,
7 that (i) the aggregate principal amount does not include the principal amount of (A) any bonds
8 or other debt issued or incurred for the sole purpose of refunding the bonds, funding a reserve
9 fund for such refunding bonds and paying related costs of issuance and (B) any bonds or
10 other debt issued or incurred for the sole purpose of refunding such refunding bonds, funding
11 a reserve fund and paying related costs of issuance, and (ii) the Board of Supervisors may
12 increase the maximum aggregate principal amount described above by adopting a resolution
13 modifying Resolution No. 7-17; and

14 WHEREAS, In the Original Resolution of Issuance, the Board of Supervisors approved
15 the sale of one or more series of bonds, but provided that the bonds shall not be issued until
16 such time as (i) the Board of Supervisors has approved the terms of the sale to the investor(s)
17 and (ii) an Authorized Officer (as defined below) has caused the legal documents relating to
18 the bonds and any related disclosure document describing the bonds and the security for the
19 bonds to be prepared and caused such documents to be submitted to this Board of
20 Supervisors for its approval; and

21 WHEREAS, In the Original Resolution of Issuance, the Board of Supervisors also
22 authorized the filing of a judicial validation action with respect to the IRFD and the bonds
23 approved therein pursuant to Code of Civil Procedure, Section 860 et seq.; and

24 WHEREAS, On May 9, 2018, the Superior Court of the State of California, County of
25 San Francisco issued a judgment in Case No. CGC-17-557496; and

1 WHEREAS, The IRFD has not previously issued any bonds or incurred any debt
2 except for a Subordinate Pledge Agreement, dated as of May 29, 2015 (“Subordinate Pledge
3 Agreement”), which was executed by the City on behalf of the IRFD for the benefit of the
4 United States of America, and is related to the payment of the purchase price for land on
5 Treasure Island and Yerba Buena Island and that certain Promissory Note (Initial
6 Consideration) dated May 29, 2015, executed by TIDA to the order of the United States of
7 America, acting by and through the Department of the Navy (“TIDA Promissory Note”); and

8 WHEREAS, This Board of Supervisors now wishes to supplement the Original
9 Resolution of Issuance to provide for the issuance by the IRFD of one or more series of bonds
10 (“2022 Bonds”) as further provided in this Resolution; and

11 WHEREAS, The 2022 Bonds shall be issued pursuant to one or more indentures of
12 trust (“Indenture of Trust”) by and between the IRFD and a trustee to be identified by the
13 Director of the Office of Public Finance (“Trustee”), forms of which have been submitted to this
14 Board of Supervisors that provide for the issuance of one series of 2022 Bonds to be payable
15 from Housing Increment and another series of 2022 Bonds to be payable from Facilities
16 Increment, and both of which provide for payment of debt service from Conditional City
17 Increment in a manner consistent with the Infrastructure Financing Plan; and

18 WHEREAS, There has also been submitted to this Board of Supervisors a form of
19 Preliminary Official Statement in connection with the marketing, sale and issuance of the 2022
20 Bonds, and this Board of Supervisors has reviewed the preliminary Official Statement
21 (“Preliminary Official Statement”); and

22 WHEREAS, There has also been submitted to this Board of Supervisors a form of bond
23 purchase agreement (“Bond Purchase Agreement”) among the IRFD, Stifel, Nicolaus &
24 Company, Inc. and Backstrom McCarley Berry & Co., LLC, as underwriters of the 2022 Bonds
25 (collectively, “Underwriter”), and a joint exercise of powers authority (“JPA”) established under

1 the Joint Exercise of Powers Act (commencing at Section 6500 of the California Government
2 Code) to be identified by the Director of the Office of Public Finance, under which the IRFD
3 will sell the 2022 Bonds to the JPA and the JPA will sell the 2022 Bonds to the Underwriter in
4 a manner consistent with California Government Code, Section 6589; and

5 WHEREAS, There has also been submitted to this Board of Supervisors a form of
6 special fund administration agreement (“Special Fund Administration Agreement”) with a
7 trustee to be identified by the Director of the Office of Public Finance (“Special Fund Trustee”),
8 providing for the administration of certain funds and accounts related to the IRFD and
9 community facilities districts established on Treasure Island and Yerba Buena Island; and

10 WHEREAS, This Board of Supervisors has reviewed the documents submitted to it in
11 connection with the issuance of the 2022 Bonds and found them to be in proper order; and

12 WHEREAS, In accordance with Government Code, Section 5852.1, this Board of
13 Supervisors has obtained and disclosed good faith estimates prepared by the City’s municipal
14 advisor of (a) the true interest cost of the 2022 Bonds, (b) the finance charge of the 2022
15 Bonds, (c) the amount of proceeds received by the IRFD for sale of the 2022 Bonds less the
16 finance charge and any reserves or capitalized interest paid or funded with proceeds of the
17 2022 Bonds, and (d) the sum total of all payments the IRFD will make to pay debt service on
18 the 2022 Bonds plus the finance charge of the 2022 Bonds not paid with the proceeds of the
19 2022 Bonds; and

20 WHEREAS, The IRFD anticipates using proceeds of the 2022 Bonds to finance
21 acquisition and construction of a housing project located on Treasure Island at 78 Johnson
22 Street, San Francisco, California (“501(c)(3) Project”), that will be owned by Mercy Housing
23 82, L.P., a California limited partnership, whose general partner is a nonprofit affiliate of Mercy
24 Housing California, a California nonprofit public benefit corporation (“Mercy”); Mercy is a
25

1 nonprofit public benefit corporation described in Section 501(c)(3) of the Internal Revenue
2 Code of 1986 (“Code”); and

3 WHEREAS, Pursuant to Section 147(f) of the Code, and the Treasury Regulations
4 promulgated thereunder, the issuance of the 2022 Bonds by the IRFD may qualify for tax
5 exemption under Section 103 of the Code only if the 2022 Bonds are approved by an
6 “applicable elected representative” of both the governmental unit issuing the 2022 Bonds or
7 on behalf of which the 2022 Bonds are to be issued, and a governmental unit having
8 jurisdiction over the geographic area in which the Project is located, after a public hearing held
9 following reasonable public notice; and

10 WHEREAS, The Controller’s Office of Public Finance of the City has caused a notice to
11 appear on its website, stating that a telephonic public hearing with respect to the issuance of
12 the Obligations would be held by the Controller’s Office of Public Finance on _____, 2022;
13 and

14 WHEREAS, The Controller’s Office of Public Finance of the City has held the public
15 hearing described above on _____, 2022, and an opportunity was provided for persons to
16 comment on the issuance and sale of the 2022 Bonds and the plan of financing of the
17 501(c)(3) Project; and

18 WHEREAS, It is intended that this Resolution shall constitute approval of the issuance
19 of the 2022 Bonds for purposes of Section 147(f) of the Code, and the Treasury Regulations
20 promulgated thereunder; and

21 WHEREAS, The Board of Supervisors wishes to adopt a debt policy for the IRFD in
22 accordance with Government Code, Section 8855(i); now, therefore, be it

23 WHEREAS, All conditions, things and acts required to exist, to have happened and to
24 have been performed precedent to and in the issuance of the 2022 Bonds as contemplated by
25

1 this resolution, have happened and have been performed in due time, form and manner as
2 required by the laws of the State of California, including the IRFD Law; now, therefore, be it

3 RESOLVED, That the foregoing recitals are all true and correct; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors is acting in its capacity as
5 legislative body of the IRFD; and

6 FURTHER RESOLVED, That pursuant to the IRFD Law, the Original Resolution of
7 Issuance, and this Resolution, the Board of Supervisors hereby authorizes the issuance of the
8 2022 Bonds in one or more series in an aggregate principal amount not to exceed
9 \$30,000,000; and, be it

10 FURTHER RESOLVED, That the 2022 Bonds shall be entitled “City and County of San
11 Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax
12 Increment Revenue Bonds” (or such other designation as the Director of the Office of Public
13 Finance deems necessary and appropriate) with (i) a series designation (such as “Series
14 20__ A”), (ii) a designation as to whether such 2022 Bonds are payable from Housing
15 Increment or Facilities Increment and (iii) a designation as to whether such 2022 Bonds are
16 issued as tax-exempt or taxable bonds under federal tax law; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors, as an applicable elected
18 representative of the governmental unit on behalf of which the 2022 Bonds will be issued and
19 having jurisdiction over the geographic area in which the 501(c)(3) Project is located, hereby
20 approves the issuance of the 2022 Bonds for the purpose of providing funds to finance the
21 501(c)(3) Project. It is the purpose and intent of the Board of Supervisors that this Resolution
22 constitute both “issuer” approval and “host” approval of the issuance of the 2022 Bonds by the
23 IRFD for purposes of Section 147(f) of the Code, and the Treasury Regulations promulgated
24 thereunder; and, be it

1 FURTHER RESOLVED, That the terms of the 2022 Bonds shall be as follows: (i) each
2 Bond shall be dated its date of issuance, (ii) the maturity date of each 2022 Bond shall be a
3 date not to exceed 30 years from the date of its issuance or such later date as is permitted by
4 the IRFD Law and approved by the Director of the Office of Public Finance, (iii) the 2022
5 Bonds shall be issued in denominations of \$5,000 or any integral multiple of \$5,000 or such
6 other denomination determined by the Director of the Office of Public Finance, (iv) the form of
7 the 2022 Bonds shall be substantially the form attached to the Indenture of Trust, (v) the 2022
8 Bonds shall be executed by the Director of the Office of Public Finance or such other
9 Authorized Officer (as defined below) identified in the Indenture of Trust, (vi) the principal of
10 and interest on the 2022 Bonds shall be payable in lawful money of the United States of
11 America, (vii) the 2022 Bonds shall be registered with the Trustee and shall be payable at the
12 principal office of or by check or wire of the Trustee and (viii) the 2022 Bonds shall be subject
13 to redemption prior to maturity at the times and subject to the premiums approved by the
14 Director of the Office of Public Finance; and, be it

15 FURTHER RESOLVED, That the Mayor, the Controller and the Director of the Office of
16 Public Finance, or such other official of the City as may be designated by such officials (each,
17 an “Authorized Officer”) is hereby authorized and directed, on behalf of the IRFD, to execute
18 and deliver the documents approved herein in substantially the form on file with the Clerk of
19 the Board of Supervisors, together with such additions or changes as are approved by such
20 Authorized Officer, including such additions or changes as are necessary or advisable to
21 permit the timely issuance, sale and delivery of the 2022 Bonds; the approval of such
22 additions or changes shall be conclusively evidenced by the execution and delivery by an
23 Authorized Officer of the documents herein specified; and, be it

24 FURTHER RESOLVED, That this Board of Supervisors hereby approves one or more
25 Indentures of Trust, in substantially the form on file with the Clerk of the Board of Supervisors;

1 the terms and provisions of each Indenture of Trust, as executed, are incorporated herein by
2 this reference as if fully set forth herein; an Authorized Officer is hereby authorized and
3 directed to execute each Indenture of Trust on behalf of the IRFD, with such changes,
4 additions or deletions as may be approved by the Authorized Officer, and the Clerk of the
5 Board of Supervisors is hereby authorized and directed to attest thereto; and, be it

6 FURTHER RESOLVED, That this Board of Supervisors hereby approves a Preliminary
7 Official Statement prepared in connection with the 2022 Bonds in substantially the form on file
8 with the Clerk of this Board of Supervisors, together with any changes therein or additions
9 thereto deemed necessary or advisable by an Authorized Officer; subject to an Authorized
10 Officer deeming such Preliminary Official Statement “final” pursuant to Rule 15c2-12 under
11 the Securities Exchange Act of 1934 (“Rule”), this Board of Supervisors hereby approves and
12 authorizes the distribution by the Underwriter of the Preliminary Official Statement to
13 prospective purchasers of the 2022 Bonds, and authorizes and directs an Authorized Officer
14 on behalf of the IRFD to deem the Preliminary Official Statement “final” pursuant to the Rule
15 prior to its distribution to prospective purchasers of the 2022 Bonds; the execution of the final
16 Official Statement, which shall include 2022 Bond pricing information, such other changes and
17 additions thereto deemed advisable by an Authorized Officer, and such information permitted
18 to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be
19 conclusive evidence of the approval of such Official Statement by the IRFD; and, be it

20 FURTHER RESOLVED, That this Board of Supervisors hereby approves one or more
21 Continuing Disclosure Certificates with respect to the 2022 Bonds in substantially the form
22 thereof attached to the preliminary Official Statement on file with the Clerk of the Board of
23 Supervisors; an Authorized Officer is hereby authorized and directed to execute each
24 Continuing Disclosure Certificate on behalf of the IRFD with such changes, additions or
25 deletions as may be approved by the Authorized Officer; and, be it

1 FURTHER RESOLVED, That this Board of Supervisors hereby approves one or more
2 Bond Purchase Agreements in substantially the form on file with the Clerk of the Board of
3 Supervisors; an Authorized Officer is hereby authorized and directed to execute the Bond
4 Purchase Agreement on behalf of the IRFD, with such changes, additions or deletions as may
5 be approved by the Authorized Officer and that are in accordance with the provisions of this
6 Resolution, such execution to be conclusive evidence of such approval; subject to the
7 requirement that the Underwriter's discount on the purchase of the 2022 Bonds may not
8 exceed 1.75% of the par amount of the 2022 Bonds and the interest rate may not exceed the
9 maximum rate permitted by applicable law; this Board of Supervisors hereby approves the
10 negotiated sale of the 2022 Bonds to the Underwriter pursuant to such Bond Purchase
11 Agreement; and, be it

12 FURTHER RESOLVED, That this Board of Supervisors hereby approves the Special
13 Fund Administration Agreement in substantially the form on file with the Clerk of the Board of
14 Supervisors. An Authorized Officer is hereby authorized and directed to execute the Special
15 Fund Administration Agreement on behalf of the IRFD with such changes, additions or
16 deletions as may be approved by the Authorized Officer; and, be it

17 FURTHER RESOLVED, That this Board of Supervisors hereby ratifies and approves
18 the Subordinate Pledge Agreement, and finds and determines that the Subordinate Pledge
19 Agreement shall only be included in the calculation of bonds and other debt to the extent that
20 the IRFD pays the principal balance of the TIDA Promissory Note; and, be it

21 FURTHER RESOLVED, That in order to comply with Government Code, Section
22 8855(i), the Board of Supervisors hereby adopts the Debt Management Policy of the City and
23 County of San Francisco as the debt policy of the IRFD to the extent applicable to tax
24 increment bonds and the internal control procedures of the City, and hereby determines that
25 the purposes for which the IRFD's debt proceeds may be used, the types of debt that may be

1 issued, the relationship of the debt to, and integration with, the City's capital improvement
2 program or budget, and the policy goals related to the City's planning goals and objectives. of
3 the IRFD's debt, are set forth in the DDA Financing Plan and the IRFD Financing Plan; and,
4 be it

5 FURTHER RESOLVED, That in Resolution No. 503-16, adopted by the Board of
6 Supervisors on December 6, 2016, and signed by the Mayor on December 16, 2016, entitled
7 the "Resolution of intention to establish City and County of San Francisco Infrastructure and
8 Revitalization Financing District No. 1 (Treasure Island) and project areas therein to finance
9 the construction and/or acquisition of facilities on Treasure Island and Yerba Buena Island; to
10 provide for future annexation; to call a public hearing on the formation of the district and
11 project areas therein and to provide public notice thereof; and determining other matters in
12 connection therewith", this Board of Supervisors made certain findings under the California
13 Environmental Quality Act ("CEQA") about the Final Environmental Impact Report ("FEIR") for
14 the disposition and development of a portion of Naval Station Treasure Island, and those
15 findings are incorporated in this Resolution as if set forth in their entirety herein; and, be it

16 FURTHER RESOLVED, That all actions heretofore taken by the officers and agents of
17 the City (including, but not limited to, the Authorized Officers) with respect to the
18 establishment of the IRFD and the Initial Project Areas, the execution and delivery of the
19 Subordinate Pledge Agreement and the sale and issuance of the 2022 Bonds are hereby
20 approved, confirmed and ratified; and, be it

21 FURTHER RESOLVED, That each of the Authorized Officers and any and all other
22 officers of the City are hereby authorized, for and in the name of and on behalf of the IRFD, to
23 do any and all things and take any and all actions, including execution and delivery of any and
24 all documents, assignments, certificates, requisitions, agreements, notices, consents,
25 instruments of conveyance, warrants and documents, which they, or any of them, may deem

1 necessary or advisable in order to effectuate the purposes of this Resolution; provided
2 however that any such actions be solely intended to further the purposes of this Resolution,
3 and are subject in all respects to the terms of the Resolution; each of the Authorized Officers
4 is further authorized to finalize the Infrastructure Financing Plan approved by this Board of
5 Supervisors pursuant to Ordinance No. 29-22 in a manner that is consistent with this
6 Resolution and the Indentures of Trust. All actions to be taken by an Authorized Officer, as
7 defined herein, may be taken by such Authorized Officer or any designee, with the same force
8 and effect as if taken by the Authorized Officer and, be it

9 FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or
10 word of this resolution, or any application thereof to any person or circumstance, is held to be
11 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
12 shall not affect the validity of the remaining portions or applications of this resolution, this
13 Board of Supervisors hereby declaring that it would have passed this resolution and each and
14 every section, subsection, sentence, clause, phrase, and word not declared invalid or
15 unconstitutional without regard to whether any other portion of this resolution or application
16 thereof would be subsequently declared invalid or unconstitutional; and, be it

17 FURTHER RESOLVED, That this Resolution shall take effect upon its enactment.
18 Enactment occurs when the Mayor signs the resolution, the Mayor returns the resolution
19 unsigned or does not sign the resolution within ten days of receiving it, or the Board of
20 Supervisors overrides the Mayor's veto of the resolution. The provisions of any previous

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1 resolutions in any way inconsistent with the provisions hereof in and for the issuance of the
2 2022 Bonds as herein described are hereby repealed.

3

4 APPROVED AS TO FORM:
5 DAVID CHIU
6 City Attorney

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9 By: /s/ MARK D. BLAKE

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MARK D. BLAKE
Deputy City Attorney
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Item 11
File 22-0294

Department:
Controller's Office

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize the issuance of bonds, paid by incremental property tax revenue generated by Treasure Island Infrastructure and Revitalization Financing District (IRFD) No. 1, in an amount not to exceed \$30 million and approve related documents.

Key Points

- The Treasure Island/Yerba Buena Development Project (Project) is part of the Treasure Island Development Authority's (TIDA) ongoing project to transition Treasure Island and a portion of Yerba Buena Island from a former military base to a residential and commercial development. The Project will include 8,000 residential units, including 2,173 affordable units (27 percent), as well as retail and commercial space, a hotel, and public open space.
- The Board of Supervisors previously approved the formation of the Treasure Island IRFD No. 1, adopted the Infrastructure Financing Plan, and authorized the issuance of up to \$780 million in tax increment bonds to finance eligible project costs. In February 2022, the Board of Supervisors approved the addition of territory to the IRFD and amendments to the Infrastructure Financing Plan.
- Proceeds from the proposed bonds would be used to reimburse eligible project costs, including public facilities (such as roads, sidewalks, parks, and shoreline improvements) and affordable housing. The bonds would be repaid with tax increment revenue collected within the IRFD.

Fiscal Impact

- The proposed bonds are anticipated to generate \$22,010,000 in bond proceeds, have a 29-year term, and an estimated true interest cost of 4.92 percent. Total debt service is expected to be \$40,615,000 or approximately \$1,359,500, on average, per year.
- The proposed bonds are expected to be issued by June 2022.
- The Bonds would be limited obligations of the IRFD, not the City, and are secured and payable only from the pledged tax increment of the IRFD.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

California Government Code Section 53369 *et seq.* authorizes the Board of Supervisors to establish an Infrastructure and Revitalization Financing District (IRFD) and to act as the legislative body for the IRFD.

BACKGROUND

The Treasure Island/Yerba Buena Development Project (Project) is part of the Treasure Island Development Authority's (TIDA) ongoing project to transition Treasure Island and a portion of Yerba Buena Island from a former military base to a residential and commercial development. In 2011, the Board of Supervisors approved the Development Agreement between the City and Treasure Island Community Development, LLC (TICD), the master developer for the Treasure Island development project, and the Disposition and Development Agreement (DDA) between TIDA and TICD (Files 11-0226 and 11-0291). The Project will include 8,000 residential units, including 2,173 affordable units (27 percent), as well as retail and commercial space, a hotel, and public open space. The 2011 DDA anticipated a twenty-year development timeline, with project completion anticipated in 2030. According to a November 2021 schedule of performance adjustment letter, TIDA anticipates project completion by 2039 for parks, with vertical buildout occurring by 2035. The letter reflects the third revision to the Schedule of Performance attached to the DDA and extends the previous development timeline by two years based on "the current status of design and construction and the time that it has taken to secure project approvals, most notably Subphase Street Improvement Permit Approvals."

Financing Plan

The Financing Plan attached to these agreements obligates the City to provide funding for certain public improvements through: (a) the issuance of special tax bonds issued by one or more community facilities districts (CFDs); and (b) tax increment revenue bonds issued by the Treasure Island Infrastructure and Revitalization Financing District.

Special Tax District

The 1982 Mello-Roos Community Facilities Act allows for the formation of CFDs to fund public infrastructure improvements by levying special taxes on taxable property within a CFD. In 2017, the Board of Supervisors approved a resolution forming Community Facilities District No. 2016-1 on Treasure Island and determining necessity to incur bonded indebtedness in an amount not to exceed \$5 billion to finance eligible project costs, with the issuance of up to \$250 million of special tax bonds authorized for Improvement Area No. 1 of the CFD (Files 16-1122 and 16-1127) and the remaining \$4.75 billion identified for future annexations of new Improvement Areas. Subsequently, up to \$278.2 million in special tax bonds were authorized at the annexation of Improvement Area No. 2 (File 20-0977) and up to \$731.4 million in special tax bonds were authorized at the annexation of Improvement Area No. 3. To date, the Board of Supervisors has

approved three issuances of special tax bonds (Files 20-0978, 21-0508, and 21-1054), and the City has issued a total of \$83.6 million on behalf of the CFD across the three issuances.

Infrastructure and Revitalization Financing District

State Infrastructure and Revitalization Financing District (IRFD) law allows for a portion of property tax revenues to be allocated to IRFDs to pay for public improvements. In 2017, the Board of Supervisors approved the formation of the Treasure Island IRFD No. 1, adopted the Infrastructure Financing Plan, and authorized the issuance of up to \$780 million in tax increment bonds to finance eligible project costs (Files 16-1120 and 16-1121). Each bond issuance (of the \$780 million total authorized) is subject to Board of Supervisors' approval of the terms of sale and related documents. In February 2022, the Board of Supervisors approved the addition of territory to the IRFD and amendments to the Infrastructure Financing Plan (File 21-1196).

The Treasure Island IRFD includes five project areas on Yerba Buena Island (Project Area A) and Treasure Island (Project Areas B, C, D, and E), which represent the Project's initial phases of development. The five project areas included in the IRFD are shown in Attachment 1.

The IRFD Financing Plan stipulates how incremental property tax revenue generated by project areas within the IRFD will be used to reimburse eligible project costs, including public facilities (such as roads, sidewalks, parks, and shoreline improvements) and affordable housing. Each project area within the IRFD can have a different start date and extend for 40 years from the start date. Each project area can generate property tax increment and issue debt against the property tax increment at different times. Project Area A began generating tax increment for the IRFD in FY 2019-20, and Project Areas B and E will begin generating tax increment in FY 2022-23 according to the March 22, 2022 Office of Public Finance memo to the Board of Supervisors.

The City's share of the 1.0 percent property tax rate is 0.646.¹ According to the Infrastructure Financing Plan, 0.566 is pledged as "net available increment" to pay for IRFD improvements and 0.08 is pledged as "conditional City increment" that will accrue to the City's General Fund if not required for the repayment of bonds.² According to the Infrastructure Financing Plan, 82.5 percent of increment property tax allocated to the IRFD will be used to finance facilities and 17.5 percent will be dedicated to TIDA to finance affordable housing.

¹ The approximate 0.354 remaining share of tax increment would accrue to other taxing entities, such as the State Education Revenue Augmentation Fund and the San Francisco Unified School District.

² According to the March 22, 2022 Office of Public Finance memo, this additional tax increment is not anticipated to be used to pay debt service but would serve as additional debt service coverage and credit enhancement to achieve lower interest rates. The conditional City tax increment would be returned to the General Fund if not needed for debt service.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would supplement Resolution 7-17 (File 16-1121) and authorize the issuance of bonds in an amount not to exceed \$30 million and approve related documents, including an Official Statement, one or more Indentures of Trust, Bond Purchase Agreements and Continuing Disclosure Certificates and a Special Fund Administration Agreement. The proposed resolution would also approve bonds for purposes of Internal Revenue Code, Section 147 (f) and approve a debt policy for the IRFD.

Facilities and Housing Tax-Exempt Bonds

The bonds would be sold as separate series for facilities (2022A Facilities Bonds) and housing (2022B Housing Bonds). The bonds would be sold without a rating because they would likely not qualify for an investment grade rating due to the early stage of development and the highly concentrated tax base according to the Office of Public Finance.

It is anticipated that both bond series will be issued on a tax-exempt basis. Issuance of the Housing Bonds on a tax-exempt basis requires that:

- The IRFD issue the Housing Bonds as qualified 501(c)(3) private activity bonds under Internal Revenue Code Section 145, which requires that the property financed by the bonds be owned by either a nonprofit corporation or a state or local government unit.
- In addition, according to Section 147(f) of the Internal Revenue Code, the bonds must be approved by an “applicable elected representative” of both (a) the governmental unit issuing the bonds or on behalf of which the bonds will be issued, and (b) the governmental unit that has jurisdiction over the geographic area in which the project is issued, after a public hearing.

The housing project that is proposed to be financed by the Housing Bonds is located on Treasure Island at 78 Johnson Street, which is owned by a nonprofit corporation (Mercy Housing). Approval of gap financing for this project is pending at the Board of Supervisors and will be reviewed by our Office. Under the proposed resolution, the Board of Supervisors would approve the issuance of the Bonds to comply with Section 147(f). The Office of Public Finance held a telephonic public hearing on April 7, 2022 regarding the issuance of the bonds and the financing plan of the affordable housing.

Debt Management Policy

The proposed resolution would adopt debt policies for the IRFD to comply with California Government Code Section 8855(i), which requires bond issuers to adopt debt policies that contain certain criteria. The IRFD’s debt policies would consist of: (a) the City’s Debt Management Policy as it relates to tax increment bonds and internal control procedures; and (b) the DDA Financing Plan and the IRFD Financing Plan as it relates to the remaining criteria to comply with the California Government Code.

Indentures of Trust

The indentures of trust establish the terms by which the trustee administers and disburses bond payments. The net available increment would be separately pledged under separate indentures of trust to each series based on the shares determined in the Infrastructure Financing Plan (82.5 percent to the Facilities Bonds and 17.5 percent to the Housing Bonds). The pledge of conditional City increment would be split between the two series based on the same proportions.

Preliminary Official Statement & Continuing Disclosure Statement

The Preliminary Official Statement describes the legal structure of the bonds as well as sources of revenue and major risks related to repayment for the benefit of prospective investors. The Preliminary Official Statement will be finalized after it is approved by the Board of Supervisors and Mayor and prior to the sale of the bonds. The proposed resolution allows the IRFD to issue an annual Continuing Disclosure Statement, which provides financial information relevant for existing and prospective bond investors.

Bond Purchase Agreements

The IRFD intends to issue the proposed bonds as a negotiated, rather than a competitive sale. According to the March 22, 2022 Office of Public Finance memo, the Bonds are outside of the City's customary credit profile and a negotiated sale provides more flexibility in the timing of the sale, which can help achieve a more favorable price for the bonds. The memo also notes that the bonds will be the first issued by an IRFD or any other non-redevelopment agency tax increment district in California. This is in line with the City's debt policy which states "it is usually not feasible to issue bonds through a competitive sale for certain types of financings, such as... non-traditional structures... and specialized financings like Mello-Roos."

The Bond Purchase Agreement provides the terms of sale of the bonds to the underwriters by the IRFD. The IRFD would first sell the bonds to the California Statewide Communities Development Authority, a third-party statewide joint powers authority, of which the City is a member.³ The California Statewide Communities Development Authority would then sell the bonds to the underwriters. The Bond Purchase Agreement is between the IRFD, the California Statewide Communities Development Authority, and Stifel, Nicolaus & Company, Incorporated and Backstrom McCarley Berry & Company, LLC, the underwriters for the proposed bonds. According to the Office of Public Finance, the underwriters were selected from the Office of Public Finance's pool of qualified underwriters, which was established through a competitive process.

³ According to the Office of Public Finance memo, this sale structure allows the IRFD to sell the bonds on a negotiated basis in accordance with State IRFD law. Prior to their dissolution, redevelopment agencies commonly used this sale structure to issue tax allocation bonds.

Special Fund Administration Agreement

The Special Fund Administration Agreement provides for the administration of certain funds and accounts related to the CFD and IRFD by a trustee pursuant to the DDA Financing Plan and State law.

FISCAL IMPACT

Exhibit 1 below shows the sources and uses of the proposed bonds. The IRFD expects to issue \$21,685,000 of tax increment bonds and to obtain a premium of \$325,000, which is subject to market conditions at the time of sale.

Exhibit 1: 2022 Facilities and Housing Bonds Sources and Uses

Sources	2022A Facilities Bonds	2022B Housing Bonds	Total Bonds
Estimated Par Amount	\$17,910,000	\$3,775,000	\$21,685,000
Premium	268,000	57,000	325,000
Total Sources	\$18,178,000	\$3,832,000	\$22,010,000
Uses			
Project Fund	16,201,700	3,413,800	19,615,500
Debt Service Reserve Fund	1,121,500	238,000	1,359,500
Delivery Expenses			
Cost of Issuance	557,500	117,500	675,000
Underwriter's Discount	<u>297,300</u>	<u>62,700</u>	<u>360,000</u>
<i>Subtotal, Delivery Expenses</i>	<i>854,800</i>	<i>180,200</i>	<i>1,035,000</i>
Total Uses	\$18,178,000	\$3,832,000	\$22,010,000
Reserve for Market Uncertainty*			7,990,000
Not to Exceed Par Amount			\$30,000,000

Source: Stifel and CSG Advisors, Inc. per Good Faith Estimates

*The requested not-to-exceed par amount of \$30,000,000 exceeds current estimates by \$7.99 million. According to the Office of Public Finance, this additional amount provides flexibility and may allow the IRFD to benefit from more favorable market conditions at the time of sale should they occur, such as changes in market interest rates after authorization by the Board of Supervisors and before sale of the bonds.

The proposed resolution limits the underwriter's discount to 1.75 percent of the bonds' par value. Based on the values in Exhibit 1 above, the estimated underwriter's discount is 1.66 percent of the bonds' par value. The debt service reserve amount is based on one year's debt service on the bonds and will depend on market conditions at the time of sale. Costs of issuance include legal and consultant fees.

Project Costs Funded by Facilities and Housing Bonds

The proceeds of the 2022A Facilities Bonds would finance or reimburse expenditures on public improvements for the project incurred by the developer, such as geotechnical work on Treasure Island, utility improvements, street and sidewalk improvements, purchases of land from the U.S. Navy made by the developer on behalf of TIDA, and related pre-development costs.

The proceeds of the 2022B Housing Bonds are expected to be used by TIDA and MOHCD to finance a loan for a proposed affordable housing development by Mercy Housing on Treasure Island. The proposed affordable housing development includes 138 units, including 23 one-bedrooms, 60 two-bedrooms, 40 three-bedrooms, 14 four-bedrooms, and a manager's unit. The 137 units (excluding the manager's unit) include 71 replacement units for Catholic Charities' One Treasure Island units supported by a Continuum of Care contract, 23 non-income restricted units for existing Treasure Island residents, and 43 new affordable lottery units. Construction is planned to begin in May 2022 and to be completed by March 2024 according to the Office of Public Finance memo.

Debt Service

The proposed bonds are anticipated to have a 29-year term and an estimated true interest cost of 4.92 percent based on market conditions as of March 2022. Total debt service is expected to be \$40,615,000 (including the anticipated total par amount of \$21,685,000 and estimated total interest of \$18,930,000) or approximately \$1,359,500, on average, per year. Under the Subordinate Pledge Agreement, the bonds would be repaid with tax increment revenue collected within the IRFD. The Office of Public Finance expects the bonds will be issued by June 2022.

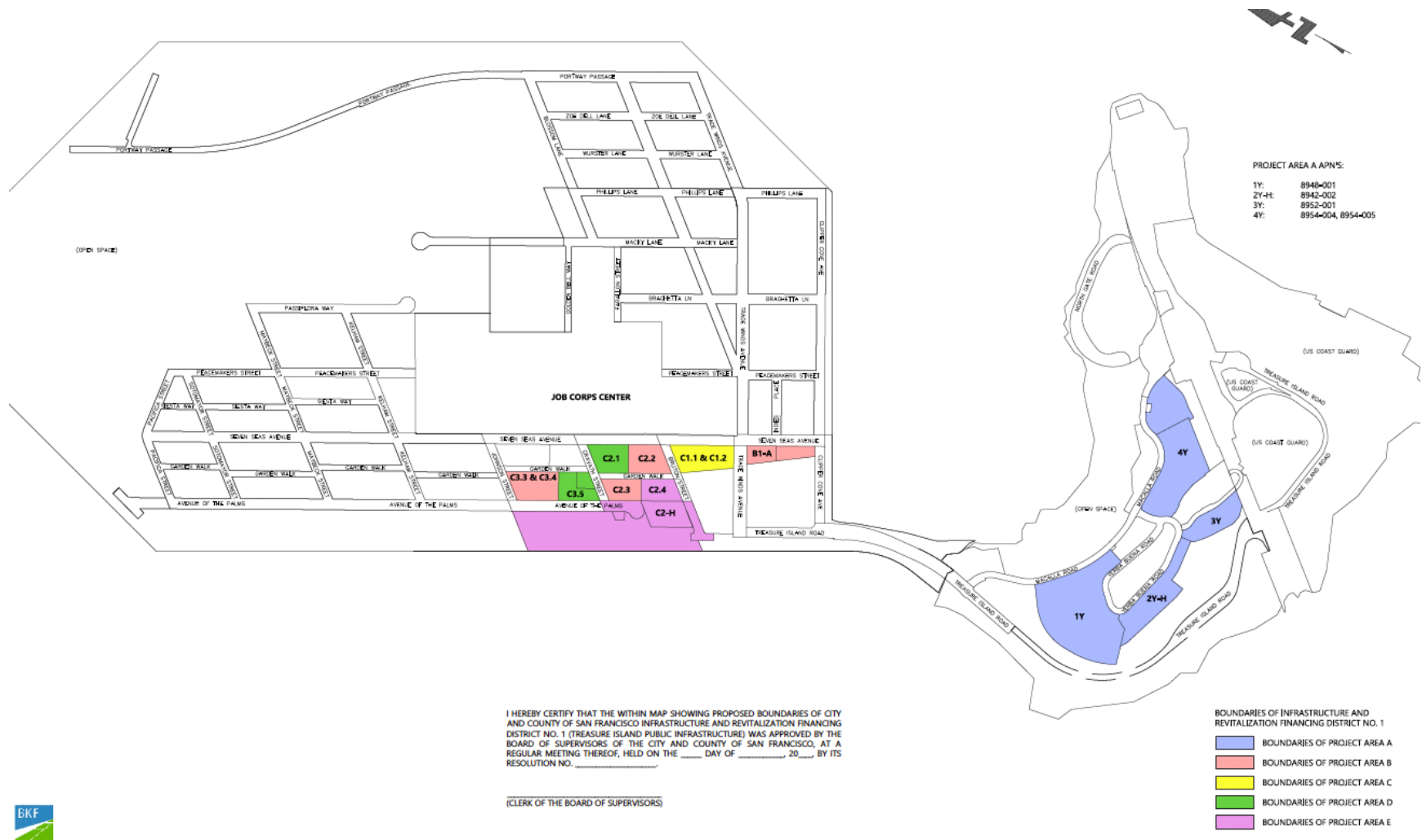
City Not Liable for Bond Repayment

The Bonds would be limited obligations of the IRFD and are secured and payable only from the pledged tax increment of the IRFD. The City's General Fund is not liable for the repayment of the bonds except for the pledged conditional City increment of the IRFD. Although the bonds are not obligations of the City, the Office of Public Finance memo notes that the IRFD "bears the 'City and County of San Francisco' name and market recognition, and as such the City is subject to reputation risk in the event the Bonds' security becomes strained."

RECOMMENDATION

Approve the proposed resolution.

Attachment 1: Treasure Island IRFD No. 1 Boundaries



Source: Amended and Restated Infrastructure Financing Plan

§ _____
**CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022A
(FACILITIES INCREMENT)**

BOND PURCHASE AGREEMENT

_____, 2022

City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
1 Dr. Carlton B. Goodlett Place, Room 336
San Francisco, California 94102

California Statewide Communities Development Authority
1100 K Street, Suite 101
Sacramento, California 94814

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company Incorporated, Inc. (the “**Representative**”), on behalf of itself and on behalf of Backstrom McCarley Berry & Co., LLC (collectively, the “**Underwriters**”) offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “**District**”) and the California Statewide Communities Development Authority (the “**Authority**”). This offer is made subject to acceptance by the District and the Authority by execution of this Purchase Agreement and delivery of the same to the Underwriters on or before 11:59 p.m. (California time) on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the District and the Authority at any time prior to such acceptance. Upon the acceptance by the District and the Authority hereof, this Purchase Agreement will be binding upon the District, the Authority and the Underwriters.

Capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the respective meanings set forth for such terms in the Indenture (as such term is defined below) and if not otherwise defined therein, shall have the meanings given to such terms as set forth in the Official Statement (as such term is defined below).

Section 1. Purchase and Sale of the Bonds. Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Agreement, the Underwriters agree to purchase from the Authority, and the Authority agrees to sell and deliver to the Underwriters, all (but not less than all) of the \$ _____ principal amount of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue

Bonds, Series 2022A (Facilities Increment) (the “**Bonds**”). The Bonds shall be dated their date of delivery and shall have the maturities, bear interest at the rates per annum and have the yields all as set forth on Schedule I attached hereto. The purchase price for the Bonds shall be \$ _____ (calculated as \$ _____ (the aggregate principal amount of the Bonds), [plus/less] a [net] original issue [premium/discount] and less an Underwriter’ discount in the amount of \$ _____). The District agrees that it will sell the Bonds to the Authority upon the same terms as the sale of the Bonds by the Authority to the Underwriters to enable the Authority to make such resale of the Bonds.

Section 2. Preliminary Official Statement and Official Statement. The District ratifies, approves and confirms the distribution of the Preliminary Official Statement with respect to the Bonds, dated _____, 2022 (together with the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the “**Preliminary Official Statement**”), in connection with the offering and sale of the Bonds by the Underwriters prior to the availability of the Official Statement. The District represents that the Preliminary Official Statement was deemed final as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”), except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity date, delivery date, ratings and other terms of the Bonds permitted to be excluded from the Preliminary Official Statement by Rule 15c2-12 (the “**Excluded Information**”). The District shall provide the Underwriters, within seven business days from the date hereof (but in any event at least three business days prior to the Closing Date (as defined herein), whichever occurs first), the Official Statement, dated the date hereof in the form of the Preliminary Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any supplements to such Official Statement as have been approved by the District and the Underwriters (which approval shall not be unreasonably withheld), in sufficient quantities and/or in a designated electronic format (as defined in Municipal Securities Rulemaking Board Rule G-32) to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board (the “**MSRB**”). The District authorizes and approves the distribution by the Underwriters of the Official Statement in connection with the offering and sale of the Bonds. The District authorizes the Representative to file, and the Representative hereby agrees to file at or prior to the Closing Date, the Official Statement with the MSRB, or its designees in accordance with MSRB Rule G-32. The Official Statement, including the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto on or prior to the Closing Date is herein referred to as the “**Official Statement**.”

Section 3. Description of the Bonds. The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of and shall be payable as provided in the Indenture of Trust, dated as of June 1, 2022 (the “**Indenture**”), by and between the District and _____, as trustee (the “**Trustee**”). The Bonds will be issued pursuant to chapter 2.6 of part 1 of division 2 of title 5 (section 53369 et seq.) of the Government Code of the State of California, as amended (the “**Law**”), Resolution No. 22-____, adopted by the Board of Supervisors of the City and County of San Francisco (the “**Board of Supervisors**”) as the legislative body of the District on _____, 2022, and signed by the Mayor on _____, 2022 (the “**District Resolution**”), approving the issuance and sale of bonds in one or more series, in an aggregate principal amount not to exceed \$ _____ and the Indenture. The Bonds shall be payable and subject to redemption as provided in the Indenture and as set forth in the Official Statement. The Bonds are legal, valid and binding limited obligations of the District, secured by and payable solely from the Pledged Facilities Increment and the funds pledged therefore under the Indenture, as defined and described in the Indenture. The Bonds are being issued to fund (i) the acquisition of certain public facilities and

improvements authorized to be financed by the District, (ii) a deposit to a reserve account for the Bonds and (iii) the costs of issuance of the Bonds, all as further described in the Indenture and the Official Statement.

Section 4. Public Offering and Establishment of Issue Price.

It shall be a condition to the District's obligations to sell and to deliver the Bonds to the Underwriters and to the Underwriters' obligations to purchase and to accept delivery of the Bonds that the entire \$_____ aggregate principal amount of the Bonds shall be executed, issued and delivered by or at the direction of the District and purchased, accepted and paid for by the Underwriters at the Closing. On or prior to the Closing, the Underwriters will provide the District with information regarding the reoffering prices and yields on the Bonds, in such form as the District may reasonably request.

The Underwriters agree, subject to the terms and conditions hereof, to make a *bona fide* public offering of all the Bonds initially at prices not in excess of the initial public offering prices as set forth in Schedule I hereto. The Underwriters reserve the right to change the public offering prices as they deem necessary in connection with the marketing of the Bonds. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering price set forth in Schedule I hereto.

The Underwriters will provide, consistent with the requirements of the MSRB, for the delivery of a copy of the Official Statement to each customer who purchases a Bond during the underwriting period. The Underwriters further agree that they will comply with applicable laws and regulations, including without limitation Rule 15c2-12, in connection with the offering and sale of the Bonds.

The Underwriters agree to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriters, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the District under this section to establish the issue price of the Bonds may be taken on behalf of the District by the District's municipal advisor, CSG Advisors Incorporated (the "**Municipal Advisor**") and any notice or report to be provided to the District may be provided to the Municipal Advisor.

The District will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriters shall report to the District the price or prices at which they have sold to the public each maturity of Bonds. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

The Underwriters confirm that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain

language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriters that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriters, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriters,

(B) to promptly notify the Underwriters of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriters shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriters or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriters or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriters or the dealer and as set forth in the related pricing wires.

The District acknowledges that, in making the representations set forth in this section, the Underwriters will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that the Underwriters shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “**public**” means any person other than an underwriter or a related party,

(ii) “**underwriter**” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “**related party**” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “**sale date**” means the date of execution of this Purchase Agreement by all parties.

Section 5. Underwriters’ Representations, Covenants and Agreements. The representations, covenants and agreements of the Underwriters attached hereto as Exhibit A are incorporated by reference as though fully set forth herein. The Underwriters further represent and covenant and agree with the District that:

(a) The Underwriters have been duly authorized to enter into this Purchase Agreement and to act hereunder.

(b) The Underwriters are not in material violation of, or in material breach of or in material default under, any applicable law, regulation, order or agreement to which such Underwriters are a party or by which such Underwriters are bound, which violation or breach would have a material adverse effect on such Underwriters’ ability to execute, deliver and perform this Purchase Agreement.

Section 6. Representations, Warranties and Covenants of the District. The District represents, warrants and covenants with the Authority and the Underwriters that:

(a) The District is an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California, including but not limited to the Law, with full right, power and authority to execute, deliver and perform its obligations under: (i) the Indenture; (ii) the Continuing Disclosure Certificate of the District, dated the Closing Date and substantially in the form attached to the Official Statement as Appendix E-1 (the “**Continuing Disclosure Certificate**”); and (iii) this Purchase Agreement

(collectively, the “**District Agreements**”), and to carry out all transactions contemplated by each of the District Agreements, the Bonds and the Official Statement;

(b) By all necessary official action of the District, the District has duly adopted the District Resolution prior to the acceptance hereof; the District Resolution and the resolutions and ordinances listed on Exhibit C (together with the District Resolution, the “**Resolutions and Ordinances**”) are in full force and effect and have not been amended, modified, rescinded or challenged by referendum; the District has duly authorized and approved the execution and delivery of, and the performance by the District of its obligations contained in, the District Agreements; and the District has duly authorized and approved the delivery of the Preliminary Official Statement and the execution and delivery of the Official Statement;

(c) The District has complied and will as of the Closing Date be in compliance in all respects with the terms of the District Agreements; compliance with the provisions of the District Agreements will not materially conflict with or constitute a breach of or default under any applicable constitutional provision, law, administrative regulation, court order, consent decree, judgment, decree, loan agreement, note, resolution, indenture, agreement or other instrument to which the District is a party or may be otherwise subject; and the Resolutions and Ordinances were adopted by a majority of the members of the Board of Supervisors, as the legislative body of the District, at meetings duly called, noticed and conducted, at which a quorum was present and acting throughout and constitutes all action necessary to be taken by the District for the execution, delivery and issuance of the Bonds and the execution, delivery and due performance of the District Agreements;

(d) at the time of acceptance hereof by the District, and (unless an event occurs of the nature described in Section 6(k)) at all times during the period from the date of this Purchase Agreement to and including the date which is 25 days following the End of the Underwriting Period for the Bonds (as determined in accordance with Section 6(j)), the statements and information contained in the Preliminary Official Statement as of its date, and the Official Statement as of its date (excluding the information under the captions “THE TREASURE ISLAND PROJECT” and “UNDERWRITING” and contained in Appendix G—“BOOK ENTRY ONLY SYSTEM”) are true, correct and complete in all material respects and such statements with respect to the Preliminary Official Statement do not, and with respect to the Official Statement will not, omit to state any material fact necessary to make such statements, in the light of the circumstances under which they were made, not misleading;

(e) the District is not in violation or breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America, or any agency or instrumentality of either of them, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a violation or a breach of or a default under any such instrument;

(f) at the date hereof and on the Closing Date, the District will be in compliance in all respects with the material covenants and agreements contained in the District Agreements and no event of default and no event which, with the passage of time or giving of notice, or both, would constitute an event of default thereunder shall have occurred and be continuing;

(g) other than as set forth in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or by or before any court, governmental agency, public board or body, pending or threatened against the District: (i) wherein an unfavorable decision, ruling or finding would adversely affect the existence of the District or the title of any official of the District to such person's office; (ii) seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, or the assignment by the District of its rights under the Indenture; (iii) in any way contesting or affecting the validity or enforceability of the District Agreements or the Bonds; (iv) contesting in any way the completeness or accuracy of the Official Statement; or (v) contesting the power of the District or its authority with respect to the Bonds or the District Agreements, nor is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the District Agreements or the authorization, execution, delivery or performance by the District of the Bonds or the District Agreements;

(h) the District will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters which the Underwriters may reasonably request in order for the Underwriters to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided, however, that in no event shall the District be required to take any action which would subject it to service of process in any jurisdiction in which it is not now subject;

(i) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the due performance by the District of its obligations under the District Agreements or the Bonds have been duly obtained or made, and are, and will be on the Closing Date, in full force and effect;

(j) as used in this Purchase Agreement, the term "**End of the Underwriting Period**" for the Bonds shall mean the earlier of: (i) the Closing Date unless the District shall have been notified in writing to the contrary by the Representative on or prior to the Closing Date; or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12, provided, however, that the District may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Representative stating the date which is the End of the Underwriting Period;

(k) if between the date of delivery of the Official Statement and the date that is 25 days after the End of the Underwriting Period (i) any event shall occur or any fact or condition shall become known to the District that would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriters thereof; and (ii) if in the reasonable opinion of the District or the Underwriters such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the District will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriters, which approval shall not be unreasonably withheld;

(l) if the information contained in the Official Statement relating to the District is amended or supplemented pursuant to Section 6(kj), at the time of such supplement or amendment

thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading;

(m) any certificate signed by any officer of the District and delivered to the Underwriters pursuant to the Indenture or this Purchase Agreement or any document contemplated thereby shall be deemed a representation and warranty by the District to the Underwriters as to the statements made therein and that such officer shall have been duly authorized to execute the same;

(n) to the best knowledge of the District, there is no public vote or referendum pending or proposed, the results of which could materially adversely affect the transactions contemplated by the Official Statement or the District Agreements or the Bonds, or the validity or enforceability of the Bonds;

(o) the District will apply the proceeds from the sale of the Bonds for the purposes specified in the Indenture; and

(p) except as otherwise disclosed in the Preliminary Official Statement, the District is in compliance with all of its prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12 and at or prior to the Closing Date, the District shall have duly authorized, executed and delivered the Continuing Disclosure Certificate.

Section 7. Representations, Warranties, Covenants and Agreements of the Authority. The Authority represents, warrants, covenants and agrees with the Underwriters and the District as follows:

(a) the Authority is a public body corporate and politic, organized and existing under the laws of the State of California with full right, power and authority to execute, deliver and perform its obligations under this Purchase Agreement;

(b) the Authority adopted a resolution on _____, 2022 (the “**Authority Resolution**”) at a duly noticed meeting at which a quorum was present and acting throughout, authorizing and approving the execution and delivery of, and the performance by the Authority of its obligations contained in this Purchase Agreement and as of the date hereof, the Authority Resolution is in full force and effect and has not been amended, modified or rescinded; and when executed and delivered, this Purchase Agreement will constitute the legally valid and binding obligation of the Authority enforceable upon the Authority in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally;

(c) as of the time of acceptance hereof and the Closing Date, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending with respect to which the Authority has been served with process or known to be threatened: (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; or (ii) affecting, contesting or seeking

to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or this Purchase Agreement or the consummation of the transactions contemplated thereby, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) and (ii);

(d) all authorizations, approvals, licenses, permits, consents, elections and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due authorization of or which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Authority of, its obligations in connection with this Purchase Agreement have been duly obtained or made and are in full force and effect; and

(e) the purchase and sale of the Bonds by the Authority is not subject to any transfer or other documentary stamp taxes of the State of California or any political subdivision thereof.

Section 8. Closing. At 8:00 A.M., California time, on _____, 2022, or on such earlier or later date as may be mutually agreed upon by parties hereto (the “**Closing Date**”), the District will deliver or cause to be delivered to the Representative the duly executed Bonds through the facilities of The Depository Trust Company in New York, New York, and will deliver or cause to be delivered at the offices of Jones Hall, A Professional Law Corporation (“**Bond Counsel**”), in San Francisco, California, or such other place as shall have been mutually agreed upon by the parties, the other documents described herein; and the Underwriters shall pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Agreement to the order of the Trustee in immediately available funds.

The Bonds shall be issued in fully registered form. It is anticipated that CUSIP identification numbers will be inserted on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Representative to accept delivery of the Bonds in accordance with the terms of this Purchase Agreement.

Section 9. Termination. The Underwriters shall have the right to cancel its obligation to purchase the Bonds by written notification from the Underwriters to the District if at any time after the date of this Purchase Agreement and prior to the Closing:

(a) any event shall have occurred or any fact or condition shall have become known which, in the reasonable judgment of the Underwriters upon consultation with the District, Bond Counsel and Disclosure Counsel (as defined herein), either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and, in either such event, the District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds; or

(b) legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the Securities and Exchange

Commission which in the reasonable opinion of the Underwriters has the effect of requiring the Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Fiscal Agent Agreement under the Trust Indenture Act of 1939, as amended; or

(c) any of the following occurs and is continuing as of the Closing Date which, in the reasonable judgment of the Underwriters (set forth in a written notice from the Underwriters to the District terminating the obligation of the Underwriters to accept delivery of and make payment for the Bonds), has a material adverse effect on the marketability or market price of the Bonds, at the initial offering prices set forth in the Schedule I attached hereto, or the Underwriters's ability to process and settle transactions:

(i) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States of America, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon the interest that would be received by the holders of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof; or

(ii) an amendment to the Constitution of the State of California shall have been passed or legislation shall have been enacted by the California legislature, or a decision shall have been rendered by a court of the State of California, in each case which may have the purpose or effect of subjecting interest on the Bonds to State income tax; or

(iii) (A) The declaration of war by the United States of America, any major new outbreak or escalation of armed hostilities, an act of terrorism or any other major national calamity or crisis, (B) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations; or

(iv) the declaration of a general banking moratorium by any federal, New York or State of California authorities; or

(v) a general suspension of trading or other material restrictions on the New York Stock Exchange or other national securities exchange not in effect as of the date hereof; or

(vi) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the delivery, offering or sale of obligations of the general character of the Bonds, or the delivery, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(vii) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriters; or

(viii) litigation of the type identified in Sections 6(g) or 7(c) hereof; or

(ix) a material disruption in municipal bond market securities settlement, payment or clearance services affecting the Bonds.

Section 10. Closing Conditions. The Underwriters hereby enter into this Purchase Agreement in reliance upon the representations and warranties of the District and the Authority contained herein and the representations and warranties to be contained in the documents and instruments to be delivered on the Closing Date, and upon the performance by the District, the Authority and the Trustee of their respective obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the obligations of the Underwriters under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the option of the Underwriters, to the accuracy in all material respects of the representations and warranties of the District and the Authority contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District, the Authority and the Trustee made in any certificate or document furnished pursuant to the provisions hereof, to the performance by the District, the Authority and the Trustee of their respective obligations to be performed hereunder and under the District Agreements, at or prior to the Closing Date, to the issuance, sale and delivery to the Underwriters of the Bonds, and also shall be subject to the following additional conditions:

(a) the Underwriters shall receive, within seven business days after the date hereof, copies of the Official Statement (including all information permitted to have been omitted from the Preliminary Official Statement by the Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriters), in such reasonable quantity as the Underwriters shall have requested;

(b) on the Closing Date, the representations, warranties, covenants and agreements of the District and the Authority in this Purchase Agreement shall be true, complete and correct on and as of the Closing Date; and the District Agreements shall have been duly authorized, executed and delivered by the District, all in substantially the forms heretofore submitted to the Underwriters, with only such changes as shall have been agreed to in writing by the Underwriters, and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the Board of Directors of the District as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(c) on the Closing Date, all necessary action of the District relating to the execution and delivery of the Bonds will have been taken and will be in full force and effect and will not have been amended, modified or supplemented; and

(d) at or prior to the Closing Date, the Underwriters shall have received the following additional documents, in each case satisfactory in form and substance to the Underwriters:

(i) the Resolutions and Ordinances, together with a certificate of the Clerk of the Board of Supervisors, dated as of the Closing Date, to the effect that such resolutions and ordinances are true, correct and complete copies of the Resolutions and Ordinances duly adopted by the District;

(ii) the District Documents duly executed and delivered by the parties thereto;

(iii) the Preliminary Official Statement, and the Official Statement duly executed by the District;

(iv) the approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, in substantially the form attached to the Official Statement as Appendix F-1, together with a letter of Bond Counsel, addressed to the Underwriters, to the effect that such opinion may be relied upon by the Underwriters to the same extent as if such opinion were addressed to them;

(v) the supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters, substantially to the effect that: (A) this Purchase Agreement and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the District and are valid and binding agreements of the District, enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights and by the application of equitable principles if equitable remedies are sought; (B) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (C) the statements contained in the Official Statement under the captions "INTRODUCTION—Authority for Issuance," "—The Series 2022AB Bonds," and "—Security and Sources of Payment," "THE SERIES 2022AB BONDS," "SECURITY AND SOURCES OF PAYMENT" and "TAX MATTERS" and contained in Appendices C and F, insofar as such statements expressly summarize certain provisions of the Bonds, the Indenture and the final approving opinion of Bond Counsel concerning certain federal tax matters relating to the Bonds, are accurate in all material respects;

(vi) the opinion of the City Attorney of the City and County of San Francisco, as counsel to the District, dated the Closing Date and addressed to the Underwriters, to the effect that: (A) the District is duly organized and validly existing under the Constitution and laws of the State of California; (B) the District Resolution approving and authorizing the execution and delivery of the District Agreements and the Preliminary Official Statement was duly adopted at a meeting of the Board of Supervisors, as the legislative body of the District, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and are in full force and effect and have not been amended or repealed; (C) no material litigation is pending, with service of process having been accomplished or, to the knowledge of the District, threatened, concerning the validity of the Bonds, the corporate existence of the District, or the title of the officers of the District who will execute the Bonds as to their respective offices; (D) the execution and delivery of the District Agreements and the Official Statement, the adoption of the Resolutions and Ordinances, the issuance of the Bonds and compliance by the District with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach or default under any agreement or other instrument to which the District is a party (and of which such

counsel is aware after reasonable investigation) or by which it is bound (and of which such counsel is aware after reasonable investigation) or under any existing law, regulation, court order or consent decree to which the District is subject; (E) the Official Statement has been duly authorized, executed and delivered and the Bonds and the District Agreements each have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the District enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought; and (F) no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California having jurisdiction over the District is required for the valid authorization, execution, delivery and performance by the District of the District Agreements, the valid issuance of the Bonds or the adoption of the District Resolution which has not been obtained;

(vii) an opinion of counsel to the Authority, dated the Closing Date and addressed to the District and the Underwriters satisfactory in form and substance to Bond Counsel, the District and the Underwriters, substantially to the following effect: (A) this Purchase Agreement has been duly authorized, executed and delivered by the Authority and constitutes the valid, legal and binding agreement of the Authority enforceable in accordance with its terms; (B) the Authority is a joint powers authority duly organized and validly existing under the laws of the State of California; (C) the Authority Resolution approving and authorizing the execution and delivery of this Purchase Agreement has been duly adopted and the Authority Resolution is in full force and effect and has not been modified, amended or rescinded; and (D) no action, suit, proceeding, hearing or investigation of which notice has been served on the Authority is pending or, to the best of such counsel's knowledge, threatened against the Authority: (1) in any way affecting the existence of the Authority or in any way challenging the respective powers of the several offices or the titles of the officials of the Authority to such offices; or (2) seeking to restrain or enjoin the issue of any of the Bonds;

(viii) A negative assurance letter of Disclosure Counsel addressed to the the Underwriters, to the effect that, based upon the information made available to Disclosure Counsel in the course of Disclosure Counsel's participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, no facts have come to Disclosure Counsel's attention that lead Disclosure Counsel to believe that the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and as of the Closing Date (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, as to which no opinion or view need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ix) the opinion of Underwriters' Counsel, dated the Closing Date and addressed to the Underwriters, in form and substance and acceptable to the Underwriters;

(x) the opinion of counsel to the Trustee, dated the Closing Date and addressed to the Underwriters, to the effect that: (A) the Trustee has been duly incorporated as a national banking association, duly organized and validly existing and in good standing under the laws of the United States of America having the legal authority to exercise trust powers in the State of

California and having full power and authority to enter into and to perform its duties as Trustee under the Indenture; (B) the Trustee has duly authorized, executed and delivered the Indenture, and by all proper corporate action has authorized the acceptance of the trusts of the Indenture; (C) the Indenture constitutes the legally valid and binding agreement of the Trustee, enforceable against it in accordance with its terms; (D) the Bonds have been validly authenticated, registered and delivered by the Trustee; (E) no authorization, approval, consent or other order of the State of California or any other federal or State of California governmental authority or agency having jurisdiction over the Trustee, or, to such counsel's knowledge after reasonable investigation, any other person or corporation, is required for the valid authorization, execution, delivery and performance by the Trustee of the Indenture; and (F) the execution and delivery of the Indenture, and compliance by the Trustee with the provisions thereof under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Trustee a breach or default under any agreements or other instrument to which the Trustee is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Trustee is subject;

(xi) a certificate dated the Closing Date, signed by a duly authorized official of the District, in form and substance satisfactory to the Underwriters, to the effect that: (A) the representations and warranties of the District contained in the Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (B) the District has complied with the requirements of the District Agreements required to be complied with on and as of the Closing Date with respect to the Bonds; and (C) no event affecting the District has occurred since the date of the Official Statement which should be disclosed therein in order to make the statements therein not misleading in any respect;

(xii) a certificate of the Authority, dated the Closing Date, signed on behalf of the Authority by a duly authorized officer of the Authority to the effect that: (A) the representations, warranties and covenants of the Authority contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date; and (B) the Authority has complied with all of the terms and conditions of this Purchase Agreement required to be complied with by the Authority at or prior to the Closing Date;

(xiii) a certificate, signed by a duly authorized official of the Trustee, dated the Closing Date, satisfactory in form and substance to the Underwriters, to the effect that: (A) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to the Underwriters; (B) the Trustee is duly authorized to enter into the Indenture and to execute and deliver the Bonds to the Underwriters pursuant to the Indenture; (C) the Bonds have been duly authenticated and delivered by the Trustee; (D) the execution and delivery of the Indenture and compliance with the provisions on the part of the Trustee contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation or warranty is made with respect to any federal or state securities or blue sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and (E) the Trustee has not been served with any action, suit, proceeding, inquiry or

investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against it, affecting its existence, or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the execution and delivery of the Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Indenture or the power and authority of the Trustee to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to the Underwriters;

(xiv) a certificate of Keyser Marston Associates, Inc. (the “**Fiscal Consultant**”) to the effect that the report of the Fiscal Consultant (the “**Fiscal Consultant Report**”) contained in the Official Statement and the information set forth under the captions “THE INITIAL PROJECT AREAS” and “TAX INCREMENT REVENUE AND DEBT SERVICE” in the Official Statement do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, consenting to the use of the Fiscal Consultant Report in the Preliminary Official Statement and the Official Statement and stating that to the best of the Fiscal Consultant’s knowledge, nothing has to come the Fiscal Consultant’s attention between the date of the Fiscal Consultant Report and the Closing Date which would materially alter any of the conclusions set forth in the Fiscal Consultant Report;

(xv) the Report of Proposed Debt Issuance Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855(i) and 53583 of the Government Code of the State of California;

(xvi) the Blanket Letter of Representations of the District to DTC, relating to the book-entry only system for the Bonds;

(xvii) A judgment of the Superior Court of the County of San Francisco in a judicial validation action related to the District, the Initial Project Areas and the Bonds (Case No. CGC-17-557496).

(xviii) a Letter of Representations of Treasure Island Series 1, LLC, a Delaware limited liability company (the “Phase Developer”), dated the date of the Preliminary Official Statement, substantially in the form attached hereto as Exhibit D;

(xix) a Closing Certificate of the Phase Developer, dated the Closing Date, substantially in the form attached hereto as Exhibit E;

(xx) a letter or letters from counsel to the Phase Developer, dated the Closing Date and addressed to the Underwriters and the District, in form and substance acceptable to the Underwriters and the District, regarding negative assurance with respect to caption “THE TREASURE ISLAND PROJECT” of the Preliminary Official Statement and the Official Statement;

(xxi) such additional legal opinions, certificates, instruments or evidences thereof and other documents as Underwriters’ Counsel or Bond Counsel may reasonably request to

evidence the due authorization, execution and delivery of the Bonds and the conformity of the Indenture with the terms of the Bonds, all as summarized in the Official Statement.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement will be deemed to be in compliance with the provisions hereof if and only if they are in form and substance satisfactory to the Underwriters.

If the District shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted herein, all obligations of the Underwriters hereunder may be terminated by the Underwriters at, or at any time prior to, the Closing Date by written notice to the District and neither the Underwriters nor the District shall have any further obligations hereunder, except the respective obligations of the parties set forth in Section 11.

Section 11. Expenses.

(a) Except for those expenses assigned to the Underwriters pursuant to Section 11(b) hereof, the Underwriters shall be under no obligation to pay, and the District shall pay, any expenses incident to the performance of the District's obligations under this Purchase Agreement and the fulfillment of the conditions imposed hereunder, including but not limited to: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel; (ii) the fees and disbursements of the Municipal Advisor; (iii) the fees and disbursements of any counsel, auditors, engineers, consultants or others retained by the District in connection with the transactions contemplated herein; (iv) the costs of preparing and printing the Bonds; (v) the costs of the printing of the Preliminary Official Statement and the Official Statement (and any amendments or supplements thereto); and (vi) any fees charged by investment rating agencies for any rating of the Bonds.

(b) The Underwriters shall pay all expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including but not limited to: (i) all advertising expenses in connection with the offering of the Bonds; (ii) the costs of printing the Blue Sky memorandum used by the Underwriters; (iii) all out of pocket disbursements and expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including the fees of the CUSIP Service Bureau for the assignment of CUSIP numbers; and (iv) all other expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including the fees and disbursements of Underwriters' Counsel.

Section 12. Notices. Any notice or other communication to be given to the District or the Authority under this Purchase Agreement may be given by delivering the same in writing at the District's or the Authority's respective addresses set forth above, and any notice or other communication to be given to the Underwriters under this Purchase Agreement may be given by delivering the same in writing to the Representative: Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Eileen Gallagher, Managing Director.

Section 13. Parties in Interest. This Purchase Agreement is made solely for the benefit of the District and the Underwriters (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations and warranties of the parties hereto contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of the Underwriters

or the District; or (b) delivery of and payment for the Bonds. The agreements contained in Section 11 herein shall survive any termination of this Purchase Agreement.

Section 14. Severability. In the event that any provision of this Purchase Agreement shall be held or deemed to be invalid, inoperative or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 15. Governing Law; Venue. This Purchase Agreement shall be governed and interpreted exclusively by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed in the State of California. Any and all disputes or legal actions or proceedings arising out of this Purchase Agreement or any document related hereto shall be filed and maintained in a court of competent jurisdiction for matters arising in the City and County of San Francisco, California. By execution of and delivery of this Purchase Agreement, the parties hereto accept and consent to the aforesaid jurisdiction.

Section 16. Execution in Counterparts. This Purchase Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute the Purchase Agreement by signing any such counterpart.

Section 17. Entire Agreement. This Purchase Agreement, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Purchase Agreement) that relate to the offering of the Bonds, represents the entire agreement between the District, the Authority and the Underwriters with respect to the preparation of the Official Statement, the conduct of the offering and the purchase and sale of the Bonds. In the event of a dispute between the parties under this Purchase Agreement, the losing party in such dispute shall pay all reasonable costs and expenses incurred by the prevailing party in connection therewith, including but not limited to attorneys' fees.

Section 18. Fiduciary Duty. The District acknowledges that in connection with the offering of the Bonds: (a) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction among the District, the Authority and the Underwriters; (b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as Municipal Advisors (as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended); (c) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the District or the Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or is currently providing other services to the District or the Authority on other matters); (d) the District and the Authority have consulted their own legal, financial and other advisors to the extent that they have deemed appropriate; and (e) the Underwriters may have interests that differ from those of the District and the Authority. The District and the Authority waive to the full extent permitted by applicable law any claims that they may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Bonds.

Section 19. Effectiveness. This Purchase Agreement shall be effective as of the date set forth above upon the acceptance hereof by authorized officers of the District and the Authority and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Representative

By: _____
Authorized Representative

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)

By: _____
[Authorized Officer]

APPROVED AS TO FORM:

David S. Chiu
City Attorney

By _____
Mark D. Blake, Deputy City Attorney

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: _____
Authorized Officer

SCHEDULE I

\$ _____
**CITY AND COUNTY OF SAN FRANCISCO
 INFRASTRUCTURE AND REVITALIZATION
 FINANCING DISTRICT NO. 1
 (TREASURE ISLAND)
 TAX INCREMENT REVENUE BONDS,
 SERIES 2022A
 (FACILITIES INCREMENT)**

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10%</u> <u>Test</u> <u>Met</u>	<u>10%</u> <u>Test</u> <u>Not</u> <u>Met</u>	<u>Hold</u> <u>the</u> <u>Offering</u> <u>Price</u> <u>Rule</u> <u>Used</u>
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^T Indicates Term Bond.

^C Priced to optional redemption on September 1, 20__ at a price of _____% of par.

Optional Redemption. The Bonds maturing on or before September 1, _____ are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on and after September 1, ____, are subject to redemption, at the option of the District on any date on or after September 1, ____, as a whole or in part, by such maturities as shall be determined by the District, and by lot within a maturity, from any available source of funds, at the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption without premium, without premium.

Mandatory Sinking Fund Redemption. The Bonds that are Term Facilities Bonds and maturing September 1, ____, September 1, ____ and September 1, ____ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, ____, as set forth below, from sinking fund payments made by the District to the Principal Account pursuant to the Facilities Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables.

Term Bonds maturing September 1, 20__

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u> \$
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(maturity)

Term Bonds maturing September 1, 20__

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u> \$
---	--

(maturity)

Term Bonds maturing September 1, 20__

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u> \$
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(maturity)

EXHIBIT A

UNDERWRITERS' REPRESENTATIONS, COVENANTS AND AGREEMENTS AND CITY CONTRACTING REQUIREMENTS

Section 1. Underwriters' Representations, Covenants and Agreements. Each Underwriter, on its own behalf and not on behalf of any other Underwriter, represents and covenants and agrees with the District that:

(a) It shall comply with the San Francisco Business Tax Resolution and shall, if not otherwise exempt from such resolution, provide to the City a Business Tax Registration Certificate on or prior to the date hereof.

(b) It shall comply with Chapter 12B of the San Francisco Administrative Code, entitled "Nondiscrimination in Contracts," which is incorporated herein by this reference.

(c) It represents and warrants to the City that the Underwriters have been duly authorized to enter into this Purchase Agreement and to act hereunder by and on behalf of it.

Section 2. City Contracting Requirement. Additionally, each Underwriter represents and covenants and agrees, as applicable that:

(a) ***Underwriter Shall Not Discriminate.*** In the performance of this Purchase Agreement, the Underwriters agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, weight, height, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or associated with members of such protected classes, or in retaliation for opposition to discrimination against such classes against any employee of, any City and/or City employee working with, or applicant for employment with such Underwriter in any of such Underwriter's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by such Underwriter.

(b) ***Subcontracts.*** The Underwriters shall incorporate by reference in all subcontracts made in fulfillment of its obligations hereunder the provisions of Section 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from purchasing) and shall require all subcontractors to comply with such provisions. The Underwriters's failure to comply with the obligations in this subsection shall constitute a material breach of this Purchase Agreement.

(c) ***Non-Discrimination in Benefits.*** The Underwriters does not as of the date of this Purchase Agreement and will not during the term of this Purchase Agreement, in any of its operations in San Francisco, California, or on real property owned by San Francisco, California, or where the work is being performed for the City and/or City elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or

between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **HRC Form.** The Underwriters shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (Form HRC 12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Exhibit A by reference and made a part of this Purchase Agreement as though fully set forth herein. The Underwriters shall comply fully with and be bound by all of the provisions that apply to this Purchase Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Underwriters understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Purchase Agreement may be assessed against such Underwriter and/or deducted from any payments due such Underwriter; provided, however that such damages shall not be set off against the payment of rental or other contract related to the Bonds, certificates of participation or other debt obligation of the City or the City.

(f) **Drug-Free Workplace Policy.** The Underwriters acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City or District premises. The Underwriters agrees that any violation of this prohibition by such Underwriter, its employees, agents or assigns will be deemed a material breach of this Purchase Agreement.

(g) **Compliance With Americans with Disabilities Act.** Without limiting any other provisions of this Purchase Agreement the Underwriters shall provide the services specified in this Purchase Agreement in a manner that complies with the Americans with Disabilities Act (“ADA”) Title 24, and any and all other applicable federal, state and local disability rights legislation. The Underwriters agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Purchase Agreement and further agrees that any violation of this prohibition on the part of such Underwriter, its employees, agents or assigns shall constitute a material breach of this Purchase Agreement.

(h) **Sunshine Ordinance.** In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors’ bids, responses to solicitations and all other records of communications between the City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization’s net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

(i) ***Prohibition on Political Activity With City Funds.*** In accordance with San Francisco Administrative Code Chapter 12.G, an Underwriter may not participate in, support or attempt to influence any political campaign for a candidate or for a ballot measure in the performance of the services provided under this Purchase Agreement. The Underwriters agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. If the Underwriters violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Agreement, and (ii) prohibit such Underwriter from bidding on or receiving any new City and/or City contract for a period of two years.

(j) ***MacBride Principles—Northern Ireland.*** The City and the District urge companies doing business in Northern Ireland to move towards resolving employment inequities, and encourage such companies to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and the District urge San Francisco companies to do business with corporations that abide by the MacBride Principles.

(k) ***Tropical Hardwood and Virgin Redwood Ban.*** The City and the District urge companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product or any virgin redwood or virgin redwood product.

(l) ***Repeal of Administrative Code Provisions.*** To the extent that the City repeals any provision of the Administrative Code incorporated, set forth or referenced in this Exhibit A, other than pursuant to a restatement or amendment of any such provision, such provision, as incorporated, set forth or referenced herein, shall no longer apply to this Purchase Agreement or the Underwriters.

(m) ***Limitations on Contributions.*** Through execution of this Purchase Agreement, the Underwriters acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (i) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves; (ii) a candidate for the office held by such individual; or (iii) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The Underwriters acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. The Underwriters further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of such Underwriter's board of directors; such Underwriter's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20% in such Underwriter; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Underwriter. Additionally, the Underwriters acknowledges that such Underwriter must

inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

(n) ***Requiring Minimum Compensation for Covered Employees.*** The Underwriters agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (“MCO”), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Purchase Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of the Underwriters’s obligations under the MCO is set forth in this Exhibit A. The Underwriters is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Exhibit A. Capitalized terms used in this Exhibit A and not defined in this Purchase Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, the Underwriters agrees to all of the following:

(i) The MCO requires the Underwriters to pay such Underwriter’s employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and such Underwriter is obligated to keep informed of the then current requirements. Any subcontract entered into by an Underwriter shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Exhibit A. It is the Underwriters’s obligation to ensure that any subcontractors of any tier under this Purchase Agreement comply with the requirements of the MCO. If any subcontractor under this Purchase Agreement fails to comply, the City may pursue any of the remedies set forth in this Exhibit A against such Underwriter. Nothing in this Exhibit A shall be deemed to grant any Underwriter the right to subcontract.

(ii) No Underwriter shall take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

(iii) The Underwriters shall maintain employee and payroll records as required by the MCO. If such Underwriter fails to do so, it shall be presumed that such Underwriter paid no more than the minimum wage required under State law.

(iv) The City is authorized to inspect the Underwriters’s job sites and conduct interviews with employees and conduct audits of such Underwriter.

(v) The Underwriters’s commitment to provide the Minimum Compensation is a material element of the City’s consideration for this Purchase Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if such Underwriter fails to comply with these requirements. The Underwriters agrees that the sums set forth in Section 12P.6.1 of

the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for such Underwriter's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(vi) The Underwriters understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Purchase Agreement for violating the MCO, such Underwriter fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, such Underwriter fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(vii) The Underwriters represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(viii) If an Underwriter is exempt from the MCO when this Purchase Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but such Underwriter later enters into an agreement or agreements that cause such Underwriter to exceed that amount in a fiscal year, such Underwriter shall thereafter be required to comply with the MCO under this Purchase Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between such Underwriter and this department to exceed \$25,000 in the fiscal year.

(o) ***Requiring Health Benefits for Covered Employees.*** The Underwriters agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Purchase Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Exhibit A and not defined in this Purchase Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(i) For each Covered Employee, the Underwriters shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If such Underwriter chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(ii) Notwithstanding the above, if an Underwriter is a small business as defined in Section 12Q.3 (e) of the HCAO, it shall have no obligation to comply with part (i) above.

(iii) An Underwriter's failure to comply with the HCAO shall constitute a material breach of this Purchase Agreement. The City shall notify such Underwriter if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Purchase Agreement for violating the HCAO, such Underwriter fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, such Underwriter fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City or the City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5 (f) (1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City or the City.

(iv) Any subcontract entered into by an Underwriter shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Exhibit A. Such Underwriter shall notify City's Office of Contract Administration when it enters into such a subcontract and shall certify to the Office of Contract Administration that it has notified the subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on subcontractor through the subcontract. The Underwriters shall be responsible for its subcontractors' compliance with this Chapter. If a subcontractor fails to comply, the City may pursue the remedies set forth in this Exhibit A against the applicable Underwriter based on the subcontractor's failure to comply, provided that the City or the City has first provided such Underwriter with notice and an opportunity to obtain a cure of the violation.

(v) No Underwriter shall discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City or the City with regard to such Underwriter's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(vi) The Underwriters represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(vii) The Underwriters shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the applicable contract.

(viii) The Underwriters shall keep itself informed of the current requirements of the HCAO.

(ix) The Underwriters shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subcontractors and subtenants, as applicable.

(x) The Underwriters shall provide the City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least ten business days to respond.

(xi) The Underwriters shall allow the City to inspect such Underwriter's job sites and have access to such Underwriter's employees in order to monitor and determine compliance with HCAO.

(xii) The City may conduct random audits of the Underwriters to ascertain its compliance with HCAO. The Underwriters agrees to cooperate with the City when it conducts such audits.

(xiii) If an Underwriter is exempt from the HCAO when this Purchase Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but such Underwriter later enters into an agreement or agreements that cause such Underwriter's aggregate amount of all agreements with the City or the City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between such Underwriter and the District or the City to be equal to or greater than \$75,000 in the fiscal year.

(p) ***Prohibition on Political Activity With City or City Funds.*** In accordance with San Francisco Administrative Code Chapter 12.G, no Underwriter may participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Purchase Agreement. The Underwriters agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. If the Underwriters violates the provisions of this Exhibit A, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Agreement, and (ii) prohibit such Underwriter from bidding on or receiving any new City contract for a period of two years. The Controller will not consider an Underwriter's use of profit as a violation of this Exhibit A.

(q) ***Protection of Private Information.*** The Underwriters has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. The Underwriters agrees that any failure of such Underwriter to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of this Purchase Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Purchase Agreement, bring a false claim action against such Underwriter pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar such Underwriter.

(f) **Conflicts of Interest.** Through its execution of this Purchase Agreement, the Underwriters acknowledges that it is familiar with the provisions of Section 15.103 of the City Charter, Article III, Chapter 2 of the City’s Campaign and Governmental Conduct Code, and Sections 87100 et seq. and Sections 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Purchase Agreement.

As to Exhibit A of this Purchase Agreement:

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Underwriter

By _____
Eileen Gallagher, Managing Director

BACKSTROM MCCARLEY BERRY & CO.,
LLC

By _____
[]

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

§ _____
**CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022A
(FACILITIES INCREMENT)**

The undersigned, Stifel, Nicolaus & Company, Incorporated (the “**Representative**”), on behalf of itself and Backstrom McCarley Berry & Co., LLC, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “**Bonds**”) of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “**Issuer**”).

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the

preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

IN WITNESS WHEREOF, the undersigned has executed this certificate on this ____ day of _____, 2022.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Representative

By: _____

Name: _____

By: _____

Name: _____

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES

(Attached)

EXHIBIT C

RESOLUTIONS AND ORDINANCES

1. Resolution No. 512-16 adopted by the Board of Supervisors on December 6, 2016
2. Resolution No. 6-17 adopted by the Board of Supervisors on January 24, 2017
3. Resolution No. 7-17 adopted by the Board of Supervisors on January 24, 2017
4. Ordinance No. 21-17 adopted by the Board of Supervisors on January 31, 2017
5. Ordinance No. 29-22, adopted by the Board of Supervisors on February 15, 2022

EXHIBIT D

**CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022A
(FACILITIES INCREMENT)**

LETTER OF REPRESENTATIONS OF PHASE DEVELOPER

_____, 2022

City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 35th Floor
San Francisco, California 94104

Backstrom McCarley Berry & Co., LLC
115 Sansome Street, Mezzanine A
San Francisco, California 94104

Ladies and Gentlemen:

Reference is made to the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), Series 2022A (Facilities Increment) (the “**Bonds**”) and to the Bond Purchase Agreement to be entered into in connection therewith (the “**Purchase Agreement**”). This Letter of Representations of Phase Developer (the “**Letter of Representations**”) is delivered pursuant to the Purchase Agreement. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of Treasure Island Series 1, LLC, a Delaware limited liability company (the “**Developer**”), the phase developer of the property within the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “**District**”) and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer is a limited liability company validly existing and in good standing as a limited liability company under the laws of the State of Delaware and is duly registered to transact intrastate business in the State of California as a foreign limited liability company and is in good standing in the State of California and has all requisite right, power and authority to execute and deliver this Letter of Representations.

2. As set forth in the Preliminary Official Statement, the Developer is the master developer of certain property within the District (herein the “**Property**”). The undersigned, on behalf of the Developer, makes the representations herein with respect to all such Property.

3. As of the date thereof, the Preliminary Official Statement, solely with respect to information contained therein with respect to the Developer, its Affiliates, the Developer's and its Affiliates' development plan and entitlements, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) as set forth under the caption "THE TREASURE ISLAND PROJECT" is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Affiliates, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur of which the undersigned has actual knowledge and which the undersigned believes would cause the information under the sections of the Preliminary Official Statement indicated in Paragraph 3 hereof (and subject to the limitations and exclusions contained in Paragraph 3), to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the undersigned shall notify the District and the Underwriters and if in the opinion of counsel to the District or the Underwriters such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the District in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance reasonably satisfactory to counsel to the District and to the Underwriters.

[5. As of the date hereof, no property taxes or assessments on Property owned by the Developer or its Affiliates within the District are delinquent and neither the Developer nor any of its Affiliates have any pending property tax assessment appeals relating to Property within the District. The Developer further agrees not to file, or cause any of its Affiliates to file, any property tax assessment appeals relating to the Property within the District while the Bonds remain outstanding.]

6. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached to the Purchase Agreement as Exhibit E.

7. As used in this Letter of Representations, the term "**Actual Knowledge of the Undersigned**" means the knowledge that the undersigned currently has or has obtained through (i) interviews with such current officers and responsible employees of the Developer as the undersigned has reasonably determined are likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations including the chief financial officer of the Developer or, if the Developer does not have a chief financial officer, the person who performs the functions usually associated with such officer (unless the undersigned is the chief financial officer or such person), and (ii) reviews of documents reasonably available to the undersigned and which the undersigned reasonably deemed necessary for the undersigned to execute this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's current business and operations. The undersigned has not contacted any individuals who are no longer employed by, or associated with, the Developer.

8. As used in this Letter of Representations, the term “**Affiliate**” of the Developer means (a) a Person directly or indirectly owning, controlling or holding with power to vote, 5% or more of the outstanding voting securities of the Developer; (b) any Person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the Developer; and (c) any Person directly or indirectly controlling, controlled by, or under common control with the Developer, in each such case, about whom information, including financial information or operating data, concerning such Person could be material to potential investors in their investment decision regarding the Bonds (i.e. information regarding such Person’s assets or funds that would materially affect the Developer’s ability to complete the development of the Property as described in the Preliminary Official Statement). For purposes hereof, the term “control” (including the terms “controlling,” “controlled by” or “under common control with”) means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person. For purposes of the definition, the term “**Person**” means any natural person, corporation, partnership, firm, or association, whether acting in an individual fiduciary or other capacity.

9. On behalf of the Developer, the undersigned has reviewed the contents of this Letter of Representations and has met with counsel to the Developer for the purpose of discussing the meaning of its contents.

The undersigned has executed this Letter of Representations solely in his or her capacity as an authorized officer or representative of Developer and he or she will have no personal liability arising from or relating to this Letter of Representations.

TREASURE ISLAND SERIES 1, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

EXHIBIT E

**CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022A
(FACILITIES INCREMENT)**

CLOSING CERTIFICATE OF PHASE DEVELOPER

_____, 2022

City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 35th Floor
San Francisco, California 94104

Backstrom McCarley Berry & Co., LLC
115 Sansome Street, Mezzanine A
San Francisco, California 94104

Ladies and Gentlemen:

Reference is made to the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), Series 2022A (Facilities Increment) (the “**Bonds**”) and to the Bond Purchase Agreement, dated _____, 2022 (the “**Purchase Agreement**”), by and among Stifel, Nicolaus & Company, Incorporated, on behalf of itself and as representative of Backstrom McCarley Berry & Co., LLC, the California Statewide Communities Development Authority and the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “**District** “). This Closing Certificate of Phase Developer (the “**Closing Certificate**”) is delivered pursuant to the Purchase Agreement by Treasure Island Series 1, LLC, a Delaware limited liability company (the “**Developer**”), the phase developer of the property within the District. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Letter of Representations of Phase Developer, dated _____, 2022, delivered by the Developer (the “**Letter of Representations**”), or the Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement relating to the Bonds. Each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof,

except that all references therein to the Preliminary Official Statement shall be deemed to be references to the final Official Statement.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 3 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 3) relating to the Developer, its Affiliates, the Developer's and its Affiliates' development plan and entitlements, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) which should be disclosed in the Official Statement in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the "**End of the Underwriters Period**" as defined in the Purchase Agreement to mean the Closing Date unless otherwise notified in writing by the Underwriters, if any event relating to or affecting the Developer, its Affiliates, the Developer's and its Affiliates' development plan and entitlements, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur as a result of which it is necessary, in the opinion of the Underwriters or counsel to the District, to amend or supplement the Official Statement in order to make the information described in Paragraph 3 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 3) set forth in the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Developer shall reasonably cooperate with the District and the Underwriters in the preparation of an amendment or supplement to the Official Statement in form and substance reasonably satisfactory to the Underwriters and Disclosure Counsel which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

4. The undersigned has executed this Closing Certificate solely in his or her capacity as an authorized officer or representative of Developer and he or she will have no personal liability arising from or relating to this Closing Certificate.

TREASURE ISLAND SERIES 1, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

\$ _____
**CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022B
(HOUSING INCREMENT)**

BOND PURCHASE AGREEMENT

_____, 2022

City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
1 Dr. Carlton B. Goodlett Place, Room 336
San Francisco, California 94102

California Statewide Communities Development Authority
1100 K Street, Suite 101
Sacramento, California 94814

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company Incorporated, Inc. (the “**Representative**”), on behalf of itself and on behalf of Backstrom McCarley Berry & Co., LLC (collectively, the “**Underwriters**”) offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “**District**”) and the California Statewide Communities Development Authority (the “**Authority**”). This offer is made subject to acceptance by the District and the Authority by execution of this Purchase Agreement and delivery of the same to the Underwriters on or before 11:59 p.m. (California time) on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the District and the Authority at any time prior to such acceptance. Upon the acceptance by the District and the Authority hereof, this Purchase Agreement will be binding upon the District, the Authority and the Underwriters.

Capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the respective meanings set forth for such terms in the Indenture (as such term is defined below) and if not otherwise defined therein, shall have the meanings given to such terms as set forth in the Official Statement (as such term is defined below).

Section 1. Purchase and Sale of the Bonds. Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Agreement, the Underwriters agree to purchase from the Authority, and the Authority agrees to sell and deliver to the Underwriters, all (but not less than all) of the \$ _____ principal amount of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue

Bonds, Series 2022B (Housing Increment) (the “**Bonds**”). The Bonds shall be dated their date of delivery and shall have the maturities, bear interest at the rates per annum and have the yields all as set forth on Schedule I attached hereto. The purchase price for the Bonds shall be \$_____ (calculated as \$_____ (the aggregate principal amount of the Bonds), [plus/less] a [net] original issue [premium/discount] and less an Underwriter’ discount in the amount of \$_____). The District agrees that it will sell the Bonds to the Authority upon the same terms as the sale of the Bonds by the Authority to the Underwriters to enable the Authority to make such resale of the Bonds.

Section 2. Preliminary Official Statement and Official Statement. The District ratifies, approves and confirms the distribution of the Preliminary Official Statement with respect to the Bonds, dated _____, 2022 (together with the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the “**Preliminary Official Statement**”), in connection with the offering and sale of the Bonds by the Underwriters prior to the availability of the Official Statement. The District represents that the Preliminary Official Statement was deemed final as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”), except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity date, delivery date, ratings and other terms of the Bonds permitted to be excluded from the Preliminary Official Statement by Rule 15c2-12 (the “**Excluded Information**”). The District shall provide the Underwriters, within seven business days from the date hereof (but in any event at least three business days prior to the Closing Date (as defined herein), whichever occurs first), the Official Statement, dated the date hereof in the form of the Preliminary Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any supplements to such Official Statement as have been approved by the District and the Underwriters (which approval shall not be unreasonably withheld), in sufficient quantities and/or in a designated electronic format (as defined in Municipal Securities Rulemaking Board Rule G-32) to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board (the “**MSRB**”). The District authorizes and approves the distribution by the Underwriters of the Official Statement in connection with the offering and sale of the Bonds. The District authorizes the Representative to file, and the Representative hereby agrees to file at or prior to the Closing Date, the Official Statement with the MSRB, or its designees in accordance with MSRB Rule G-32. The Official Statement, including the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto on or prior to the Closing Date is herein referred to as the “**Official Statement.**”.

Section 3. Description of the Bonds. The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of and shall be payable as provided in the Indenture of Trust, dated as of June 1, 2022 (the “**Indenture**”), by and between the District and _____, as trustee (the “**Trustee**”). The Bonds will be issued pursuant to chapter 2.6 of part 1 of division 2 of title 5 (section 53369 et seq.) of the Government Code of the State of California, as amended (the “**Law**”), Resolution No. 22-____, adopted by the Board of Supervisors of the City and County of San Francisco (the “**Board of Supervisors**”) as the legislative body of the District on _____, 2022, and signed by the Mayor on _____, 2022 (the “**District Resolution**”), approving the issuance and sale of bonds in one or more series, in an aggregate principal amount not to exceed \$_____ and the Indenture. The Bonds shall be payable and subject to redemption as provided in the Indenture and as set forth in the Official Statement. The Bonds are legal, valid and binding limited obligations of the District, secured by and payable solely from the Pledged Housing Increment and the funds pledged therefore under the Indenture, as defined and described in the Indenture. The Bonds are being issued to fund (i) the acquisition of certain public facilities and

improvements authorized to be financed by the District, (ii) a deposit to a reserve account for the Bonds and (iii) the costs of issuance of the Bonds, all as further described in the Indenture and the Official Statement.

Section 4. Public Offering and Establishment of Issue Price.

It shall be a condition to the District's obligations to sell and to deliver the Bonds to the Underwriters and to the Underwriters' obligations to purchase and to accept delivery of the Bonds that the entire \$_____ aggregate principal amount of the Bonds shall be executed, issued and delivered by or at the direction of the District and purchased, accepted and paid for by the Underwriters at the Closing. On or prior to the Closing, the Underwriters will provide the District with information regarding the reoffering prices and yields on the Bonds, in such form as the District may reasonably request.

The Underwriters agree, subject to the terms and conditions hereof, to make a *bona fide* public offering of all the Bonds initially at prices not in excess of the initial public offering prices as set forth in Schedule I hereto. The Underwriters reserve the right to change the public offering prices as they deem necessary in connection with the marketing of the Bonds. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering price set forth in Schedule I hereto.

The Underwriters will provide, consistent with the requirements of the MSRB, for the delivery of a copy of the Official Statement to each customer who purchases a Bond during the underwriting period. The Underwriters further agree that they will comply with applicable laws and regulations, including without limitation Rule 15c2-12, in connection with the offering and sale of the Bonds.

The Underwriters agree to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriters, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the District under this section to establish the issue price of the Bonds may be taken on behalf of the District by the District's municipal advisor, CSG Advisors Incorporated (the "**Municipal Advisor**") and any notice or report to be provided to the District may be provided to the Municipal Advisor.

The District will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriters shall report to the District the price or prices at which they have sold to the public each maturity of Bonds. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

The Underwriters confirm that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain

language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriters that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriters, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriters,

(B) to promptly notify the Underwriters of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriters shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriters or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriters or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriters or the dealer and as set forth in the related pricing wires.

The District acknowledges that, in making the representations set forth in this section, the Underwriters will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that the Underwriters shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “**public**” means any person other than an underwriter or a related party,

(ii) “**underwriter**” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “**related party**” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “**sale date**” means the date of execution of this Purchase Agreement by all parties.

Section 5. Underwriters’ Representations, Covenants and Agreements. The representations, covenants and agreements of the Underwriters attached hereto as Exhibit A are incorporated by reference as though fully set forth herein. The Underwriters further represent and covenant and agree with the District that:

(a) The Underwriters have been duly authorized to enter into this Purchase Agreement and to act hereunder.

(b) The Underwriters are not in material violation of, or in material breach of or in material default under, any applicable law, regulation, order or agreement to which such Underwriters are a party or by which such Underwriters are bound, which violation or breach would have a material adverse effect on such Underwriters’ ability to execute, deliver and perform this Purchase Agreement.

Section 6. Representations, Warranties and Covenants of the District. The District represents, warrants and covenants with the Authority and the Underwriters that:

(a) The District is an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California, including but not limited to the Law, with full right, power and authority to execute, deliver and perform its obligations under: (i) the Indenture; (ii) the Continuing Disclosure Certificate of the District, dated the Closing Date and substantially in the form attached to the Official Statement as Appendix E-2 (the “**Continuing Disclosure Certificate**”); and (iii) this Purchase Agreement

(collectively, the “**District Agreements**”), and to carry out all transactions contemplated by each of the District Agreements, the Bonds and the Official Statement;

(b) By all necessary official action of the District, the District has duly adopted the District Resolution prior to the acceptance hereof; the District Resolution and the resolutions and ordinances listed on Exhibit C (together with the District Resolution, the “**Resolutions and Ordinances**”) are in full force and effect and have not been amended, modified, rescinded or challenged by referendum; the District has duly authorized and approved the execution and delivery of, and the performance by the District of its obligations contained in, the District Agreements; and the District has duly authorized and approved the delivery of the Preliminary Official Statement and the execution and delivery of the Official Statement;

(c) The District has complied and will as of the Closing Date be in compliance in all respects with the terms of the District Agreements; compliance with the provisions of the District Agreements will not materially conflict with or constitute a breach of or default under any applicable constitutional provision, law, administrative regulation, court order, consent decree, judgment, decree, loan agreement, note, resolution, indenture, agreement or other instrument to which the District is a party or may be otherwise subject; and the Resolutions and Ordinances were adopted by a majority of the members of the Board of Supervisors, as the legislative body of the District, at meetings duly called, noticed and conducted, at which a quorum was present and acting throughout and constitutes all action necessary to be taken by the District for the execution, delivery and issuance of the Bonds and the execution, delivery and due performance of the District Agreements;

(d) at the time of acceptance hereof by the District, and (unless an event occurs of the nature described in Section 6(k)) at all times during the period from the date of this Purchase Agreement to and including the date which is 25 days following the End of the Underwriting Period for the Bonds (as determined in accordance with Section 6(j)), the statements and information contained in the Preliminary Official Statement as of its date, and the Official Statement as of its date (excluding the information under the captions “THE TREASURE ISLAND PROJECT” and “UNDERWRITING” and contained in Appendix G—“BOOK ENTRY ONLY SYSTEM”) are true, correct and complete in all material respects and such statements with respect to the Preliminary Official Statement do not, and with respect to the Official Statement will not, omit to state any material fact necessary to make such statements, in the light of the circumstances under which they were made, not misleading;

(e) the District is not in violation or breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America, or any agency or instrumentality of either of them, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a violation or a breach of or a default under any such instrument;

(f) at the date hereof and on the Closing Date, the District will be in compliance in all respects with the material covenants and agreements contained in the District Agreements and no event of default and no event which, with the passage of time or giving of notice, or both, would constitute an event of default thereunder shall have occurred and be continuing;

(g) other than as set forth in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or by or before any court, governmental agency, public board or body, pending or threatened against the District: (i) wherein an unfavorable decision, ruling or finding would adversely affect the existence of the District or the title of any official of the District to such person's office; (ii) seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, or the assignment by the District of its rights under the Indenture; (iii) in any way contesting or affecting the validity or enforceability of the District Agreements or the Bonds; (iv) contesting in any way the completeness or accuracy of the Official Statement; or (v) contesting the power of the District or its authority with respect to the Bonds or the District Agreements, nor is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the District Agreements or the authorization, execution, delivery or performance by the District of the Bonds or the District Agreements;

(h) the District will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters which the Underwriters may reasonably request in order for the Underwriters to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided, however, that in no event shall the District be required to take any action which would subject it to service of process in any jurisdiction in which it is not now subject;

(i) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the due performance by the District of its obligations under the District Agreements or the Bonds have been duly obtained or made, and are, and will be on the Closing Date, in full force and effect;

(j) as used in this Purchase Agreement, the term “**End of the Underwriting Period**” for the Bonds shall mean the earlier of: (i) the Closing Date unless the District shall have been notified in writing to the contrary by the Representative on or prior to the Closing Date; or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12, provided, however, that the District may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Representative stating the date which is the End of the Underwriting Period;

(k) if between the date of delivery of the Official Statement and the date that is 25 days after the End of the Underwriting Period (i) any event shall occur or any fact or condition shall become known to the District that would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriters thereof; and (ii) if in the reasonable opinion of the District or the Underwriters such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the District will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriters, which approval shall not be unreasonably withheld;

(l) if the information contained in the Official Statement relating to the District is amended or supplemented pursuant to Section 6(kj), at the time of such supplement or amendment

thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading;

(m) any certificate signed by any officer of the District and delivered to the Underwriters pursuant to the Indenture or this Purchase Agreement or any document contemplated thereby shall be deemed a representation and warranty by the District to the Underwriters as to the statements made therein and that such officer shall have been duly authorized to execute the same;

(n) to the best knowledge of the District, there is no public vote or referendum pending or proposed, the results of which could materially adversely affect the transactions contemplated by the Official Statement or the District Agreements or the Bonds, or the validity or enforceability of the Bonds;

(o) the District will apply the proceeds from the sale of the Bonds for the purposes specified in the Indenture; and

(p) except as otherwise disclosed in the Preliminary Official Statement, the District is in compliance with all of its prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12 and at or prior to the Closing Date, the District shall have duly authorized, executed and delivered the Continuing Disclosure Certificate.

Section 7. Representations, Warranties, Covenants and Agreements of the Authority. The Authority represents, warrants, covenants and agrees with the Underwriters and the District as follows:

(a) the Authority is a public body corporate and politic, organized and existing under the laws of the State of California with full right, power and authority to execute, deliver and perform its obligations under this Purchase Agreement;

(b) the Authority adopted a resolution on _____, 2022 (the “**Authority Resolution**”) at a duly noticed meeting at which a quorum was present and acting throughout, authorizing and approving the execution and delivery of, and the performance by the Authority of its obligations contained in this Purchase Agreement and as of the date hereof, the Authority Resolution is in full force and effect and has not been amended, modified or rescinded; and when executed and delivered, this Purchase Agreement will constitute the legally valid and binding obligation of the Authority enforceable upon the Authority in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally;

(c) as of the time of acceptance hereof and the Closing Date, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending with respect to which the Authority has been served with process or known to be threatened: (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; or (ii) affecting, contesting or seeking

to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or this Purchase Agreement or the consummation of the transactions contemplated thereby, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) and (ii);

(d) all authorizations, approvals, licenses, permits, consents, elections and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due authorization of or which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Authority of, its obligations in connection with this Purchase Agreement have been duly obtained or made and are in full force and effect; and

(e) the purchase and sale of the Bonds by the Authority is not subject to any transfer or other documentary stamp taxes of the State of California or any political subdivision thereof.

Section 8. Closing. At 8:00 A.M., California time, on _____, 2022, or on such earlier or later date as may be mutually agreed upon by parties hereto (the “**Closing Date**”), the District will deliver or cause to be delivered to the Representative the duly executed Bonds through the facilities of The Depository Trust Company in New York, New York, and will deliver or cause to be delivered at the offices of Jones Hall, A Professional Law Corporation (“**Bond Counsel**”), in San Francisco, California, or such other place as shall have been mutually agreed upon by the parties, the other documents described herein; and the Underwriters shall pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Agreement to the order of the Trustee in immediately available funds.

The Bonds shall be issued in fully registered form. It is anticipated that CUSIP identification numbers will be inserted on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Representative to accept delivery of the Bonds in accordance with the terms of this Purchase Agreement.

Section 9. Termination. The Underwriters shall have the right to cancel its obligation to purchase the Bonds by written notification from the Underwriters to the District if at any time after the date of this Purchase Agreement and prior to the Closing:

(a) any event shall have occurred or any fact or condition shall have become known which, in the reasonable judgment of the Underwriters upon consultation with the District, Bond Counsel and Disclosure Counsel (as defined herein), either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and, in either such event, the District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds; or

(b) legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the Securities and Exchange

Commission which in the reasonable opinion of the Underwriters has the effect of requiring the Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Fiscal Agent Agreement under the Trust Indenture Act of 1939, as amended; or

(c) any of the following occurs and is continuing as of the Closing Date which, in the reasonable judgment of the Underwriters (set forth in a written notice from the Underwriters to the District terminating the obligation of the Underwriters to accept delivery of and make payment for the Bonds), has a material adverse effect on the marketability or market price of the Bonds, at the initial offering prices set forth in the Schedule I attached hereto, or the Underwriters's ability to process and settle transactions:

(i) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States of America, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon the interest that would be received by the holders of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof; or

(ii) an amendment to the Constitution of the State of California shall have been passed or legislation shall have been enacted by the California legislature, or a decision shall have been rendered by a court of the State of California, in each case which may have the purpose or effect of subjecting interest on the Bonds to State income tax; or

(iii) (A) The declaration of war by the United States of America, any major new outbreak or escalation of armed hostilities, an act of terrorism or any other major national calamity or crisis, (B) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations; or

(iv) the declaration of a general banking moratorium by any federal, New York or State of California authorities; or

(v) a general suspension of trading or other material restrictions on the New York Stock Exchange or other national securities exchange not in effect as of the date hereof; or

(vi) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the delivery, offering or sale of obligations of the general character of the Bonds, or the delivery, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(vii) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriters; or

(viii) litigation of the type identified in Sections 6(g) or 7(c) hereof; or

(ix) a material disruption in municipal bond market securities settlement, payment or clearance services affecting the Bonds.

Section 10. Closing Conditions. The Underwriters hereby enter into this Purchase Agreement in reliance upon the representations and warranties of the District and the Authority contained herein and the representations and warranties to be contained in the documents and instruments to be delivered on the Closing Date, and upon the performance by the District, the Authority and the Trustee of their respective obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the obligations of the Underwriters under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the option of the Underwriters, to the accuracy in all material respects of the representations and warranties of the District and the Authority contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District, the Authority and the Trustee made in any certificate or document furnished pursuant to the provisions hereof, to the performance by the District, the Authority and the Trustee of their respective obligations to be performed hereunder and under the District Agreements, at or prior to the Closing Date, to the issuance, sale and delivery to the Underwriters of the Bonds, and also shall be subject to the following additional conditions:

(a) the Underwriters shall receive, within seven business days after the date hereof, copies of the Official Statement (including all information permitted to have been omitted from the Preliminary Official Statement by the Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriters), in such reasonable quantity as the Underwriters shall have requested;

(b) on the Closing Date, the representations, warranties, covenants and agreements of the District and the Authority in this Purchase Agreement shall be true, complete and correct on and as of the Closing Date; and the District Agreements shall have been duly authorized, executed and delivered by the District, all in substantially the forms heretofore submitted to the Underwriters, with only such changes as shall have been agreed to in writing by the Underwriters, and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the Board of Directors of the District as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(c) on the Closing Date, all necessary action of the District relating to the execution and delivery of the Bonds will have been taken and will be in full force and effect and will not have been amended, modified or supplemented; and

(d) at or prior to the Closing Date, the Underwriters shall have received the following additional documents, in each case satisfactory in form and substance to the Underwriters:

(i) the Resolutions and Ordinances, together with a certificate of the Clerk of the Board of Supervisors, dated as of the Closing Date, to the effect that such resolutions and ordinances are true, correct and complete copies of the Resolutions and Ordinances duly adopted by the District;

(ii) the District Documents duly executed and delivered by the parties thereto;

(iii) the Preliminary Official Statement, and the Official Statement duly executed by the District;

(iv) the approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, in substantially the form attached to the Official Statement as Appendix F-2, together with a letter of Bond Counsel, addressed to the Underwriters, to the effect that such opinion may be relied upon by the Underwriters to the same extent as if such opinion were addressed to them;

(v) the supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters, substantially to the effect that: (A) this Purchase Agreement and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the District and are valid and binding agreements of the District, enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights and by the application of equitable principles if equitable remedies are sought; (B) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (C) the statements contained in the Official Statement under the captions "INTRODUCTION—Authority for Issuance," "—The Series 2022AB Bonds," and "—Security and Sources of Payment," "THE SERIES 2022AB BONDS," "SECURITY AND SOURCES OF PAYMENT" and "TAX MATTERS" and contained in Appendices C and F, insofar as such statements expressly summarize certain provisions of the Bonds, the Indenture and the final approving opinion of Bond Counsel concerning certain federal tax matters relating to the Bonds, are accurate in all material respects;

(vi) the opinion of the City Attorney of the City and County of San Francisco, as counsel to the District, dated the Closing Date and addressed to the Underwriters, to the effect that: (A) the District is duly organized and validly existing under the Constitution and laws of the State of California; (B) the District Resolution approving and authorizing the execution and delivery of the District Agreements and the Preliminary Official Statement was duly adopted at a meeting of the Board of Supervisors, as the legislative body of the District, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and are in full force and effect and have not been amended or repealed; (C) no material litigation is pending, with service of process having been accomplished or, to the knowledge of the District, threatened, concerning the validity of the Bonds, the corporate existence of the District, or the title of the officers of the District who will execute the Bonds as to their respective offices; (D) the execution and delivery of the District Agreements and the Official Statement, the adoption of the Resolutions and Ordinances, the issuance of the Bonds and compliance by the District with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach or default under any agreement or other instrument to which the District is a party (and of which such

counsel is aware after reasonable investigation) or by which it is bound (and of which such counsel is aware after reasonable investigation) or under any existing law, regulation, court order or consent decree to which the District is subject; (E) the Official Statement has been duly authorized, executed and delivered and the Bonds and the District Agreements each have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the District enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought; and (F) no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California having jurisdiction over the District is required for the valid authorization, execution, delivery and performance by the District of the District Agreements, the valid issuance of the Bonds or the adoption of the District Resolution which has not been obtained;

(vii) an opinion of counsel to the Authority, dated the Closing Date and addressed to the District and the Underwriters satisfactory in form and substance to Bond Counsel, the District and the Underwriters, substantially to the following effect: (A) this Purchase Agreement has been duly authorized, executed and delivered by the Authority and constitutes the valid, legal and binding agreement of the Authority enforceable in accordance with its terms; (B) the Authority is a joint powers authority duly organized and validly existing under the laws of the State of California; (C) the Authority Resolution approving and authorizing the execution and delivery of this Purchase Agreement has been duly adopted and the Authority Resolution is in full force and effect and has not been modified, amended or rescinded; and (D) no action, suit, proceeding, hearing or investigation of which notice has been served on the Authority is pending or, to the best of such counsel's knowledge, threatened against the Authority: (1) in any way affecting the existence of the Authority or in any way challenging the respective powers of the several offices or the titles of the officials of the Authority to such offices; or (2) seeking to restrain or enjoin the issue of any of the Bonds;

(viii) A negative assurance letter of Disclosure Counsel addressed to the the Underwriters, to the effect that, based upon the information made available to Disclosure Counsel in the course of Disclosure Counsel's participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, no facts have come to Disclosure Counsel's attention that lead Disclosure Counsel to believe that the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and as of the Closing Date (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, as to which no opinion or view need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ix) the opinion of Underwriters' Counsel, dated the Closing Date and addressed to the Underwriters, in form and substance and acceptable to the Underwriters;

(x) the opinion of counsel to the Trustee, dated the Closing Date and addressed to the Underwriters, to the effect that: (A) the Trustee has been duly incorporated as a national banking association, duly organized and validly existing and in good standing under the laws of the United States of America having the legal authority to exercise trust powers in the State of

California and having full power and authority to enter into and to perform its duties as Trustee under the Indenture; (B) the Trustee has duly authorized, executed and delivered the Indenture, and by all proper corporate action has authorized the acceptance of the trusts of the Indenture; (C) the Indenture constitutes the legally valid and binding agreement of the Trustee, enforceable against it in accordance with its terms; (D) the Bonds have been validly authenticated, registered and delivered by the Trustee; (E) no authorization, approval, consent or other order of the State of California or any other federal or State of California governmental authority or agency having jurisdiction over the Trustee, or, to such counsel's knowledge after reasonable investigation, any other person or corporation, is required for the valid authorization, execution, delivery and performance by the Trustee of the Indenture; and (F) the execution and delivery of the Indenture, and compliance by the Trustee with the provisions thereof under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Trustee a breach or default under any agreements or other instrument to which the Trustee is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Trustee is subject;

(xi) a certificate dated the Closing Date, signed by a duly authorized official of the District, in form and substance satisfactory to the Underwriters, to the effect that: (A) the representations and warranties of the District contained in the Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (B) the District has complied with the requirements of the District Agreements required to be complied with on and as of the Closing Date with respect to the Bonds; and (C) no event affecting the District has occurred since the date of the Official Statement which should be disclosed therein in order to make the statements therein not misleading in any respect;

(xii) a certificate of the Authority, dated the Closing Date, signed on behalf of the Authority by a duly authorized officer of the Authority to the effect that: (A) the representations, warranties and covenants of the Authority contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date; and (B) the Authority has complied with all of the terms and conditions of this Purchase Agreement required to be complied with by the Authority at or prior to the Closing Date;

(xiii) a certificate, signed by a duly authorized official of the Trustee, dated the Closing Date, satisfactory in form and substance to the Underwriters, to the effect that: (A) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to the Underwriters; (B) the Trustee is duly authorized to enter into the Indenture and to execute and deliver the Bonds to the Underwriters pursuant to the Indenture; (C) the Bonds have been duly authenticated and delivered by the Trustee; (D) the execution and delivery of the Indenture and compliance with the provisions on the part of the Trustee contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation or warranty is made with respect to any federal or state securities or blue sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and (E) the Trustee has not been served with any action, suit, proceeding, inquiry or

investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against it, affecting its existence, or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the execution and delivery of the Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Indenture or the power and authority of the Trustee to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to the Underwriters;

(xiv) a certificate of Keyser Marston Associates, Inc. (the “**Fiscal Consultant**”) to the effect that the report of the Fiscal Consultant (the “**Fiscal Consultant Report**”) contained in the Official Statement and the information set forth under the captions “THE INITIAL PROJECT AREAS” and “TAX INCREMENT REVENUE AND DEBT SERVICE” in the Official Statement do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, consenting to the use of the Fiscal Consultant Report in the Preliminary Official Statement and the Official Statement and stating that to the best of the Fiscal Consultant’s knowledge, nothing has to come the Fiscal Consultant’s attention between the date of the Fiscal Consultant Report and the Closing Date which would materially alter any of the conclusions set forth in the Fiscal Consultant Report;

(xv) the Report of Proposed Debt Issuance Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855(i) and 53583 of the Government Code of the State of California;

(xvi) the Blanket Letter of Representations of the District to DTC, relating to the book-entry only system for the Bonds;

(xvii) A judgment of the Superior Court of the County of San Francisco in a judicial validation action related to the District, the Initial Project Areas and the Bonds (Case No. CGC-17-557496).

(xviii) a Letter of Representations of Treasure Island Series 1, LLC, a Delaware limited liability company (the “Phase Developer”), dated the date of the Preliminary Official Statement, substantially in the form attached hereto as Exhibit D;

(xix) a Closing Certificate of the Phase Developer, dated the Closing Date, substantially in the form attached hereto as Exhibit E;

(xx) a letter or letters from counsel to the Phase Developer, dated the Closing Date and addressed to the Underwriters and the District, in form and substance acceptable to the Underwriters and the District, regarding negative assurance with respect to caption “THE TREASURE ISLAND PROJECT” of the Preliminary Official Statement and the Official Statement;

(xxi) such additional legal opinions, certificates, instruments or evidences thereof and other documents as Underwriters’ Counsel or Bond Counsel may reasonably request to

evidence the due authorization, execution and delivery of the Bonds and the conformity of the Indenture with the terms of the Bonds, all as summarized in the Official Statement.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement will be deemed to be in compliance with the provisions hereof if and only if they are in form and substance satisfactory to the Underwriters.

If the District shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted herein, all obligations of the Underwriters hereunder may be terminated by the Underwriters at, or at any time prior to, the Closing Date by written notice to the District and neither the Underwriters nor the District shall have any further obligations hereunder, except the respective obligations of the parties set forth in Section 11.

Section 11. Expenses.

(a) Except for those expenses assigned to the Underwriters pursuant to Section 11(b) hereof, the Underwriters shall be under no obligation to pay, and the District shall pay, any expenses incident to the performance of the District's obligations under this Purchase Agreement and the fulfillment of the conditions imposed hereunder, including but not limited to: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel; (ii) the fees and disbursements of the Municipal Advisor; (iii) the fees and disbursements of any counsel, auditors, engineers, consultants or others retained by the District in connection with the transactions contemplated herein; (iv) the costs of preparing and printing the Bonds; (v) the costs of the printing of the Preliminary Official Statement and the Official Statement (and any amendments or supplements thereto); and (vi) any fees charged by investment rating agencies for any rating of the Bonds.

(b) The Underwriters shall pay all expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including but not limited to: (i) all advertising expenses in connection with the offering of the Bonds; (ii) the costs of printing the Blue Sky memorandum used by the Underwriters; (iii) all out of pocket disbursements and expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including the fees of the CUSIP Service Bureau for the assignment of CUSIP numbers; and (iv) all other expenses incurred by the Underwriters in connection with the offering and distribution of the Bonds, including the fees and disbursements of Underwriters' Counsel.

Section 12. Notices. Any notice or other communication to be given to the District or the Authority under this Purchase Agreement may be given by delivering the same in writing at the District's or the Authority's respective addresses set forth above, and any notice or other communication to be given to the Underwriters under this Purchase Agreement may be given by delivering the same in writing to the Representative: Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Eileen Gallagher, Managing Director.

Section 13. Parties in Interest. This Purchase Agreement is made solely for the benefit of the District and the Underwriters (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations and warranties of the parties hereto contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of the Underwriters

or the District; or (b) delivery of and payment for the Bonds. The agreements contained in Section 11 herein shall survive any termination of this Purchase Agreement.

Section 14. Severability. In the event that any provision of this Purchase Agreement shall be held or deemed to be invalid, inoperative or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 15. Governing Law; Venue. This Purchase Agreement shall be governed and interpreted exclusively by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed in the State of California. Any and all disputes or legal actions or proceedings arising out of this Purchase Agreement or any document related hereto shall be filed and maintained in a court of competent jurisdiction for matters arising in the City and County of San Francisco, California. By execution of and delivery of this Purchase Agreement, the parties hereto accept and consent to the aforesaid jurisdiction.

Section 16. Execution in Counterparts. This Purchase Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute the Purchase Agreement by signing any such counterpart.

Section 17. Entire Agreement. This Purchase Agreement, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Purchase Agreement) that relate to the offering of the Bonds, represents the entire agreement between the District, the Authority and the Underwriters with respect to the preparation of the Official Statement, the conduct of the offering and the purchase and sale of the Bonds. In the event of a dispute between the parties under this Purchase Agreement, the losing party in such dispute shall pay all reasonable costs and expenses incurred by the prevailing party in connection therewith, including but not limited to attorneys' fees.

Section 18. Fiduciary Duty. The District acknowledges that in connection with the offering of the Bonds: (a) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction among the District, the Authority and the Underwriters; (b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as Municipal Advisors (as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended); (c) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the District or the Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or is currently providing other services to the District or the Authority on other matters); (d) the District and the Authority have consulted their own legal, financial and other advisors to the extent that they have deemed appropriate; and (e) the Underwriters may have interests that differ from those of the District and the Authority. The District and the Authority waive to the full extent permitted by applicable law any claims that they may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Bonds.

Section 19. Effectiveness. This Purchase Agreement shall be effective as of the date set forth above upon the acceptance hereof by authorized officers of the District and the Authority and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Representative

By: _____
Authorized Representative

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)

By: _____
[Authorized Officer]

APPROVED AS TO FORM:

David S. Chiu
City Attorney

By _____
Mark D. Blake, Deputy City Attorney

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: _____
Authorized Officer

SCHEDULE I

\$ _____
**CITY AND COUNTY OF SAN FRANCISCO
 INFRASTRUCTURE AND REVITALIZATION
 FINANCING DISTRICT NO. 1
 (TREASURE ISLAND)
 TAX INCREMENT REVENUE BONDS,
 SERIES 2022B
 (HOUSING INCREMENT)**

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10%</u> <u>Test</u> <u>Met</u>	<u>10%</u> <u>Test</u> <u>Not</u> <u>Met</u>	<u>Hold</u> <u>the</u> <u>Offering</u> <u>Price</u> <u>Rule</u> <u>Used</u>
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^T Indicates Term Bond.

^C Priced to optional redemption on September 1, 20__ at a price of ____% of par.

Optional Redemption. The Bonds maturing on or before September 1, _____ are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on and after September 1, ____, are subject to redemption, at the option of the District on any date on or after September 1, ____, as a whole or in part, by such maturities as shall be determined by the District, and by lot within a maturity, from any available source of funds, at the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption without premium, without premium.

Mandatory Sinking Fund Redemption. The Bonds that are Term Facilities Bonds and maturing September 1, ____, September 1, _____ and September 1, ____ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, ____, as set forth below, from sinking fund payments made by the District to the Principal Account pursuant to the Facilities Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables.

Term Bonds maturing September 1, 20__

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u> \$
---	--

(maturity)

Term Bonds maturing September 1, 20__

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u> \$
---	--

(maturity)

Term Bonds maturing September 1, 20__

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u> \$
---	--

(maturity)

EXHIBIT A

UNDERWRITERS' REPRESENTATIONS, COVENANTS AND AGREEMENTS AND CITY CONTRACTING REQUIREMENTS

Section 1. Underwriters' Representations, Covenants and Agreements. Each Underwriter, on its own behalf and not on behalf of any other Underwriter, represents and covenants and agrees with the District that:

(a) It shall comply with the San Francisco Business Tax Resolution and shall, if not otherwise exempt from such resolution, provide to the City a Business Tax Registration Certificate on or prior to the date hereof.

(b) It shall comply with Chapter 12B of the San Francisco Administrative Code, entitled "Nondiscrimination in Contracts," which is incorporated herein by this reference.

(c) It represents and warrants to the City that the Underwriters have been duly authorized to enter into this Purchase Agreement and to act hereunder by and on behalf of it.

Section 2. City Contracting Requirement. Additionally, each Underwriter represents and covenants and agrees, as applicable that:

(a) ***Underwriter Shall Not Discriminate.*** In the performance of this Purchase Agreement, the Underwriters agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, weight, height, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or associated with members of such protected classes, or in retaliation for opposition to discrimination against such classes against any employee of, any City and/or City employee working with, or applicant for employment with such Underwriter in any of such Underwriter's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by such Underwriter.

(b) ***Subcontracts.*** The Underwriters shall incorporate by reference in all subcontracts made in fulfillment of its obligations hereunder the provisions of Section 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from purchasing) and shall require all subcontractors to comply with such provisions. The Underwriters's failure to comply with the obligations in this subsection shall constitute a material breach of this Purchase Agreement.

(c) ***Non-Discrimination in Benefits.*** The Underwriters does not as of the date of this Purchase Agreement and will not during the term of this Purchase Agreement, in any of its operations in San Francisco, California, or on real property owned by San Francisco, California, or where the work is being performed for the City and/or City elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or

between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **HRC Form.** The Underwriters shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (Form HRC 12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Exhibit A by reference and made a part of this Purchase Agreement as though fully set forth herein. The Underwriters shall comply fully with and be bound by all of the provisions that apply to this Purchase Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Underwriters understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Purchase Agreement may be assessed against such Underwriter and/or deducted from any payments due such Underwriter; provided, however that such damages shall not be set off against the payment of rental or other contract related to the Bonds, certificates of participation or other debt obligation of the City or the City.

(f) **Drug-Free Workplace Policy.** The Underwriters acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City or District premises. The Underwriters agrees that any violation of this prohibition by such Underwriter, its employees, agents or assigns will be deemed a material breach of this Purchase Agreement.

(g) **Compliance With Americans with Disabilities Act.** Without limiting any other provisions of this Purchase Agreement the Underwriters shall provide the services specified in this Purchase Agreement in a manner that complies with the Americans with Disabilities Act (“ADA”) Title 24, and any and all other applicable federal, state and local disability rights legislation. The Underwriters agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Purchase Agreement and further agrees that any violation of this prohibition on the part of such Underwriter, its employees, agents or assigns shall constitute a material breach of this Purchase Agreement.

(h) **Sunshine Ordinance.** In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors’ bids, responses to solicitations and all other records of communications between the City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization’s net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

(i) ***Prohibition on Political Activity With City Funds.*** In accordance with San Francisco Administrative Code Chapter 12.G, an Underwriter may not participate in, support or attempt to influence any political campaign for a candidate or for a ballot measure in the performance of the services provided under this Purchase Agreement. The Underwriters agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. If the Underwriters violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Agreement, and (ii) prohibit such Underwriter from bidding on or receiving any new City and/or City contract for a period of two years.

(j) ***MacBride Principles—Northern Ireland.*** The City and the District urge companies doing business in Northern Ireland to move towards resolving employment inequities, and encourage such companies to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and the District urge San Francisco companies to do business with corporations that abide by the MacBride Principles.

(k) ***Tropical Hardwood and Virgin Redwood Ban.*** The City and the District urge companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product or any virgin redwood or virgin redwood product.

(l) ***Repeal of Administrative Code Provisions.*** To the extent that the City repeals any provision of the Administrative Code incorporated, set forth or referenced in this Exhibit A, other than pursuant to a restatement or amendment of any such provision, such provision, as incorporated, set forth or referenced herein, shall no longer apply to this Purchase Agreement or the Underwriters.

(m) ***Limitations on Contributions.*** Through execution of this Purchase Agreement, the Underwriters acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (i) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves; (ii) a candidate for the office held by such individual; or (iii) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The Underwriters acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. The Underwriters further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of such Underwriter's board of directors; such Underwriter's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20% in such Underwriter; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Underwriter. Additionally, the Underwriters acknowledges that such Underwriter must

inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

(n) ***Requiring Minimum Compensation for Covered Employees.*** The Underwriters agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (“MCO”), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Purchase Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of the Underwriters’s obligations under the MCO is set forth in this Exhibit A. The Underwriters is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Exhibit A. Capitalized terms used in this Exhibit A and not defined in this Purchase Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, the Underwriters agrees to all of the following:

(i) The MCO requires the Underwriters to pay such Underwriter’s employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and such Underwriter is obligated to keep informed of the then current requirements. Any subcontract entered into by an Underwriter shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Exhibit A. It is the Underwriters’s obligation to ensure that any subcontractors of any tier under this Purchase Agreement comply with the requirements of the MCO. If any subcontractor under this Purchase Agreement fails to comply, the City may pursue any of the remedies set forth in this Exhibit A against such Underwriter. Nothing in this Exhibit A shall be deemed to grant any Underwriter the right to subcontract.

(ii) No Underwriter shall take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

(iii) The Underwriters shall maintain employee and payroll records as required by the MCO. If such Underwriter fails to do so, it shall be presumed that such Underwriter paid no more than the minimum wage required under State law.

(iv) The City is authorized to inspect the Underwriters’s job sites and conduct interviews with employees and conduct audits of such Underwriter.

(v) The Underwriters’s commitment to provide the Minimum Compensation is a material element of the City’s consideration for this Purchase Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if such Underwriter fails to comply with these requirements. The Underwriters agrees that the sums set forth in Section 12P.6.1 of

the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for such Underwriter's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(vi) The Underwriters understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Purchase Agreement for violating the MCO, such Underwriter fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, such Underwriter fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(vii) The Underwriters represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(viii) If an Underwriter is exempt from the MCO when this Purchase Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but such Underwriter later enters into an agreement or agreements that cause such Underwriter to exceed that amount in a fiscal year, such Underwriter shall thereafter be required to comply with the MCO under this Purchase Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between such Underwriter and this department to exceed \$25,000 in the fiscal year.

(o) ***Requiring Health Benefits for Covered Employees.*** The Underwriters agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Purchase Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Exhibit A and not defined in this Purchase Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(i) For each Covered Employee, the Underwriters shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If such Underwriter chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(ii) Notwithstanding the above, if an Underwriter is a small business as defined in Section 12Q.3 (e) of the HCAO, it shall have no obligation to comply with part (i) above.

(iii) An Underwriter's failure to comply with the HCAO shall constitute a material breach of this Purchase Agreement. The City shall notify such Underwriter if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Purchase Agreement for violating the HCAO, such Underwriter fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, such Underwriter fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City or the City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5 (f) (1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City or the City.

(iv) Any subcontract entered into by an Underwriter shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Exhibit A. Such Underwriter shall notify City's Office of Contract Administration when it enters into such a subcontract and shall certify to the Office of Contract Administration that it has notified the subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on subcontractor through the subcontract. The Underwriters shall be responsible for its subcontractors' compliance with this Chapter. If a subcontractor fails to comply, the City may pursue the remedies set forth in this Exhibit A against the applicable Underwriter based on the subcontractor's failure to comply, provided that the City or the City has first provided such Underwriter with notice and an opportunity to obtain a cure of the violation.

(v) No Underwriter shall discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City or the City with regard to such Underwriter's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(vi) The Underwriters represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(vii) The Underwriters shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the applicable contract.

(viii) The Underwriters shall keep itself informed of the current requirements of the HCAO.

(ix) The Underwriters shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subcontractors and subtenants, as applicable.

(x) The Underwriters shall provide the City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least ten business days to respond.

(xi) The Underwriters shall allow the City to inspect such Underwriter's job sites and have access to such Underwriter's employees in order to monitor and determine compliance with HCAO.

(xii) The City may conduct random audits of the Underwriters to ascertain its compliance with HCAO. The Underwriters agrees to cooperate with the City when it conducts such audits.

(xiii) If an Underwriter is exempt from the HCAO when this Purchase Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but such Underwriter later enters into an agreement or agreements that cause such Underwriter's aggregate amount of all agreements with the City or the City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between such Underwriter and the District or the City to be equal to or greater than \$75,000 in the fiscal year.

(p) ***Prohibition on Political Activity With City or City Funds.*** In accordance with San Francisco Administrative Code Chapter 12.G, no Underwriter may participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Purchase Agreement. The Underwriters agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. If the Underwriters violates the provisions of this Exhibit A, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Agreement, and (ii) prohibit such Underwriter from bidding on or receiving any new City contract for a period of two years. The Controller will not consider an Underwriter's use of profit as a violation of this Exhibit A.

(q) ***Protection of Private Information.*** The Underwriters has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. The Underwriters agrees that any failure of such Underwriter to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of this Purchase Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Purchase Agreement, bring a false claim action against such Underwriter pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar such Underwriter.

(r) **Conflicts of Interest.** Through its execution of this Purchase Agreement, the Underwriters acknowledges that it is familiar with the provisions of Section 15.103 of the City Charter, Article III, Chapter 2 of the City’s Campaign and Governmental Conduct Code, and Sections 87100 et seq. and Sections 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Purchase Agreement.

As to Exhibit A of this Purchase Agreement:

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Underwriter

By _____
Eileen Gallagher, Managing Director

BACKSTROM MCCARLEY BERRY & CO.,
LLC

By _____
[]

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

\$ _____

**CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022B
(HOUSING INCREMENT)**

The undersigned, Stifel, Nicolaus & Company, Incorporated (the “**Representative**”), on behalf of itself and Backstrom McCarley Berry & Co., LLC, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “**Bonds**”) of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “**Issuer**”).

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the

preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

IN WITNESS WHEREOF, the undersigned has executed this certificate on this ____ day of _____, 2022.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Representative

By: _____

Name: _____

By: _____

Name: _____

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES

(Attached)

EXHIBIT C

RESOLUTIONS AND ORDINANCES

1. Resolution No. 512-16 adopted by the Board of Supervisors on December 6, 2016
2. Resolution No. 6-17 adopted by the Board of Supervisors on January 24, 2017
3. Resolution No. 7-17 adopted by the Board of Supervisors on January 24, 2017
4. Ordinance No. 21-17 adopted by the Board of Supervisors on January 31, 2017
5. Ordinance No. 29-22, adopted by the Board of Supervisors on February 15, 2022

EXHIBIT D

**CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022B
(HOUSING INCREMENT)**

LETTER OF REPRESENTATIONS OF PHASE DEVELOPER

_____, 2022

City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 35th Floor
San Francisco, California 94104

Backstrom McCarley Berry & Co., LLC
115 Sansome Street, Mezzanine A
San Francisco, California 94104

Ladies and Gentlemen:

Reference is made to the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), Series 2022B (Housing Increment) (the “**Bonds**”) and to the Bond Purchase Agreement to be entered into in connection therewith (the “**Purchase Agreement**”). This Letter of Representations of Phase Developer (the “**Letter of Representations**”) is delivered pursuant to the Purchase Agreement. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of Treasure Island Series 1, LLC, a Delaware limited liability company (the “**Developer**”), the phase developer of the property within the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “**District**”) and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer is a limited liability company validly existing and in good standing as a limited liability company under the laws of the State of Delaware and is duly registered to transact intrastate business in the State of California as a foreign limited liability company and is in good standing in the State of California and has all requisite right, power and authority to execute and deliver this Letter of Representations.

2. As set forth in the Preliminary Official Statement, the Developer is the master developer of certain property within the District (herein the “**Property**”). The undersigned, on behalf of the Developer, makes the representations herein with respect to all such Property.

D-1

3. As of the date thereof, the Preliminary Official Statement, solely with respect to information contained therein with respect to the Developer, its Affiliates, the Developer's and its Affiliates' development plan and entitlements, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) as set forth under the caption "THE TREASURE ISLAND PROJECT" is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Affiliates, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur of which the undersigned has actual knowledge and which the undersigned believes would cause the information under the sections of the Preliminary Official Statement indicated in Paragraph 3 hereof (and subject to the limitations and exclusions contained in Paragraph 3), to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the undersigned shall notify the District and the Underwriters and if in the opinion of counsel to the District or the Underwriters such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the District in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance reasonably satisfactory to counsel to the District and to the Underwriters.

[5. As of the date hereof, no property taxes or assessments on Property owned by the Developer or its Affiliates within the District are delinquent and neither the Developer nor any of its Affiliates have any pending property tax assessment appeals relating to Property within the District. The Developer further agrees not to file, or cause any of its Affiliates to file, any property tax assessment appeals relating to the Property within the District while the Bonds remain outstanding.]

6. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached to the Purchase Agreement as Exhibit E.

7. As used in this Letter of Representations, the term "**Actual Knowledge of the Undersigned**" means the knowledge that the undersigned currently has or has obtained through (i) interviews with such current officers and responsible employees of the Developer as the undersigned has reasonably determined are likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations including the chief financial officer of the Developer or, if the Developer does not have a chief financial officer, the person who performs the functions usually associated with such officer (unless the undersigned is the chief financial officer or such person), and (ii) reviews of documents reasonably available to the undersigned and which the undersigned reasonably deemed necessary for the undersigned to execute this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's current business and operations. The undersigned has not contacted any individuals who are no longer employed by, or associated with, the Developer.

8. As used in this Letter of Representations, the term “**Affiliate**” of the Developer means (a) a Person directly or indirectly owning, controlling or holding with power to vote, 5% or more of the outstanding voting securities of the Developer; (b) any Person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the Developer; and (c) any Person directly or indirectly controlling, controlled by, or under common control with the Developer, in each such case, about whom information, including financial information or operating data, concerning such Person could be material to potential investors in their investment decision regarding the Bonds (i.e. information regarding such Person’s assets or funds that would materially affect the Developer’s ability to complete the development of the Property as described in the Preliminary Official Statement). For purposes hereof, the term “control” (including the terms “controlling,” “controlled by” or “under common control with”) means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person. For purposes of the definition, the term “**Person**” means any natural person, corporation, partnership, firm, or association, whether acting in an individual fiduciary or other capacity.

9. On behalf of the Developer, the undersigned has reviewed the contents of this Letter of Representations and has met with counsel to the Developer for the purpose of discussing the meaning of its contents.

The undersigned has executed this Letter of Representations solely in his or her capacity as an authorized officer or representative of Developer and he or she will have no personal liability arising from or relating to this Letter of Representations.

TREASURE ISLAND SERIES 1, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

EXHIBIT E

**CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022B
(HOUSING INCREMENT)**

CLOSING CERTIFICATE OF PHASE DEVELOPER

_____, 2022

City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 35th Floor
San Francisco, California 94104

Backstrom McCarley Berry & Co., LLC
115 Sansome Street, Mezzanine A
San Francisco, California 94104

Ladies and Gentlemen:

Reference is made to the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), Series 2022B (Housing Increment) (the “**Bonds**”) and to the Bond Purchase Agreement, dated _____, 2022 (the “**Purchase Agreement**”), by and among Stifel, Nicolaus & Company, Incorporated, on behalf of itself and as representative of Backstrom McCarley Berry & Co., LLC, the California Statewide Communities Development Authority and the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “**District** “). This Closing Certificate of Phase Developer (the “**Closing Certificate**”) is delivered pursuant to the Purchase Agreement by Treasure Island Series 1, LLC, a Delaware limited liability company (the “**Developer**”), the phase developer of the property within the District. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Letter of Representations of Phase Developer, dated _____, 2022, delivered by the Developer (the “**Letter of Representations**”), or the Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement relating to the Bonds. Each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof,

except that all references therein to the Preliminary Official Statement shall be deemed to be references to the final Official Statement.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 3 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 3) relating to the Developer, its Affiliates, the Developer's and its Affiliates' development plan and entitlements, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) which should be disclosed in the Official Statement in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the "**End of the Underwriters Period**" as defined in the Purchase Agreement to mean the Closing Date unless otherwise notified in writing by the Underwriters, if any event relating to or affecting the Developer, its Affiliates, the Developer's and its Affiliates' development plan and entitlements, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur as a result of which it is necessary, in the opinion of the Underwriters or counsel to the District, to amend or supplement the Official Statement in order to make the information described in Paragraph 3 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 3) set forth in the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Developer shall reasonably cooperate with the District and the Underwriters in the preparation of an amendment or supplement to the Official Statement in form and substance reasonably satisfactory to the Underwriters and Disclosure Counsel which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

4. The undersigned has executed this Closing Certificate solely in his or her capacity as an authorized officer or representative of Developer and he or she will have no personal liability arising from or relating to this Closing Certificate.

TREASURE ISLAND SERIES 1, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

INDENTURE OF TRUST

Dated as of May 1, 2022

by and between the

**CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND)**

and

**[CORPORATE TRUSTEE],
as Trustee**

Relating to

**City and County of San Francisco Infrastructure and Revitalization Financing
District No. 1 (Treasure Island)
Tax Increment Revenue Bonds
(Facilities Increment)**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is made and entered into as of _____ 1, 20___, by and between the CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [CORPORATE TRUSTEE], a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, the IRFD is an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California, with the legal authority to exercise powers under and pursuant to the provisions of Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law"), including the power to issue bonds;

WHEREAS, an Amended and Restated Infrastructure Financing Plan (the "Infrastructure Financing Plan") for the IRFD has been adopted in compliance with all requirements of the Law;

WHEREAS, the IRFD wishes to provide for the issuance of bonds (the "Facilities Bonds") payable from Pledged Facilities Increment (as hereinafter defined) to finance authorized purposes of the IRFD;

WHEREAS, in order to provide for the authentication and delivery of the Facilities Bonds, to establish and declare the terms and conditions upon which the Facilities Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the IRFD and the Trustee have duly authorized the execution and delivery of this Indenture;

WHEREAS, the IRFD further wishes to provide for an initial series of the Facilities Bonds, designated City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022A (Facilities Increment) (the "Series 2022A Facilities Bonds");

WHEREAS, the Board of Supervisors of the City and County of San Francisco, acting as the legislative body of the IRFD, authorized the issuance of the Series 2022A Facilities Bonds and the execution and delivery of this Indenture pursuant to the Original Resolution of Issuance as supplemented by the Series 2022A Resolution of Issuance.

WHEREAS, the IRFD has determined that all acts and proceedings required by law necessary to make the Facilities Bonds when executed by the IRFD, and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the IRFD, and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Facilities Bonds, including the Series 2022A Facilities Bonds, issued and Outstanding under this

Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Facilities Bonds, including the Series 2022A Facilities Bonds, are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Facilities Bonds, including the Series 2022A Facilities Bonds, by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the IRFD and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Facilities Bonds, including the Series 2022A Facilities Bonds, as follows:

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.01. Findings and Determinations. The IRFD has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Facilities Bonds, including the Series 2022A Facilities Bonds, do exist, have happened and have been performed in due time, form and manner as required by law, and the IRFD is now duly empowered, pursuant to each and every requirement of law, to issue the Series 2022A Facilities Bonds in the manner and form provided in this Indenture.

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

"Additional Revenues" means, as of the date of calculation, the amount of Facilities Increment and Conditional City Facilities Increment which, as shown in the Report of an Independent Economic Consultant, are estimated to be receivable by the IRFD within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the IRFD due to (i) the completion of construction which is not then reflected on the tax rolls, or (ii) transfer of ownership or any other interest in real property which has been recorded but which is not then reflected on the tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the IRFD is estimated to increase above the assessed valuation of taxable property in the IRFD (as evidenced in the written records of the County) as of the date on which such calculation is made.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Facilities Bonds and other Parity Facilities Debt in such Bond Year, assuming that the Outstanding Serial Facilities Bonds are retired as scheduled and that the Outstanding Term Facilities Bonds are redeemed from mandatory sinking account payments as scheduled, (b) the principal amount of the Outstanding Serial Facilities Bonds and other Parity Facilities Debt payable by their terms in such Bond Year, and (c) the principal amount of the Outstanding Term Facilities Bonds scheduled to be paid or redeemed from mandatory sinking account payments in such Bond Year.

For purposes of the calculation of Annual Debt Service, there shall be excluded the principal of and interest on any Parity Facilities Debt to the extent the proceeds thereof are then deposited in a fully self-supporting escrow fund (the fully self-supporting nature of which is evidenced by a report prepared by an Independent Economic Consultant and delivered to the Trustee) from which amounts may not be released to the IRFD unless the amount of Pledged Facilities Increment, calculated as set forth in Section 3.05(b), and Additional Revenues are then calculated to be not less than the percentage of Maximum Annual Debt Service required by the terms of Section 3.05(b).

"Base Year" for the Project Areas is defined in the Infrastructure Financing Plan as Fiscal Year 2016-17.

"Bond Counsel" means an attorney or firm of attorneys appointed by or acceptable to the IRFD, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Bond Year" means any twelve-month period beginning on September 2 in any year and ending on the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date with respect to the Series 2022A Facilities Bonds and end on September 1, 2022.

"Business Day" means a day of the year on which banks in the State of California, are not required or permitted to be closed and on which the New York Stock Exchange is not closed.

"City" means the City and County of San Francisco, California, a municipal corporation and chartered city duly organized and existing under the Constitution and laws of the State.

"Closing Date" means the date on which a series of Facilities Bonds is delivered by the IRFD to the original purchaser thereof.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Series 2022A Facilities Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Series 2022A Facilities Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Conditional City Facilities Increment" means 82.5% of the Conditional City Increment.

"Conditional City Facilities Increment Special Account" means the account of that name established by the IRFD pursuant to Section 4.02.

"Conditional City Housing Increment" means 17.5% of the Conditional City Increment.

"Conditional City Housing Increment Special Account" means the account of that name established by the IRFD pursuant to Section 4.02.

"Conditional City Increment" means, for each Project Area, an amount equal to 8.00% of the Gross Tax Increment, subject to the Plan Limit, as provided in the Infrastructure Financing Plan.

"Conditional City Increment Special Fund" means the Conditional City Increment Special Fund established by the IRFD pursuant to Section 4.02.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate with respect to the Series 2022A Facilities Bonds executed by the IRFD, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the IRFD relating to the authorization, issuance, sale and delivery of the Facilities Bonds, including but not limited to printing expenses, bond insurance premiums, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and

charges for preparation, execution and safekeeping of the Facilities Bonds, administrative costs of the IRFD and City incurred in connection with the issuance of the Facilities Bonds, and any other cost, charge or fee in connection with the original issuance of the Facilities Bonds.

"Defeasance Obligations" means any of the following which, at the time of investment, are in compliance with the City's investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the IRFD as conclusive certification to the Trustee that investments described therein are in compliance with the City's investment policies then in effect):

- (a) Cash;
- (b) Federal Securities;
- (c) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;
- (d) Pre-refunded municipal bonds rated "Aaa" by Moody's or "AAA" by S&P;
- (e) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the IRFD itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and
- (f) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the IRFD itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.11.

"Depository System Participant" means any participant in the Depository's book-entry system.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" means any of the events described in Section 8.01.

"Facilities Bonds" means the Series 2022A Facilities Bonds and any Parity Facilities Debt issued as bonds pursuant to a Supplemental Indenture.

"Facilities Debt Service Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.03.

"Facilities Project Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.04.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the IRFD and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

"Federal Securities" means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the IRFD to the Trustee in writing as its official fiscal year period.

"Gross Tax Increment" means, for each of the Project Areas, 100% of the revenue produced by the application of the 1% ad valorem tax rate to the Incremental Assessed Property Value of property within the Project Area.

"Incremental Assessed Property Value" means, in any year, for each Project Area, the difference between the assessed value of the property within such Project Area for that fiscal year and the assessed value of the property within such Project Area in the Base Year, to the extent that the difference is a positive number.

"IRFD" means the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California.

"Indenture" means this Indenture of Trust by and between the IRFD and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions hereof.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice as such under the laws of the State, appointed by the IRFD, and who, or each of whom:

- (a) is in fact independent and not under domination of the IRFD;
 - (b) does not have any substantial interest, direct or indirect, with the IRFD;
- and
- (c) is not connected with the IRFD as an officer or employee of the IRFD, but who may be regularly retained to make reports to the IRFD.

"Independent Economic Consultant" means any consultant or firm of such consultants appointed by the IRFD and who, or each of whom:

- (a) is judged by the IRFD to have experience in matters relating to the collection of tax increment revenues or otherwise with respect to tax increment financing districts;
 - (b) is in fact independent and not under domination of the IRFD;
 - (c) does not have any substantial interest, direct or indirect, with the IRFD;
- and
- (d) is not connected with the IRFD as an officer or employee of the IRFD, but who may be regularly retained to make reports to the IRFD.

"Infrastructure Financing Plan" means the Amended and Restated Infrastructure Financing Plan for the IRFD, including the Project Areas, adopted and approved by the Board of Supervisors of the City and County of San Francisco by Ordinance No. 29-22, adopted on February 15, 2022, as heretofore amended and as may hereafter be amended in accordance with the law.

"Interest Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(a).

"Interest Payment Date" means each March 1 and September 1, commencing September 1, 2022, for so long as any of the Facilities Bonds remain Outstanding hereunder.

"Law" means Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code, and the acts amendatory thereof and supplemental thereto.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year, including payments on any Parity Facilities Debt, as certified in writing by the IRFD to the Trustee.

"Moody's" means Moody's Investors Service and its successors.

"Net Available Facilities Increment" means 82.5% of the Net Available Increment.

"Net Available Facilities Increment Special Account" means the account of that name established pursuant to Section 4.02.

"Net Available Housing Increment" means 17.5% of the Net Available Increment.

"Net Available Housing Increment Special Account" means the account of that name established pursuant to Section 4.02.

"Net Available Increment" means 56.588206% of the Gross Tax Increment, subject to the Plan Limit, as provided in the Infrastructure Financing Plan.

"Net Available Increment Special Fund" means the fund established and held by the IRFD pursuant to Section 4.02.

"Nominee" means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.11(a).

"Original Resolution of Issuance" means Resolution No. 7-17, which was adopted by the Board of Supervisors as the legislative body of the IRFD on January 24, 2017, and signed by the Mayor on February 3, 2017.

"Outstanding" when used as of any particular time with reference to Facilities Bonds, means (subject to the provisions of Section 9.05) all Facilities Bonds except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the IRFD pursuant hereto.

"Owner" or "Bond Owner" means, with respect to any Facilities Bond, the person in whose name the ownership of such Facilities Bond shall be registered on the Registration Books.

"Parity Facilities Debt" means any additional bonds (including any Facilities Bonds), loans, advances or indebtedness issued or incurred by the IRFD on a parity with the Series 2022A Facilities Bonds pursuant to Section 3.05.

"Parity Facilities Debt Instrument" means any Supplemental Indenture or other instrument providing for the issuance or incurrence of Parity Facilities Debt.

"Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means any of the following which at the time of investment are in compliance with the City's investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the IRFD as conclusive certification to the Trustee that the investments described therein are in compliance with the City's investment policies then in effect), but only to the extent that the same are acquired at Fair Market Value:

- (a) Federal Securities;
- (b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, and Federal Housing Administration;
- (c) bonds, notes or other evidences of indebtedness rated AAA by S&P and Aaa by Moody's issued by Fannie Mae or Freddie Mac with remaining maturities not exceeding three years;
- (d) U.S. dollar denominated deposit accounts (including those with the Trustee or with any affiliate of the Trustee), federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody's, and maturing no more than 360 days after the date of purchase;
- (e) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody's and which matures not more than 270 days after the date of purchase;
- (f) investments in a money market fund rated AAAM or AAAM-G or better by S&P, which may include funds for which the Trustee or its affiliates provide investment advisory or other management services;
- (g) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on the escrow, in the highest rating category of S&P and Moody's or (ii)(A) which are fully secured as to principal and interest and redemption premium (if any) by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium (if any) in such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates under such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by an independent accountant, to pay principal of and interest and

redemption premium (if any) on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

- (h) investment agreements with a provider that is rated in one of the two highest rating categories by S&P and Moody's;
- (i) the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee;
- (j) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Asset Management Program (CAMP).

"Plan Limit" means the limitation, if any, contained in the Infrastructure Financing Plan on the number of dollars of taxes which may be divided and allocated to the IRFD pursuant to the Infrastructure Financing Plan and the Law.

"Pledged Facilities Increment" means the sum of Net Available Facilities Increment and Conditional City Facilities Increment.

"Pledged Housing Increment" means the sum of Net Available Housing Increment and Conditional City Housing Increment.

"Principal Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(b).

"Principal Corporate Trust Office" means such principal corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the IRFD.

"Project Area" means, collectively, each project area established from time to time for the IRFD pursuant to the Law.

"Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit, insurance policy surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) in the case of a commercial bank, the long-term credit rating of such bank at the time of delivery of the irrevocable standby or direct-pay letter of credit is at least "A" from S&P or "A" from Moody's and, in the case of an insurance company, the claims paying ability of such insurance company at the time of delivery of the insurance policy or surety bond is at least "A" from S&P, or "A" from Moody's or, if not rated by S&P or Moody's but is rated by A.M. Best & Company, is rated at the time of delivery in the highest rating category by A.M. Best & Company; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least

equal to the portion of the 2022 Facilities Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account that are payable from the 2022 Facilities Reserve Account for the purpose of making payments required pursuant to 4.04 of this Indenture.

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

"Redemption Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(d).

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Facilities Bonds.

"Report" means a document in writing signed by an Independent Economic Consultant and including:

(a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Indenture to which such Report relates;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"S&P" means S&P Global, a division of McGraw-Hill, and its successors and assigns.

"Securities Depositories" DTC and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Serial Facilities Bonds" means all Facilities Bonds other than Term Facilities Bonds.

"Series 2022A Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

"Series 2022A Facilities Bonds" means the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022A (Facilities Increment).

"Series 2022A Resolution of Issuance" means Resolution No. _____, which was adopted by the Board of Supervisors as the legislative body of the IRFD on _____, and signed by the Mayor on _____.

"State" means the State of California.

"Subordinate Facilities Debt" means any loans, advances or indebtedness issued or incurred by the IRFD pursuant to Section 3.06, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Facilities Increment; or (b) secured by a pledge of or lien upon the Pledged Facilities Increment which is expressly subordinate to the pledge of and lien upon the Pledged Facilities Increment hereunder for the security of the Facilities Bonds.

"Subordinate Facilities Debt Instrument" means any instrument providing for the issuance of Subordinate Facilities Debt.

"Supplemental Indenture" means any resolution, agreement or other instrument which has been duly adopted or entered into by the IRFD, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Term Facilities Bonds" means that portion of any Facilities Bonds payable from mandatory sinking account payments.

"Trustee" means [Corporate Trustee], as trustee hereunder, or any successor thereto appointed as trustee hereunder in accordance with the provisions of Article VI.

"Written Request of the IRFD" or "Written Certificate of the IRFD" means a request or certificate, in writing signed by the Director of the Office of Public Finance on behalf of the IRFD, or such other officer of the City identified by the Controller of the City to act on behalf of the IRFD.

"2022 Facilities Reserve Account" means the fund designated the "2022 Facilities Reserve Account" established under Section 4.03 and administered under Section 4.04.

"2022 Facilities Reserve Requirement" means the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the Series 2022A Facilities Bonds and 2022 Related Facilities Bonds, if any, (b) 125% of average Annual Debt Service on the Series 2022A Facilities Bonds and 2022 Related Facilities Bonds, if any and (c) 10% of the [original] [outstanding] principal of the Series 2022A Facilities Bonds and 2022 Related Facilities Bonds, if any; provided, however:

(A) that with respect to the calculation of clause (c), the issue price of the Series 2022A Facilities Bonds or any 2022 Related Facilities Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the Series 2022A Facilities Bonds or any 2022 Related Facilities Bonds was less than 98% or more than 102% of the original principal amount of the Series 2022A Facilities Bonds or any 2022 Related Facilities Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount;

(B) that in no event shall the amount calculated hereunder exceed the amount on deposit in the 2022 Facilities Reserve Account on the date of issuance of the Series 2022A Facilities Bonds (if they are the only Bonds covered by the 2022 Facilities Reserve Account) or the most recently issued series of 2022 Related Facilities Bonds except in connection with any increase associated with the issuance of 2022 Related Facilities Bonds; and

(C) that in no event shall the amount required to be deposited into the 2022 Facilities Reserve Account in connection with the issuance of a series of 2022 Related Facilities Bonds exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested an unrestricted yield.

"2022 Related Facilities Bonds" means any series of Facilities Bonds for which (i) the proceeds are deposited into the 2022 Facilities Reserve Account so that the balance therein is equal to the 2022 Facilities Reserve Requirement following issuance of such Facilities Bonds and (ii) the related Supplemental Indenture specifies that the 2022 Facilities Reserve Account shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Facilities Bonds.

Section 1.03. Rules of Construction. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.01. Authorization of Facilities Bonds and Series 2022A Facilities Bonds.

The Facilities Bonds are hereby authorized to be issued by the IRFD under and subject to the terms of the Original Resolution of Issuance, this Indenture and the Law. This Indenture constitutes a continuing agreement with the Owners of all of the Facilities Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums (if any) and the interest on all Facilities Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained.

An initial series of Facilities Bonds, which was authorized by the Board of Supervisors, acting as the legislative body of the IRFD, pursuant to the Original Resolution of Issuance, as supplemented by the Series 2022A Resolution of Issuance, shall be designated the "City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Facilities Tax Increment Revenue Bonds, Series 2022A (Facilities Increment)" and shall be issued in the initial aggregate principal amounts of \$[Principal Amount].

Section 2.02. Terms of Series 2022A Facilities Bonds. The Series 2022A Facilities Bonds shall be issued in fully registered form without coupons. The Series 2022A Facilities Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof, so long as no Series 2022A Facilities Bond shall have more than one maturity date. The Series 2022A Facilities Bonds shall be dated as of their Closing Date. The Series 2022A Facilities Bonds shall be lettered and numbered as the Trustee shall prescribe.

The Series 2022A Facilities Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum as follows:

Series 2022A Facilities Bonds

Maturity Date <u>(September 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
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Each Series 2022A Facilities Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before August 15, 2022, in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any Series 2022A Facilities Bond, interest thereon is in default, such Series 2022A Facilities Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Series 2022A Facilities Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of Series 2022A Facilities Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Series 2022A Facilities Bonds shall be paid on the succeeding Interest Payment Date to such account in the

United States as shall be specified in such written request. The principal of the Series 2022A Facilities Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

Section 2.03. Redemption of Series 2022A Facilities Bonds.

(a) Optional Redemption – Series 2022A Facilities Bonds. The Series 2022A Facilities Bonds maturing on or before September 1, _____ are not subject to optional redemption prior to their respective stated maturities. The Series 2022A Facilities Bonds maturing on and after September 1, _____, are subject to redemption, at the option of the IRFD on any date on or after September 1, _____, as a whole or in part, by such maturities as shall be determined by the IRFD, and by lot within a maturity, from any available source of funds, at the principal amount of the Series 2022A Facilities Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption without premium, without premium.

(b) Mandatory Sinking Fund Redemption – Series 2022A Facilities Bonds. The Series 2022A Facilities Bonds that are Term Facilities Bonds and maturing September 1, _____, September 1, _____ and September 1, _____ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, _____, as set forth below, from sinking fund payments made by the IRFD to the Principal Account pursuant to Section 4.03(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables; provided however, that (x) in lieu of redemption thereof such Term Facilities Bonds may be purchased by the IRFD pursuant to Section 2.03(h) hereof, and (y) if some but not all of such Term Facilities Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Facilities Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the IRFD (notice of which determination shall be given by the IRFD to the Trustee).

Term Facilities Bonds of 20 _____

September 1

Principal Amount

(c) Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the IRFD shall mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) to the Owners of any Facilities Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Facilities Bonds or the cessation of the accrual of interest thereon. Such notice shall state the

redemption date and the redemption price, shall state that such redemption is conditioned upon the timely delivery of the redemption price by the IRFD to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Facilities Bonds to be redeemed, shall state the individual number of each Facilities Bond to be redeemed or shall state that all Facilities Bonds between two stated numbers (both inclusive) or all of the Facilities Bonds Outstanding are to be redeemed, and shall require that such Facilities Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Facilities Bonds will not accrue from and after the redemption date.

A notice of optional redemption may be conditional, and the IRFD shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Facilities Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The IRFD and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent.

Upon the payment of the redemption price of Facilities Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Facilities Bonds being redeemed with the proceeds of such check or other transfer.

(d) Partial Redemption of Facilities Bonds. In the event only a portion of any Facilities Bond is called for redemption, then upon surrender of such Facilities Bond the IRFD shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the IRFD, a new Facilities Bond or Facilities Bonds of the same interest rate and maturity, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Facilities Bond to be redeemed.

(e) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Facilities Bonds so called for redemption shall have been duly deposited with the Trustee, such Facilities Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(f) Manner of Redemption. Unless otherwise specified in a Supplemental Indenture, whenever any Facilities Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the IRFD thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Facilities Bonds, the Trustee shall assign to each Facilities Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Facilities Bond. The Facilities Bonds to be redeemed shall be the Facilities Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Facilities Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. All Facilities Bonds redeemed or purchased pursuant to this Section 2.03 shall be cancelled and destroyed.

(g) Purchase in Lieu of Redemption. In lieu of redemption of the Term Facilities Bonds, amounts on deposit in the Facilities Increment Special Account or in the Principal Account or the Redemption Account may also be used and withdrawn by the IRFD and the Trustee, respectively, at any time, upon the Written Request of the IRFD, for the purchase of the Term Facilities Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the IRFD may in its discretion determine. The par amount of any Term Facilities Bonds so purchased by the IRFD in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Facilities Bonds required to be redeemed; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1.

Section 2.04. Form of Series 2022A Facilities Bonds. The Series 2022A Facilities Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit A, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05. Execution of Facilities Bonds. The Facilities Bonds shall be executed on behalf of the IRFD by the City's Director of the Office of Public Finance or a designee of the City's Controller, and the signature of the Clerk of the Board of Supervisors who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Facilities Bond ceases to be such officer before delivery of the Facilities Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Facilities Bonds to the purchaser. Any Facilities Bond may be signed and attested on behalf of the IRFD by such persons as at the actual date of the execution of such Facilities Bond shall be the proper officers of the IRFD although on the date of such Facilities Bond any such person shall not have been such officer of the IRFD.

Only such of the Facilities Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate shall be conclusive evidence that such Facilities Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary Facilities Bonds are issued pursuant to Section 2.09 hereof, the temporary Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, may be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary Facilities Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Facilities Bonds authenticated and delivered hereunder.

Section 2.06. Transfer of Facilities Bonds. Any Facilities Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Facilities Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Facilities Bond shall be surrendered for transfer, the IRFD shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Facilities Bond or Facilities Bonds of like tenor, maturity and aggregate principal amount of authorized denominations. The Trustee shall collect from the Owner any tax or other

governmental charge on the transfer of any Facilities Bonds pursuant to this Section 2.06. The cost of printing Facilities Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the IRFD.

The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Facilities Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Facilities Bonds for redemption, or (b) any Facilities Bonds selected by the Trustee for redemption.

Section 2.07. Exchange of Facilities Bonds. Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for Facilities Bonds of the same tenor and maturity and of other authorized denominations. The Trustee shall collect any tax or other governmental charge on the exchange of any Facilities Bonds pursuant to this Section 2.07. The cost of printing Facilities Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the IRFD.

The Trustee may refuse to exchange, under the provisions of this Section 2.07, either (a) any Facilities Bonds during the fifteen (15) days prior to the date established by the Trustee for the selection of Facilities Bonds for redemption or (b) any Facilities Bonds selected by the Trustee for redemption.

Section 2.08. Registration of Facilities Bonds. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Facilities Bonds, which shall at all times during normal business hours be open to inspection and copying by the IRFD, upon reasonable prior notice to the Trustee; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books Facilities Bonds as hereinbefore provided.

Section 2.09. Temporary Bonds. The Facilities Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Facilities Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the IRFD, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Facilities Bond shall be executed by the IRFD upon the same conditions and in substantially the same manner as the definitive Facilities Bonds. If the IRFD issues temporary Facilities Bonds, it will execute and furnish definitive Facilities Bonds without delay, and thereupon the temporary Facilities Bonds shall be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Facilities Bonds an equal aggregate principal amount of definitive Facilities Bonds of authorized denominations, interest rates and like maturities. Until so exchanged, the temporary Facilities Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Facilities Bonds authenticated and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Facilities Bond shall become mutilated, the IRFD, at the expense of the Owner of such Facilities Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Facilities Bond of like tenor and amount in exchange and substitution for the Facilities Bond so mutilated, but only upon surrender to the Trustee of the Facilities Bond so mutilated. Every mutilated Facilities Bond so surrendered to the Trustee shall be canceled by it. If any Facilities Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee

and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the IRFD, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Facilities Bond of like tenor and amount in lieu of and in substitution for the Facilities Bond so lost, destroyed or stolen (or if any such Facilities Bond has matured or has been called for redemption, instead of issuing a substitute Facilities Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee and the IRFD). The IRFD may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Facilities Bond issued under this Section 2.10 and of the expenses which may be incurred by the IRFD and the Trustee in the premises. Any Facilities Bond issued under the provisions of this Section in lieu of any Facilities Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the IRFD whether or not the Facilities Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Facilities Bonds issued pursuant to this Indenture.

Section 2.11. Book-Entry System.

(a) Original Delivery. The Facilities Bonds shall be initially delivered in the form of a separate single fully registered Facilities Bond without coupons (which may be typewritten) for each maturity of the Facilities Bonds. Upon initial delivery, the ownership of each such Facilities Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Facilities Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Facilities Bonds the ownership of which shall be registered in the name of the Nominee, neither the IRFD nor the Trustee shall have any responsibility or obligation to any Depository System Participant or to any person on behalf of which the Depository System Participant holds an interest in the Facilities Bonds. Without limiting the generality of the immediately preceding sentence, neither the IRFD nor the Trustee shall have any responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Facilities Bonds, (ii) the delivery to any Depository System Participant or any other person, other than an Owner of a Facilities Bond as shown in the Registration Books, of any notice with respect to the Facilities Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Facilities Bonds to be redeemed in the event the IRFD elects to redeem the Facilities Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than an Owner of a Facilities Bond as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Facilities Bonds or (v) any consent given or other action taken by the Depository as Owner of the Facilities Bonds. The IRFD and the Trustee may treat and consider the person in whose name each Facilities Bond is registered as the absolute owner of such Facilities Bond for the purpose of payment of principal, premium and interest on such Facilities Bond, for the purpose of giving notices of redemption and other matters with respect to such Facilities Bond, for the purpose of registering transfers of ownership of such Facilities Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Facilities Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Facilities Bonds to the extent of the sum or sums so paid. No person other than an Owner of a Facilities Bond shall receive a Facilities Bond evidencing the obligation of the IRFD to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of

written notice to the effect that the Depository has determined to substitute a new nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the IRFD shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Facilities Bonds for the Depository's book-entry system, the IRFD and the Trustee shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Facilities Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the IRFD or the Trustee any obligation whatsoever with respect to persons having interests in the Facilities Bonds other than the Owners of the Facilities Bonds. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, upon written request of the Depository or the Trustee, the IRFD may take any other actions, not inconsistent with this Indenture, to qualify the Facilities Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Facilities Bonds, or (ii) the IRFD determines to terminate the Depository as such, then the IRFD shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the IRFD and the Trustee in the issuance of replacement Facilities Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Facilities Bonds, and by surrendering the Facilities Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Facilities Bonds are to be issued. The Depository, by accepting delivery of the Facilities Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the IRFD fails to identify another Securities Depository to replace the Depository, then the Facilities Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Article II. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Depository System Participants and respective ownership interests thereof.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Facilities Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Facilities Bond and all notices with respect to such Facilities Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

Section 2.12. Applicability of Provisions to Additional Facilities Bonds.

Unless otherwise provided in a Supplemental Indenture, the provisions of Sections 2.02(c) through (g) and 2.05 through 2.11 shall apply to additional Facilities Bonds.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF SERIES 2022A FACILITIES BONDS; ISSUANCE OF PARITY FACILITIES DEBT

Section 3.01. Issuance of Series 2022A Facilities Bonds. Upon the execution and delivery of this Indenture, the IRFD shall execute and deliver to the Trustee the Series 2022A Facilities Bonds in the aggregate principal amount of _____ Dollars (\$[Principal Amount]), and the Trustee shall authenticate and deliver the Series 2022A Facilities Bonds upon the Written Request of the IRFD.

Section 3.02. Application of Proceeds of Sale and Certain Other Amounts. On the Closing Date, the proceeds of sale of the Series 2022A Facilities Bonds, (being \$_____, representing the par amount of the Series 2022A Facilities Bonds, plus original issue premium of \$_____, less an underwriter's discount of \$_____), shall be paid to the Trustee and applied as follows:

(i) The Trustee shall deposit the amount of \$_____ in the 2022A Costs of Issuance Fund.

(ii) The Trustee shall deposit the amount of \$_____ in the Series 2022A Account of the Facilities Project Fund.

(iii) The Trustee shall deposit \$_____, being the remaining amount of proceeds of the Series 2022A Facilities Bonds, in the 2022 Facilities Reserve Account.

Section 3.03. 2022A Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Series 2022A Costs of Issuance Fund", which shall be held by the Trustee in trust. The moneys in the 2022A Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the Series 2022A Facilities Bonds upon submission of a Written Request of the IRFD stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six (6) months following the Closing Date with respect to the Series 2022A Facilities Bonds, or upon the earlier Written Request of the IRFD, all amounts (if any) remaining in the 2022A Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Facilities Project Fund. At such time, the Costs of Issuance shall be closed, provided that it may be re-opened in connection with the issuance of an additional series of Facilities Bonds issued pursuant to a Supplemental Indenture.

Section 3.04. Facilities Project Fund.

(a) There shall be established with respect to the IRFD a separate and segregated fund to be known as the "IRFD Facilities Project Fund" (the "Facilities Project Fund"), which the Trustee shall hold in trust for the benefit of the IRFD. The moneys in the Facilities Project Fund shall be maintained separate and apart from other moneys of the IRFD. The moneys on deposit in the Facilities Project Fund shall be used in the manner provided by the Law. The IRFD covenants that no funds on deposit in the Facilities Project Fund shall be applied for any purpose not authorized by the Law.

(b) The Trustee shall disburse the amounts on deposit in the Facilities Project Fund and the accounts therein upon receipt of a disbursement request of the IRFD substantially in the form attached hereto as Exhibit B. In no event shall the Trustee be responsible for the manner in which the IRFD applies the moneys disbursed to it by the Trustee in accordance with any such disbursement request. Such requisition shall be executed by the Treasurer of the IRFD or her or his designee.

(c) Within the Facilities Project Fund there shall be established as a separate account therein an account designated the "2022A Project Account". The IRFD may direct the Trustee to establish additional accounts within the Facilities Project Fund pursuant to a Supplemental Indenture.

Section 3.05. Issuance of Parity Facilities Debt. In addition to the Series 2022A Facilities Bonds, the IRFD may issue Parity Facilities Debt to finance and/or refinance activities that are permitted to be financed and/or refinanced by the IRFD with Net Available Facilities Increment in such principal amount as shall be determined by the IRFD. The IRFD may issue and deliver any such Parity Facilities Debt subject to the following specific conditions all of which are hereby made conditions precedent to the issuance and delivery of such Parity Facilities Debt:

(a) Except as provided in subsection (h) below, no event of default hereunder, under any Parity Facilities Debt Instrument or under any Subordinate Facilities Debt Instrument shall have occurred and be continuing, unless the event of default shall be cured by the issuance of the Parity Facilities Debt, and the IRFD shall otherwise be in compliance with all covenants set forth in this Indenture.

(b) (i) Except as provided in subsection (h) below, the Pledged Facilities Increment, based on the most recent taxable valuation of property in the IRFD as evidenced by the records of the IRFD, plus at the option of the IRFD the amount of any Additional Revenues, shall be at least equal to [one hundred twenty five percent (125%)] of Annual Debt Service payable from Pledged Facilities Increment in each of the years that the proposed Parity Facilities Debt will be outstanding, including within such Annual Debt Service, the amount of Annual Debt Service on the Parity Facilities Debt then proposed to be issued or incurred.

(ii) The Net Available Facilities Increment, based on the most recent taxable valuation of property in the IRFD as evidenced by the records of the IRFD, plus at the option of the IRFD the amount of any Additional Revenues that are Net Available Facilities Increment, shall be at least equal to [one hundred percent (100%)] of Annual Debt Service payable from Pledged Facilities Increment in each of the years that the proposed Parity Facilities Debt will be outstanding, including within such Annual Debt Service, the amount of Annual Debt Service on the Parity Facilities Debt then proposed to be issued or incurred.

(c) In the case of Parity Facilities Debt issued as additional Facilities Bonds under this Indenture, the Supplemental Indenture providing for the issuance of such Facilities Bonds shall provide for (i) a deposit to the 2022 Facilities Reserve Account in an amount necessary such that the amount deposited therein shall equal the 2022 Facilities Reserve Requirement following issuance of the additional Facilities Bonds, or (ii) a deposit to a reserve account for such additional Facilities Bonds (and such other series of Facilities Bonds identified by the IRFD) in an amount defined in such

Supplemental Indenture, as long as such Supplemental Indenture expressly declares that the Owners of such additional Facilities Bonds will have no interest in or claim to the 2022 Facilities Reserve Account and that the Owners of the Facilities Bonds covered by the 2022 Facilities Reserve Account will have no interest in or claim to such other reserve account or (iii) no deposit to either the 2022 Facilities Reserve Account or another reserve account as long as such Supplemental Indenture expressly declares that the Owners of such additional Facilities Bonds will have no interest in or claim to the 2022 Facilities Reserve Account or any other reserve account. The Supplemental Indenture may provide that the IRFD may satisfy the 2022 Facilities Reserve Requirement for a series of Parity Facilities Debt issued as additional Facilities Bonds under this Indenture by the deposit into the reserve account established pursuant to such Supplemental Indenture of an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company as described in the Supplemental Indenture.

Nothing in this Indenture establishes a requirement for the IRFD to establish a debt service reserve account for Parity Facilities Debt that is not issued as additional Facilities Bonds under this Indenture.

(d) Principal with respect to such Parity Facilities Debt will be required to be paid on September 1 in any year in which such principal is payable.

(e) The aggregate principal amount of bonds and other debt (as defined in the Law and the Infrastructure Financing Plan) that will have been issued by the IRFD following the issuance of such Parity Facilities Debt shall not exceed the maximum amount of bonds and other debt permitted to be issued by the IRFD. Pursuant to the Original Resolution of Issuance, the following Parity Facilities Debt shall not account against the aggregate principal amount of bonds and other debt permitted to be issued by the IRFD: (i) any bonds or other debt issued or incurred for the sole purpose of refunding the Facilities Bonds, funding a reserve fund for such refunding bonds and paying related costs of issuance and (ii) any bonds or other debt issued or incurred for the sole purpose of refunding such refunding bonds, funding a reserve fund and paying related costs of issuance.

(f) The aggregate amount of the principal of and interest on all bonds, loans, advances or indebtedness payable from Net Available Facilities Increment, Net Available Housing Increment and Conditional City Increment coming due and payable following the issuance of such Parity Facilities Debt shall not exceed the maximum amount of Net Available Facilities Increment, Net Available Housing Increment and Conditional City Increment permitted under the Plan Limit to be allocated and paid to the IRFD following the issuance of such Parity Facilities Debt.

(g) Except as provided in subsection (h), the IRFD shall deliver to the Trustee a Written Certificate of the IRFD certifying that the conditions precedent to the issuance of such Parity Facilities Debt set forth in subsections (a) through (f) above have been satisfied.

(h) The conditions set forth in subsections (a) and (b)(i) of this Section shall not apply to the issuance or incurrence of any Parity Facilities Debt the net proceeds of which will be used solely to refund all or any portion of the Series 2022A Facilities Bonds or any other outstanding Parity Facilities Debt, provided that debt service payable in

each year with respect to the proposed Parity Facilities Debt is less than the debt service otherwise payable in each year with respect to the Series 2022A Facilities Bonds or Parity Facilities Debt, or portion thereof, proposed to be refunded.

Section 3.06. Issuance of Subordinate Facilities Debt. The IRFD may issue or incur Subordinate Facilities Debt in such principal amount as shall be determined by the IRFD. The IRFD may issue or incur such Subordinate Facilities Debt secured by a pledge of Pledged Facilities Increment subject to the following specific conditions precedent:

The issuance of such Subordinate Facilities Debt shall comply with the conditions set forth in Section 3.05 (e) and (f).

(b) The Subordinate Facilities Debt shall be payable from Facilities Increment and secured by a pledge of Facilities Increment on a subordinate basis to the IRFD's pledge of Facilities Increment as security for its obligation to repay the City from Facilities Increment for any Pledged Conditional City Increment used to pay debt service on obligations of the IRFD, as set forth in the Infrastructure Financing Plan.

(c) The IRFD shall deliver to the Trustee a Written Certificate of the IRFD certifying that the conditions precedent to the issuance of such Subordinate Facilities Debt set forth in the preceding subsections have been satisfied.

(d) As of the date of this Indenture, the IRFD has previously incurred a Subordinate Facilities Debt under a Subordinate Pledge Agreement, dated May 29, 2015, by the City on behalf of the IRFD for the benefit of the United States of America. The pledge of Facilities Increment under the Subordinate Pledge Agreement is subordinate to the pledge of Facilities Increment to Bonds and Parity Debt and to the IRFD's obligation to repay the City from Facilities Increment as set forth in the preceding subsection (b).

Section 3.07. Validity of Facilities Bonds. The validity of the authorization and issuance of the Facilities Bonds shall not be dependent upon the completion of the uses to which the proceeds of the Facilities Bonds are put or upon the performance by any person of his obligation with respect to the IRFD.

ARTICLE IV

SECURITY OF FACILITIES BONDS; FLOW OF FUNDS

Section 4.01. Security of Facilities Bonds; Equal Security. Except as provided in Section 6.06, the Series 2022A Facilities Bonds and any Parity Facilities Debt shall be equally secured by a pledge of, security interest in and lien on all of the Net Available Facilities Increment (including the Net Available Facilities Increment in the Facilities Increment Special Account) and the Conditional City Facilities Increment (including the Conditional City Facilities Increment in the Conditional City Facilities Increment Special Account).

The Series 2022A Facilities Bonds and any additional Facilities Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Facilities Debt Service Fund, the Interest Account, the Principal Account and the Redemption Account without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery.

The Series 2022A Facilities Bonds and all 2022 Related Facilities Bonds shall be equally secured by a pledge of, security interest in and lien on all of the moneys in the 2022 Facilities Reserve Account (except as otherwise provided herein) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery.

Except for the Pledged Facilities Increment and such moneys specified above, no funds or properties of the IRFD (including but not limited to the Net Available Housing Increment and Conditional City Housing Increment deposited into the Conditional City Housing Increment Special Account) shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Facilities Bonds.

In consideration of the acceptance of the Facilities Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the IRFD and the Owners from time to time of the Facilities Bonds, and the covenants and agreements herein set forth to be performed on behalf of the IRFD shall be for the equal and proportionate benefit, security and protection of all Owners of the Facilities Bonds without preference, priority or distinction as to security or otherwise of any of the Facilities Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 4.02. Special Funds and Accounts; Deposit of Net Available Facilities Increment and Conditional City Facilities Increment.

(a) Net Available Increment Special Fund; Net Available Housing Increment Special Account; Net Available Facilities Increment Special Account. The IRFD shall establish a fund to be held by or on behalf of the IRFD as a separate restricted account, to be known as the "Net Available Increment Special Fund." The IRFD shall establish the following accounts within the Net Available Increment Special Fund to be held by or on behalf of the IRFD as separate restricted accounts: the "Net Available Housing Increment Special Account" and the "Net Available Facilities Increment Special Account."

Amounts on deposit in the Net Available Housing Increment Special Account shall be transferred and applied as provided in a bond indenture or other agreement providing for the

pledge or use of the Net Available Housing Increment in accordance with the Infrastructure Financing Plan.

(b) Deposits into the Net Available Increment Special Fund, the Net Available Housing Increment Special Account and the Net Available Facilities Increment Special Account. Promptly upon receipt thereof, if the amounts required to be paid to the City and County of San Francisco pursuant to Section 53369.31 of the Law were not deducted prior to allocation to the IRFD, the IRFD shall set such amounts aside for payment pursuant to Section 53369.31.

Thereafter, or if the amounts required to be paid to the City and County of San Francisco pursuant to Section 53369.31 of the Law were deducted prior to payment of the Net Available Increment to the IRFD, the IRFD shall deposit 82.5% of the Net Available Increment received in any Bond Year in the Net Available Facilities Increment Special Account (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel) and 17.5% of such Net Available Increment in the Net Available Housing Increment Special Account (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel). The IRFD may establish separate accounts within the Net Available Increment Special Fund, and separate sub-accounts within the Net Available Facilities Increment Special Account and the Net Available Housing Increment Special Account in its discretion.

Amounts deposited to and held by the IRFD in the Net Available Increment Special Fund and the accounts therein shall be at all times separately accounted for by the IRFD from all other funds or accounts, and the Net Available Facilities Increment shall be used and applied solely as set forth in this Indenture.

The Net Available Facilities Increment received in any Bond Year and deposited into the Net Available Facilities Increment Special Account shall be subject to the pledge, security interest and lien set forth in Section 4.01 until such time during such Facilities Bond Year as the amounts on deposit in the Net Available Facilities Increment Special Account equal the aggregate amounts required to be transferred in such Bond Year (i) for deposit into the Interest Account, the Principal Account, the 2022 Facilities Reserve Account, any other reserve account held by the Trustee for Bonds that are not 2022 Related Facilities Bonds and the Redemption Account in such Bond Year pursuant to Section 4.03 hereof and, if applicable, (ii) with respect to any Parity Facilities Debt other than Bonds pursuant to the applicable Parity Facilities Debt Instrument.

All Net Available Facilities Increment received by the IRFD during any Bond Year in excess of the amount required to be deposited in the Net Available Facilities Increment Special Account during such Bond Year pursuant to the preceding paragraph of this Section shall be released from the pledge, security interest and lien hereunder for the security of the Facilities Bonds and any additional Parity Facilities Debt and may be applied by the IRFD for any lawful purpose of the IRFD, including but not limited to the repayment of the City for use of Conditional City Facilities Increment to pay debt service on the Facilities Bonds or any Parity Facilities Debt, payment of Subordinate Facilities Debt, payment of administrative expenses of the IRFD, or the payment of any amounts due and owing to the United States of America pursuant to Section 5.12.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Facilities Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indenture or Parity Facilities Debt Instrument, the IRFD shall not have

any beneficial right or interest in the moneys on deposit in the Net Available Facilities Increment Special Account, except as may be provided in this Indenture and in any Supplemental Indenture or Parity Facilities Debt Instrument.

(c) Conditional City Increment Special Fund; Conditional City Facilities Increment Special Account; Conditional City Housing Increment Special Account. The IRFD shall establish a fund to be held by or on behalf of the IRFD as a separate restricted account, to be known as the “Conditional City Increment Special Fund.” The IRFD shall establish the following accounts within the Conditional City Increment Special Fund to be held by or on behalf of the IRFD as separate restricted accounts: the “Conditional City Facilities Increment Special Account” and the “Conditional City Housing Increment Special Account.”

Amounts on deposit in the Conditional City Housing Increment Special Account shall be transferred and applied as provided in a bond indenture or other agreement providing for the pledge or use of the Conditional City Housing Increment in accordance with the Infrastructure Financing Plan.

(d) Deposits into the Conditional City Increment Special Fund, Conditional City Facilities Increment Special Account and the Conditional City Housing Increment Special Account. Promptly upon receipt thereof, if the amounts required to be paid to the City and County of San Francisco pursuant to Section 53369.31 of the Law were not deducted prior to allocation to the IRFD, the IRFD shall set such amounts aside for payment pursuant to Section 53369.31.

Thereafter, or if the amounts required to be paid to the City and County of San Francisco pursuant to Section 53369.31 of the Law were deducted prior to payment of the Conditional City Increment to the IRFD, the IRFD shall deposit 82.5% of the Conditional City Increment received in any Bond Year in the Conditional City Facilities Increment Special Account (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel) and 17.5% of such Conditional City Increment in the Conditional City Housing Increment Special Account (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel). The IRFD may establish separate accounts within the Conditional City Increment Special Fund, and separate sub-accounts within the Conditional City Facilities Increment Special Account and the Conditional City Housing Increment Special Account in its discretion.

Amounts deposited to and held by the IRFD in the Conditional City Increment Special Fund and the accounts therein shall be at all times separately accounted for by the IRFD from all other funds or accounts, and the Conditional City Facilities Increment shall be used and applied solely as set forth in this Indenture.

The Conditional City Facilities Increment received in any Bond Year and deposited into the Conditional City Facilities Increment Special Account shall be subject to the pledge, security interest and lien set forth in Section 4.01 until such time during such Bond Year as the amount of Net Available Facilities Increment on deposit in the Net Available Facilities Increment Special Account is equal to the aggregate amounts required to be transferred in such Bond Year (i) for deposit into the Interest Account, the Principal Account, and the Redemption Account in such Bond Year pursuant to Section 4.03 hereof and, if applicable, (ii) with respect to any Parity Facilities Debt other than additional Facilities Bonds pursuant to the applicable Parity Facilities Debt Instrument.

Once the condition set forth in the prior paragraph has been satisfied, all Conditional City Facilities Increment shall be released from the pledge, security interest and lien hereunder for the security of the Facilities Bonds and any additional Parity Facilities Debt and shall be transferred to the City.

If the condition set forth in the second preceding paragraph is not satisfied in a Bond Year, any remaining Conditional City Facilities Increment in the Conditional City Facilities Increment Special Account shall be released from the pledge, security interest and lien hereunder for the security of the Facilities Bonds and any additional Parity Facilities Debt and shall be transferred to the City following payment of the principal or redemption price of and interest on the Facilities Bonds due during such Bond Year and the payment of any amounts due during such Bond Year on any Parity Facilities Debt.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Facilities Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indenture or Parity Facilities Debt Instrument, the IRFD shall not have any beneficial right or interest in the moneys on deposit in the Conditional City Facilities Increment Special Account, except as may be provided in this Indenture and in any Supplemental Indenture or Parity Facilities Debt Instrument.

Section 4.03. Deposit of Amounts by Trustee. There is hereby established a trust fund to be known as the Facilities Debt Service Fund, which shall be held by the Trustee hereunder in trust. Moneys in the Net Available Facilities Increment Special Account and the Conditional City Facilities Increment Special Account, in that order and as provided in this 4.03, with moneys in the Net Available Facilities Increment Special Account being exhausted before moneys in the Conditional City Facilities Increment Special Account are used, shall be transferred by the IRFD to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Facilities Debt Service Fund, and in the following order of priority (provided that, if on the fifth (5th) Business Day prior to the date the IRFD is required to transfer amounts on deposit in the Net Available Facilities Increment Special Account and the Conditional City Facilities Increment Special Account to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Parity Facilities Debt other than Bonds, the IRFD shall immediately notify the Trustee of the amount of any such insufficiency):

(a) Interest Account. On or before the third (3rd) Business Day preceding each Interest Payment Date, the IRFD shall withdraw from the Net Available Facilities Increment Special Account and the Conditional City Facilities Increment Special Account, in that order, and transfer to the Trustee, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Facilities Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Facilities Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Facilities Bonds as it shall become due and payable (including accrued interest on any Facilities Bonds redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the third (3rd) Business Day preceding September 1 in each year beginning September 1, 200_, the IRFD shall withdraw from the Net Available Facilities Increment Special Account and the Conditional City Facilities Increment Special Account, in that order, and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Facilities Bonds and Outstanding Term Facilities Bonds, including pursuant to mandatory sinking account redemption, on the next September 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next September 1 on all of the Outstanding Serial Facilities Bonds and Term Facilities Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Facilities Bonds and the Term Facilities Bonds, including by mandatory sinking account redemption, as the same shall become due and payable.

(c) Debt Service Reserve Accounts. In the event that (i) the amount on deposit in the 2022 Facilities Reserve Account at any time becomes less than the 2022 Facilities Reserve Requirement or (ii) the amount in any other reserve account that is held by the Trustee for Bonds that are not 2002 Related Bonds becomes less than its required amount, the Trustee shall promptly notify the IRFD of such fact. Promptly upon receipt of any such notice, the IRFD shall, without preference or priority and on a pro rata basis based on the outstanding principal amount of any Facilities Bonds or other Parity Facilities Debt, (i) transfer to the Trustee an amount of Net Available Facilities Increment sufficient for the amount on deposit in the 2022 Facilities Reserve Account to equal the 2022 Facilities Reserve Requirement, (ii) transfer to the Trustee an amount of Net Available Facilities Increment sufficient for the amount on deposit in such other reserve account held by the Trustee to equal its required amount and (iii) transfer as necessary to increase the amount in a debt service reserve account for any Parity Facilities Debt that is not held by the Trustee to its required amount. If there shall then not be sufficient Net Available Facilities Increment to make the transfers described in the preceding sentence, the IRFD shall be obligated to continue making transfers as Net Available Facilities Increment becomes available in the Net Available Facilities Increment Special Account until there is an amount sufficient to make the required transfers.

Moneys in the 2022A Reserve Account shall be governed by Section 4.04.

(d) Redemption Account. On or before the Business Day preceding any date on which the Series 2022A Facilities Bonds are to be optionally redeemed pursuant to Section 2.03(a) or other series of Facilities Bonds are to be optionally redeemed pursuant to a Supplemental Indenture, the Trustee shall withdraw from the Facilities Debt Service Fund any amount transferred by the IRFD pursuant to Section 2.03(a) for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Series 2022A Facilities Bonds and on other Bonds to be optionally redeemed on such date pursuant to Section 2.03(a) or a similar provision of a Supplemental Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 2022A Facilities Bonds and on such other Bonds to be optionally redeemed pursuant to Section 2.03(a) or a similar provision of a Supplemental Indenture on the date set for such optional redemption. Interest due on the Series 2022A

Facilities Bonds or such other Bonds to be optionally redeemed on the date set for optional redemption shall, if applicable, be paid from funds available therefor in the Interest Account. Notwithstanding the foregoing, at any time prior to giving notice of optional redemption of any such Series 2022A Facilities Bonds or such other Bonds, the Trustee may, at the direction of the IRFD, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of the Series 2022A Facilities Bonds or such other Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on such Series 2022A Facilities Bonds or such other Bonds, which is payable from the Interest Account) s shall be directed by the IRFD.

Section 4.04. 2022A Reserve Account.

(a) Use of 2022 Facilities Reserve Account. All money in the 2022 Facilities Reserve Account shall be used and withdrawn by the Trustee for the purpose of (i) making transfers to the Interest Account and the Principal Account in such order of priority to pay principal of and interest on the Series 2022A Facilities Bonds and any 2022 Related Facilities Bonds, in the event of any deficiency at any time in any of such accounts and (ii) to the extent that such amounts are not required to make a payment to the federal government to comply with Section 5.12, for the retirement of all the Series 2022A Facilities Bonds and any 2022 Related Facilities Bonds then Outstanding.

So long as the IRFD is not in default hereunder, any amount in the 2022 Facilities Reserve Account in excess of the 2022 Facilities Reserve Requirement shall be withdrawn by the Trustee from the 2022 Facilities Reserve Account semiannually on or before the fifth (5th) Business Days preceding each March 1 and September 1 and deposited in the Interest Account to pay interest on the Series 2022A Facilities Bonds and any 2022 Related Facilities Bonds.

All amounts in the 2022 Facilities Reserve Account on the Business Day preceding the final Interest Payment Date for the Series 2022A Facilities Bonds and any 2022 Related Facilities Bonds shall be withdrawn from the 2022 Facilities Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.04 or, (ii) if the IRFD shall have caused to be transferred to the Trustee an amount of Net Available Facilities Increment or other funds sufficient to make the deposits required by this Section 4.04, then, at the Written Request of the IRFD, to the related account(s) in the Facilities Project Fund.

Amounts in the 2022 Facilities Reserve Account in excess of the 2022 Facilities Reserve Requirement shall be withdrawn for purposes of making payment to the federal government to comply with Section 5.12, upon receipt by the Trustee of a Written Request of the IRFD specifying the amount to be withdrawn and to the effect that such amount is needed for rebate purposes; *provided, however*, that no amounts in the 2022 Facilities Reserve Account shall be used for rebate unless the amount in the 2022 Facilities Reserve Account following such withdrawal equals the 2022 Facilities Reserve Requirement.

(b) Investment. Moneys in the 2022 Facilities Reserve Account shall be invested by the Trustee under Section 6.07.

(c) Qualified Reserve Account Credit Instruments. The IRFD shall have the right at any time to direct the Trustee to release funds from the 2022 Facilities Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series 2022A Facilities Bonds or any 2022 Related Facilities Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the IRFD to the Trustee of a written calculation of the amount permitted to be released from the 2022 Facilities Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the 2022 Facilities Reserve Account to the related account(s) in the Facilities Project Fund to be used for the purposes thereof. Upon the scheduled expiration of any Qualified Reserve Account Credit Instrument, the IRFD shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the 2022 Facilities Reserve Requirement, which deposit shall be derived from the first Net Available Facilities Increment that is available for that Bond Year or, if necessary any succeeding Bond Years, but only after the IRFD has transferred or provided for the transfer of amounts (A) to be deposited into the Interest Account, the Principal Account, any debt service reserve account for Bonds that are not 2022 Related Facilities Bonds and the Redemption Account in such Bond Year and (B) required in such Bond Year under a Parity Facilities Debt Instrument with respect to any Parity Facilities Debt other than Facilities Bonds.

If the Qualified Reserve Account Credit Instrument is in the form of a letter of credit and the IRFD has not renewed or replaced such letter of credit two weeks prior to its expiration or termination, the Trustee shall draw on such letter of credit in full and deposit the proceeds of such draw in the 2022 Facilities Reserve Account.

If the 2022 Facilities Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Facilities Debt Service Fund with respect to the Series 2022A Facilities Bonds and any 2022 Related Facilities Bonds. If the 2022 Facilities Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Facilities Debt Service Fund with respect to the Series 2022A Facilities Bonds and any 2022 Related Facilities Bonds shall be pro rata with respect to each such instrument.

In the event that a Qualified Reserve Account Credit Instrument is available to be drawn upon for only one or more particular series of Facilities Bonds covered by the 2022 Facilities Reserve Account, a separate subaccount in

the 2022 Facilities Reserve Account may be established for such series, and the calculation of the 2022 Facilities Reserve Requirement with respect to the other Bonds covered by the 2022 Facilities Reserve Account shall exclude the debt service on such series of Facilities Bonds.

The IRFD will have no obligation to replace a Qualified Reserve Account Credit Instrument or to fund the 2022 Facilities Reserve Account with cash if, at any time that the Series 2022A Facilities Bonds or any 2022 Related Facilities Bonds are Outstanding, the Qualified Reserve Account Credit Instrument (or its provider) is downgraded or the provider becomes insolvent, if there is an unscheduled termination of the Qualified Reserve Account Credit Instrument or if for any reason insufficient amounts are available to be drawn upon under the Qualified Reserve Account Credit Instrument; provided, however, that the IRFD shall reimburse the provider, in accordance with the terms of the Qualified Reserve Account Credit Instrument, for any draws made thereon.

The IRFD and the Trustee shall comply with the terms of the Qualified Reserve Account Credit Instrument as shall be required to receive payments thereunder in the event and to the extent required under this Section.

ARTICLE V

OTHER COVENANTS OF THE IRFD

Section 5.01. Punctual Payment. The IRFD shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Facilities Bonds together with the premium thereon, if any, in strict conformity with the terms of the Facilities Bonds and of this Indenture. The IRFD shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture, all Supplemental Indentures and the Facilities Bonds. Nothing herein contained shall prevent the IRFD from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

Section 5.02. Limitation on Additional Indebtedness; Against Encumbrances. The IRFD hereby covenants that, so long as the Facilities Bonds are Outstanding, the IRFD shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Facilities Increment, excepting only (i) the Series 2022A Facilities Bonds, (ii) any Parity Facilities Debt and (iii) any Subordinate Facilities Debt. The IRFD will not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Facilities Increment or other amounts pledged to the Facilities Bonds superior or equal to the pledge and lien herein created for the benefit of the Facilities Bonds.

Section 5.03. Extension of Payment. The IRFD will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Facilities Bond or claim for interest on any of the Facilities Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Facilities Bonds or claims for interest in any other manner. In case the maturity of any any Facilities Bond or claim for interest shall be extended or funded, whether or not with the consent of the IRFD, any Facilities Bond or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Facilities Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.04. Payment of Claims. The IRFD shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the IRFD or upon the Pledged Facilities Increment or other amounts pledged to the payment of the Facilities Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Facilities Bonds. Nothing herein contained shall require the IRFD to make any such payment so long as the IRFD in good faith shall contest the validity of said claims.

Section 5.05. Books and Accounts; Financial Statements. The IRFD shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the IRFD and the City and County of San Francisco, in which complete and correct entries shall be made of all transactions relating to the IRFD, the Project Areas, the Net Available Facilities Increment, the Conditional City Facilities Increment, the Facilities Project Fund, the Net Available Facilities Increment Special Account and the Conditional City Facilities Increment Special Account. Such books of record and accounts shall at all times during business hours be subject to the Owners of not less than ten percent (10%) in aggregate principal amount of the Facilities Bonds then Outstanding, or their representatives authorized in writing.

Section 5.06. Protection of Security and Rights of Owners. The IRFD will preserve and protect the security of the Facilities Bonds and the rights of the Owners. From and after the Closing Date with respect to the Series 2022A Facilities Bonds, the Facilities Bonds shall be incontestable by the IRFD.

Section 5.07. Maintenance of Pledged Facilities Increment.

(a) The IRFD shall comply with all requirements of the Law to insure the allocation and payment to it of the Pledged Facilities Increment. The IRFD shall not undertake proceedings for amendment of the Infrastructure Financing Plan if such amendments will adversely impair the IRFD's ability to pay debt service on the Facilities Bonds or, in and of itself, cause the amount of Pledged Facilities Increment available to the IRFD for application hereunder in any succeeding Fiscal Year to fall below ____% of Maximum Annual Debt Service.

(b) The IRFD shall use the proceeds of the Facilities Bonds so as to ensure that the Pledged Facilities Increment may be used under the Law for the purposes set forth herein. The covenant set forth in the first sentence of this subsection (b) is of a special and unique kind and character, and there would not be an adequate remedy at law for a breach of such covenant. Therefore, the IRFD agrees that the covenant may be enforced by an action for specific performance and such other equitable relief as is provided by the laws of the State of California. In pursuing specific performance of such covenant, the party seeking to enforce such covenant shall be entitled to petition the court for injunctive relief, including, but not limited to, an order of the court restraining any use of the proceeds of the Facilities Bonds that is inconsistent with such covenant.

Section 5.08. Compliance with the Law. The IRFD shall ensure that all activities undertaken by the IRFD are undertaken and accomplished in conformity with all applicable requirements of the Infrastructure Financing Plan and the Law.

Section 5.09. Plan Limit.

(a) The IRFD shall manage its fiscal affairs in a manner which ensures that it will have sufficient Pledged Facilities Increment available under the Plan Limit in the amounts and at the times required to enable the IRFD to pay the principal of and interest and premium (if any) on the Outstanding Facilities Bonds and any outstanding Parity Facilities Debt when due.

(b) The IRFD shall annually review the total amount of Net Available Increment available to be allocated to the IRFD under the Plan Limits, as well as future cumulative annual payments on (i) the Facilities Bonds, (ii) any Parity Facilities Debt, (iii) any Subordinate Facilities Debt, (iv) any obligation to repay the City for any Conditional City Increment used to pay debt service on obligations of the IRFD and (v) any bonds or debt payable from Net Available Housing Increment.

In furtherance of the covenant in the preceding paragraph, if the IRFD ever determines that during the next succeeding Bond Year, the total amount of Net Available Increment available to be allocated to the IRFD under the Plan Limits is expected to equal at least 80% of the Plan Limit, then the IRFD shall either (i) adopt a plan approved by an Independent Economic Consultant that demonstrates the IRFD's continuing ability to pay debt service on the Facilities Bonds and any Parity Facilities Debt, or (ii) claim all Net Available Facilities Increment

not needed to pay current or any past due debt service on Bonds or any Parity Facilities Debt for so long as the 80% threshold set forth above is met and deposit such amounts, when received, into a Trustee-held escrow account (the "Escrow Account") and invested in Defeasance Obligations. Moneys in the Escrow Account must be used only to pay debt service on the Facilities Bonds and any Parity Facilities Debt, or to redeem Facilities Bonds and any Parity Facilities Debt that does not constitute Facilities Bonds.

Section 5.10. Continuing Disclosure. The IRFD hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the IRFD to comply with the Continuing Disclosure Certificate shall not be an Event of Default hereunder. However, any Participating Underwriter or any holder or beneficial owner of the Facilities Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the IRFD to comply with its obligations under this Section.

Section 5.11. Further Assurances. The IRFD will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Facilities Bonds the rights and benefits provided in this Indenture.

Section 5.12. Federal Tax Law Covenants.

(a) Private Activity Bond Limitation. The IRFD will assure that the proceeds of the Series 2022A Facilities Bonds are not so used as to cause the Series 2022A Facilities Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) Federal Guarantee Prohibition. The IRFD will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Series 2022A Facilities Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) Rebate Requirement. The IRFD will take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2022A Facilities Bonds.

(d) No Arbitrage. The IRFD will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2022A Facilities Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Series 2022A Facilities Bonds would have caused the Series 2022A Facilities Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(e) Maintenance of Tax-Exemption. The IRFD will take all actions necessary to assure the exclusion of interest on the Series 2022A Facilities Bonds from the gross income of the Owners of the Series 2022A Facilities Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Series 2022A Facilities Bonds.

(f) Record Retention. The IRFD will retain its records of all accounting and monitoring it carries out with respect to the Series 2022A Facilities Bonds for at least 3 years after the Series 2022A Facilities Bonds mature or are redeemed (whichever is earlier); however, if the Series 2022A Facilities Bonds are redeemed and refunded, the IRFD will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Series 2022A Facilities Bonds.

(g) Compliance with Tax Certificate. The IRFD will comply with the provisions of the Certificate as to Arbitrage and the Certificate Regarding Use of Proceeds with respect to the Series 2022A Facilities Bonds. The covenants of this Section will survive payment in full or defeasance of the Facilities Bonds.

ARTICLE VI

THE TRUSTEE

Section 6.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants, duties or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The IRFD may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Facilities Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the IRFD has knowledge that the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the IRFD to the Trustee, whereupon the IRFD shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the IRFD and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the IRFD shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction at the expense of the IRFD for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing, acknowledging and delivering to the IRFD and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the IRFD or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of

conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the IRFD shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the IRFD shall cause either the predecessor Trustee or the successor Trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Facilities Bonds and to the Owners at their respective addresses shown on the Registration Books.

(e) If an Event of Default hereunder occurs with respect to any Facilities Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.03(e) hereof, then the Trustee shall immediately give written notice thereof, by first-class mail to the Owner of each any Facilities Bond, unless such Event of Default shall have been cured before the giving of such notice.

(f) The IRFD agrees that, so long as any Facilities Bonds or any Parity Facilities Debt are Outstanding, the Trustee shall be a financial institution having a trust office in the State, having (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such financial institution publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such financial institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (f), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 6.02. Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03. Liability of Trustee.

(a) The recitals of facts herein and in the Facilities Bonds contained shall be taken as statements of the IRFD, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the security for the Facilities Bonds or the tax status of interest thereon nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Facilities Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees may become the Owner of any Facilities Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Facilities Bonds then Outstanding.

(b) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Facilities Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(c) The Trustee shall not be liable for any action taken by it and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. Where the Trustee is given the permissive right to do things enumerated in this Indenture, such right shall not be construed as a mandatory duty.

(d) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer shall have actual knowledge thereof, or shall have received written notice thereof from the IRFD at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no Event of Default has occurred and is continuing under this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Facilities Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee may rely conclusively on the IRFD's certificates to establish the IRFD's compliance with its financial covenants hereunder, including, without limitation, its covenants set forth in Section 4.02 and the application of moneys on deposit in the funds and accounts established pursuant to Section 4.02 (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(e) The Trustee shall have no liability or obligation to the Bond Owners with respect to the payment of debt service on the Facilities Bonds by the IRFD or with

respect to the observance or performance by the IRFD of the other conditions, covenants and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the IRFD pursuant to this Indenture or otherwise.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and the Trustee shall not be responsible for any intentional misconduct or negligence on the part of any agent, attorney or receiver appointed with due care by it hereunder.

(h) The Trustee shall have no responsibility, opinion, or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Facilities Bonds.

(i) Before taking any action under Article VIII or this Article at the request of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

Section 6.04. Right to Rely on Documents and Opinions. The Trustee shall have no liability in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, facsimile transmission, electronic mail, or other paper or document reasonably believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. The Trustee may consult with counsel, including, without limitation, counsel of or to the IRFD, with regard to legal questions, and, in the absence of negligence or intentional misconduct by the Trustee, the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of an Owner of a Facilities Bond unless and until any Facilities Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the IRFD, which shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant or Independent Economic Consultant appointed by the IRFD.

Section 6.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of and copying by the IRFD and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

Section 6.06. Compensation and Indemnification. The IRFD shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture in accordance with the letter proposal from the Trustee approved by the IRFD and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a lien on the Net Available Facilities Increment Special Account and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

The IRFD further covenants and agrees to indemnify, defend and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities which it may incur to the extent arising out of or in connection with the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the IRFD and the rights of the Trustee under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Facilities Bonds and discharge of this Indenture.

Section 6.07. Deposit and Investment of Moneys in Funds. Moneys in the Facilities Project Fund (including any accounts therein), the Facilities Debt Service Fund, the Interest Account, the Principal Account, the 2022 Facilities Reserve Account, any reserve account held by the Trustee for Bonds that are not 2022 Related Facilities Bonds, the Redemption Account, the capitalized interest account for any Facilities Bonds and the 2022A Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the IRFD in the Written Request of the IRFD filed with the Trustee, except that moneys in the 2022 Facilities Reserve Account and, except as provided in a Supplemental Indenture, any reserve account held by the Trustee for Bonds that are not 2022 Related Facilities Bonds, shall not be invested in Permitted Investments having a maturity of more than five (5) years, unless any such Permitted Investment is described in clause (h) of the definition thereof. In the absence of any such Written Request of the IRFD, the Trustee shall invest any such moneys in Permitted Investments described in clause (f) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder.

The Trustee shall be entitled to rely conclusively upon the written instructions of the IRFD directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the above list which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Trustee shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the IRFD's expense.

Moneys in the Net Available Facilities Increment Special Account and the Conditional City Facilities Increment Special Account may be invested by the IRFD in any obligations in which the IRFD is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account; *provided, however,* that (i) all interest or gain from the investment of amounts in the 2022 Facilities Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent not required to cause the balance in the 2022 Facilities Reserve Account to equal the 2022 Facilities Reserve Requirement and (ii) all interest or gain from the investment of amounts in any other debt service reserve account held by the Trustee for Bonds that are not 2022 Related Facilities Bonds shall be deposited by the Trustee in the Interest Account only to the extent not required to cause the balance in the 2022 Facilities Reserve Account to equal the 2022 Facilities Reserve Requirement or the balance in such other reserve account to equal its required amount. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the IRFD or otherwise made in accordance with this Section. For investment purposes only, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

The IRFD acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the IRFD the right to receive brokerage confirmations of security transactions as they occur, the IRFD specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the IRFD monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the IRFD for earnings derived from funds that have been invested.

The IRFD covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Facilities Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued by the IRFD at their present value (within the meaning of section 148 of the Code). Investments on deposit in the 2022 Facilities Reserve Account and the reserve account held by the Trustee for Bonds that are not 2022 Related Facilities Bonds shall be valued on June 30 of each year at their market value.

Section 6.08. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Facilities Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the IRFD upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to

the IRFD, on a monthly basis, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Facilities Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01. Amendment With and Without Consent of Owners. This Indenture and the rights and obligations of the IRFD and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption without the consent of any Owners, to the extent permitted by law, but only for any one or more of the following purposes -

(a) to add to the covenants and agreements of the IRFD in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the IRFD; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the IRFD may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the IRFD, materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Facilities Debt in accordance with Section 3.05; or

(d) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Facilities Bonds the interest on which is intended to be excluded from gross income for federal income tax purposes, in the opinion of Bond Counsel; or

(e) to comply with the requirements of a provider of a Qualified Reserve Account Credit Instrument for the 2022 Facilities Reserve Account or a similar provider for any other debt service reserve account held by the Trustee for Bonds that are not 2022 Related Facilities Bonds.

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the IRFD and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Facilities Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Facilities Bond or otherwise alter or impair the obligation of the IRFD to pay the principal, interest, or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Facilities Bond without the express written consent of the Owner of any Facilities Bond, or (b) reduce the percentage of Facilities Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent.

For the avoidance of doubt, the owners of a series of Facilities Bonds shall be deemed to have consented to the provisions of a Supplemental Indenture if notice of the provisions is

given by the IRFD in an Official Statement for any Facilities Bonds prior to the sale of any Facilities Bonds.

Section 7.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03. Endorsement or Replacement of Facilities Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the IRFD may determine that any or all of the Facilities Bonds shall bear a notation, by endorsement in form approved by the IRFD, as to such amendment or modification and in that case upon demand of the IRFD the Owners of any Facilities Bonds shall present any Facilities Bonds for that purpose at the Principal Corporate Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on any Facilities Bonds. In lieu of such notation, the IRFD may determine that new Bonds shall be prepared at the expense of the IRFD and executed in exchange for any or all of the Facilities Bonds, and in that case, upon demand of the IRFD, the Owners of the Facilities Bonds shall present any Facilities Bonds for exchange at the Principal Corporate Trust Office of the Trustee, without cost to such Owners.

Section 7.04. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Facilities Bond held by such Owner, provided that due notation thereof is made on any Facilities Bond.

Section 7.05. Opinion of Counsel. Prior to executing any Supplemental Indenture, the Trustee shall be furnished an opinion of counsel, upon which it may conclusively rely to the effect that all conditions precedent to the execution of such Supplemental Indenture under this Indenture have been satisfied and such Supplemental Indenture is authorized and permitted under this Indenture and does not adversely affect the exclusion of interest on the Facilities Bonds from gross income for federal income tax purposes or adversely affect the exemption of interest on the Facilities Bonds from personal income taxation by the State.

Section 7.06. Copy of Supplemental Indenture to S&P and Moody's. The IRFD shall provide to S&P and Moody's, for so long as S&P and Moody's, as the case may be, maintain a rating on any of the Facilities Bonds (without regard to any municipal bond or financial guaranty insurance), a copy of any Supplemental Indenture at least 15 days prior to its proposed effective date.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01. Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

(a) if default shall be made by the IRFD in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Facilities Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the IRFD in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Facilities Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following receipt by the IRFD of written notice from the Trustee, or written notice from any Owner (with a copy of said notice delivered to the Trustee) of the occurrence of such default, provided that if in the reasonable opinion of the IRFD the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure will not constitute an event of default if corrective action is instituted by the IRFD within such thirty (30) day period and the IRFD thereafter diligently and in good faith cures such failure in a reasonable period of time; or

(c) If the IRFD files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition by the IRFD seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition by the IRFD, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the IRFD or of the whole or any substantial part of its property.

If an Event of Default has occurred under this Section and is continuing, the Trustee, may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Facilities Bonds then Outstanding the Trustee shall, (a) declare the principal of the Facilities Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Facilities Bonds to the contrary notwithstanding, and (b) subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Owners of the Facilities Bonds in law or at equity.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the IRFD by telephone promptly confirmed in writing. Such notice shall also state whether the principal of the Facilities Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Facilities Bonds shall cease to accrue from and after the date, if any, on which the

Trustee shall have declared the Facilities Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Facilities Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Facilities Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the IRFD shall, with the written consent of a majority in aggregate principal amount of the Owners of the Facilities Bonds, deposit with the Trustee a sum sufficient to pay all principal on the Facilities Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Facilities Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law), and the reasonable fees and expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Facilities Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee shall promptly give written notice of the foregoing to the Owners of all Facilities Bonds then Outstanding, and with the prior written approval of the Owners of at least a majority in aggregate principal amount of the Facilities Bonds then Outstanding, by written notice to the IRFD and to the Trustee, may, on behalf of the Owners of all of the Facilities Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. All of the Pledged Facilities Increment that are available to pay debt service on the Facilities Bonds and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees, expenses of the Trustee; and

Second, to the payment of the whole amount then owing and unpaid upon the Facilities Bonds for principal and interest, as applicable, with interest on the overdue principal, and installments of interest at the net effective rate then borne by the Outstanding Facilities Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Facilities Bonds, then to the payment of such principal and interest without preference or priority, ratably to the aggregate of such principal and interest without taking into account the availability of funds in the 2022 Facilities Reserve Account or any other reserve account.

Notwithstanding the foregoing, Conditional City Facilities Increment may only be used to pay principal and interest on the Facilities Bonds and any Parity Facilities Debt, and any Subordinate Facilities Debt.

Section 8.03. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Facilities Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Facilities Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however,* that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Facilities Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 8.04. Limitation on Owner's Right to Sue. No Owner of any Facilities Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the IRFD and the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Facilities Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Facilities Bonds.

The right of any Owner of any Facilities Bond to receive payment of the principal of (and premium, if any) and interest on any Facilities Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.05. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Facilities Bonds, shall affect or impair the obligation of the IRFD, which is absolute and unconditional, to pay from the Pledged Facilities Increment and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Facilities Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Facilities Bonds.

A waiver of any default by any Owner or the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners and the Trustee by the Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the IRFD, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.06. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Facilities Bonds or Parity Facilities Debt shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, *provided, however*, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel).

Section 8.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Section 8.08. Determination of Percentage of Bond Owners. Whenever in this Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the Owners of an aggregate principal amount of Outstanding Facilities Bonds (including by the Owners of a majority in aggregate principal amount of the Outstanding Facilities Bonds), such percentage shall be calculated on the basis of the principal amount of the Outstanding Facilities Bonds determined as of the next succeeding Interest Payment Date.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the IRFD, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the IRFD shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the IRFD or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the IRFD or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Discharge of Indenture. If the IRFD shall pay and discharge the entire indebtedness on all Facilities Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or the applicable portion of Outstanding Facilities Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or an escrow agent, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Facilities Bonds, including all principal, interest and redemption premiums, or;

(iii) by irrevocably depositing with the Trustee or an escrow agent, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Facilities Bonds or the applicable portion thereof (including all principal, interest and redemption premiums) at or before maturity;

and, if any Facilities Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Section 2.03(b) or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the IRFD, and notwithstanding that any Facilities Bonds shall not have been surrendered for payment, the pledge of the Pledged Facilities Increment and other funds provided for in this Indenture and all other obligations of the Trustee and the IRFD under this Indenture shall cease and terminate with respect to all Outstanding Facilities Bonds or, if applicable, with respect to that portion of the Facilities Bonds which has been paid and discharged, except only (a) the covenants of the IRFD hereunder with respect to the Code, (b) the obligation of the Trustee to transfer and exchange Bonds hereunder, (c) the obligations of the IRFD under Section 6.06 hereof, and (d) the obligation of the IRFD to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee, all fees,

expenses and costs of the Trustee. In the event the IRFD shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Facilities Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the IRFD all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Facilities Bonds of any maturity of the Facilities Bonds that the IRFD has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Facilities Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to Section 6.06 shall be paid over to the IRFD.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by such Owner's attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Facilities Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any demand, request, direction, consent, declaration or other instrument or writing of the Owner of any Facilities Bond shall bind all future Owners of any Facilities Bond in respect of anything done or suffered to be done by the IRFD or the Trustee and in accordance therewith, provided, however, that the Trustee shall not be deemed to have knowledge that any Facilities Bond is owned by or for the account of the IRFD unless the IRFD is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

Section 9.05. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Facilities Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the IRFD or the City and County of San Francisco (but excluding Facilities Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

Section 9.06. Waiver of Personal Liability. No member, officer, agent or employee of the IRFD shall be individually or personally liable for the payment of the principal or interest or any premium on the Facilities Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.07. Destruction of Cancelled Facilities Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Facilities Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy any Facilities Bonds and upon request of the IRFD provide the IRFD a certificate of destruction. The IRFD

shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any any Facilities Bonds therein referred to.

Section 9.08. Notices. Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or upon receipt when mailed by first class, registered or certified mail, postage prepaid, or sent by facsimile, addressed as follows:

If to the IRFD:	c/o City and County of San Francisco 1 Dr. Carlton B. Goodlett Place City Hall, Room 336 San Francisco, CA 94102 Attn: Controller
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If to the Trustee:	[Corporate Trustee] [to come] Attention: Corporate Trust Department Facsimile
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Section 9.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The IRFD hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Facilities Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and vest in the Treasurer of the IRFD in trust for the benefit of the Owners. The IRFD covenants for the direct benefit of the Owners that its Finance Director in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Facilities Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

Section 9.10. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Facilities Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of any Facilities Bonds have become payable, shall be repaid by the Trustee to the IRFD as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the IRFD for the payment of the principal of and interest and redemption premium (if any) on of any Facilities Bonds.

Section 9.11. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.12. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (Treasure Island), has caused this Indenture to be signed in its name by _____ and attested by the Clerk of the Board of Supervisors of the City and County of San Francisco, and [CORPORATE TRUSTEE], in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT
NO. 1 (Treasure Island)

By: _____
Authorized Officer

Attest:

Clerk
Board of Supervisors
City and County of San Francisco

[CORPORATE TRUSTEE], as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

No. ____

\$_____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO**

**CITY AND COUNTY OF SAN FRANCISCO
Infrastructure and Revitalization Financing District No. 1
(Treasure Island)
Tax Increment Revenue Bond, Series 2022A
(Facilities Increment)**

INTEREST RATE

MATURITY DATE

DATED DATE

_____%

____ 1, _____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

*****DOLLARS

City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "IRFD"), for value received, hereby promises to pay solely from the Pledged Facilities Increment (as hereinafter defined) to be received by the IRFD or amounts in certain funds and accounts held under the Indenture of Trust (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount, semiannually on each September 1 and March 1 (each an "Interest Payment Date"), commencing as set forth in the Indenture of Trust, at the interest rate set forth above, until the principal amount hereof is paid or made available for payment provided, however, that if at the time of authentication of this Facilities Bond, interest is in default on this Facilities Bond, this Facilities Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

Principal of and interest on the Facilities Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Trustee (defined below) mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Facilities Bonds delivered to the Trustee prior to the applicable Record Date. The principal of the Facilities Bonds and any premium on the Facilities Bonds are payable in lawful money of the United States of America upon surrender of the Facilities Bonds at the Principal Office of the Trustee or such other place as designated by the Trustee.

This Facilities Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$_____. The issuance of the Facilities Bonds and the terms and conditions thereof are provided for by an Indenture of Trust, dated as of May 1, 2022 (the “Indenture of Trust”), between the IRFD and the _____ (the “Trustee”) and this reference incorporates the Indenture of Trust herein, and by acceptance hereof the owner of this Facilities Bond assents to said terms and conditions. The Indenture of Trust is authorized under, this Facilities Bond is issued under and both are to be construed in accordance with, the laws of the State of California. The Facilities Bonds and the Indenture of Trust were approved by the Original Resolution of Issuance, as supplemented by the Series 2022A Resolution of Issuance (as defined in the Indenture), under California Government Code Section 53369 et seq. (the “Law”) for the purpose of funding certain authorized facilities, and is one of series of bonds designated “City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022A (Facilities Increment)” (the “Facilities Bonds”).

Pursuant to the Law, the Resolution and the Indenture of Trust, the principal of and interest on this Facilities Bond are payable solely from certain funds held under the Indenture of Trust and the Pledged Facilities Increment, as defined in the Indenture of Trust. Any revenues for the payment hereof shall be limited to the Pledged Facilities Increment, except to the extent that provision for payment has been made by the City, as may be permitted by law.

The Facilities Bonds are not a debt of the City or the State of California or of any of its political subdivisions, other than the IRFD to the limited extent described herein, and none of those entities, other than the IRFD to the limited extent described herein, shall be liable on the Facilities Bonds, and the Facilities Bonds shall be payable exclusively from the Pledged Facilities Increment and the specified funds held under the Indenture of Trust. The Facilities Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation.

Optional Redemption. All of the Facilities Bonds are subject to redemption prior to their stated maturities, on any Interest Payment Date, in whole or in part, at a redemption price (expressed as a percentage of the principal amount of the Facilities Bonds to be redeemed) as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
[to come]	

Mandatory Sinking Fund Redemption. The Term Facilities Bond maturing on September 1, _____ is subject to mandatory redemption in part by lot, from sinking fund payments made by the IRFD from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u>

Provided, however, if some but not all of the Term Facilities Bonds of a given maturity have been redeemed as a result of an optional redemption or a mandatory redemption, the total amount of all future Sinking Fund Payments relating to such maturity shall be reduced by the

aggregate principal amount of Term Facilities Bonds of such maturity so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as determined by the Trustee, notice of which determination shall be given by the Trustee to the City.

Notice of redemption with respect to the Facilities Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Indenture of Trust.

This Facilities Bond shall be registered in the name of the owner hereof, as to both principal and interest. Each registration and transfer of registration of this Facilities Bond shall be entered by the Trustee in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Trustee shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date established by the Trustee for selection of Facilities Bonds for redemption or (ii) with respect to an Owner of a Facilities Bond after any Facilities Bond has been selected for redemption.

The Indenture of Trust and the rights and obligations of the IRFD thereunder may be modified or amended as set forth therein. The principal of the Facilities Bonds is not subject to acceleration upon a default under the Indenture of Trust or any other document.

This Facilities Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the IRFD that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Facilities Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Facilities Bond, together with all other indebtedness of the IRFD, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

Unless this Facilities Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange, or payment, and any Facilities Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), has caused this Facilities Bond to be signed by the facsimile signature of the _____ and countersigned by the facsimile signature of the Clerk of the Board of Supervisors with the seal of the City imprinted hereon.

[S E A L]

Clerk of the Board of Supervisors

[to come]

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Facilities Bonds described in the Indenture of Trust which has been authenticated on _____, _____.

_____,
as Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____, attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF FACILITIES PROJECT FUND DISBURSEMENT REQUEST

DISBURSEMENT REQUEST NO.: _____

[Corporate Trustee]
[address to come]
Attention: Corporate Trust Department

Re: \$[Principal Amount] City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022A (Facilities Increment)

Ladies and Gentlemen:

In accordance with the terms of an Indenture of Trust, by and between you and the undersigned, dated as of _____ 1, 20__ (the "Indenture"), you are hereby authorized and requested to make immediate disbursement of funds held by you in the accounts within the Facilities Project Fund pursuant to Section 3.04 of the Indenture.

You are hereby requested to pay from the accounts designated on Schedule A attached hereto to the person(s), corporation(s) or other entity(ies) designated on Schedule A attached hereto as Payee(s), the sum set forth on said Schedule.

All of the costs listed on Schedule A are authorized expenditures of the IRFD with respect to the IRFD, are properly chargeable to the Facilities Project Fund and have not been requested to be paid from the Facilities Project Fund pursuant to any prior request.

Capitalized terms used herein but not defined have the meaning given them in the Indenture.

Dated: _____, 20__

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT
NO. 1 (Treasure Island)

By: _____
Treasurer

SCHEDULE A
TO
FACILITIES PROJECT FUND DISBURSEMENT REQUEST

Payee Name and Address	Purpose of Obligation	Amount	Account from which Amounts should be paid

INDENTURE OF TRUST

Dated as of May 1, 2022

by and between the

**CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND)**

and

**[CORPORATE TRUSTEE],
as Trustee**

Relating to

**City and County of San Francisco Infrastructure and Revitalization Financing
District No. 1 (Treasure Island)
Tax Increment Revenue Bonds
(Housing Increment)**

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EXHIBIT A	FORM OF SERIES 2022B HOUSING BOND
EXHIBIT B	FORM OF HOUSING PROJECT FUND DISBURSEMENT REQUEST

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is made and entered into as of _____ 1, 20___, by and between the CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [CORPORATE TRUSTEE], a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, the IRFD is an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California, with the legal authority to exercise powers under and pursuant to the provisions of Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law"), including the power to issue bonds;

WHEREAS, an Amended and Restated Infrastructure Financing Plan (the "Infrastructure Financing Plan") for the IRFD has been adopted in compliance with all requirements of the Law;

WHEREAS, the IRFD wishes to provide for the issuance of bonds (the "Housing Bonds") payable from Pledged Housing Increment (as hereinafter defined) to finance authorized purposes of the IRFD;

WHEREAS, in order to provide for the authentication and delivery of the Housing Bonds, to establish and declare the terms and conditions upon which the Housing Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the IRFD and the Trustee have duly authorized the execution and delivery of this Indenture;

WHEREAS, the IRFD further wishes to provide for an initial series of the Housing Bonds, designated City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022B (Housing Increment) (the "Series 2022B Housing Bonds");

WHEREAS, the Board of Supervisors of the City and County of San Francisco, acting as the legislative body of the IRFD, authorized the issuance of the Series 2022B Housing Bonds and the execution and delivery of this Indenture pursuant to the Original Resolution of Issuance as supplemented by the Series 2022B Resolution of Issuance.

WHEREAS, the IRFD has determined that all acts and proceedings required by law necessary to make the Housing Bonds when executed by the IRFD, and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the IRFD, and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Housing Bonds, including the Series 2022B Housing Bonds, issued and Outstanding under this

Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Housing Bonds, including the Series 2022B Housing Bonds, are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Housing Bonds, including the Series 2022B Housing Bonds, by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the IRFD and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Housing Bonds, including the Series 2022B Housing Bonds, as follows:

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.01. Findings and Determinations. The IRFD has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Housing Bonds, including the Series 2022B Housing Bonds, do exist, have happened and have been performed in due time, form and manner as required by law, and the IRFD is now duly empowered, pursuant to each and every requirement of law, to issue the Series 2022B Housing Bonds in the manner and form provided in this Indenture.

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

"Additional Revenues" means, as of the date of calculation, the amount of Housing Increment and Conditional City Housing Increment which, as shown in the Report of an Independent Economic Consultant, are estimated to be receivable by the IRFD within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the IRFD due to (i) the completion of construction which is not then reflected on the tax rolls, or (ii) transfer of ownership or any other interest in real property which has been recorded but which is not then reflected on the tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the IRFD is estimated to increase above the assessed valuation of taxable property in the IRFD (as evidenced in the written records of the County) as of the date on which such calculation is made.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Housing Bonds and other Parity Housing Debt in such Bond Year, assuming that the Outstanding Serial Housing Bonds are retired as scheduled and that the Outstanding Term Housing Bonds are redeemed from mandatory sinking account payments as scheduled, (b) the principal amount of the Outstanding Serial Housing Bonds and other Parity Housing Debt payable by their terms in such Bond Year, and (c) the principal amount of the Outstanding Term Housing Bonds scheduled to be paid or redeemed from mandatory sinking account payments in such Bond Year.

For purposes of the calculation of Annual Debt Service, there shall be excluded the principal of and interest on any Parity Housing Debt to the extent the proceeds thereof are then deposited in a fully self-supporting escrow fund (the fully self-supporting nature of which is evidenced by a report prepared by an Independent Economic Consultant and delivered to the Trustee) from which amounts may not be released to the IRFD unless the amount of Pledged Housing Increment, calculated as set forth in Section 3.05(b), and Additional Revenues are then calculated to be not less than the percentage of Maximum Annual Debt Service required by the terms of Section 3.05(b).

"Base Year" for the Project Areas is defined in the Infrastructure Financing Plan as Fiscal Year 2016-17.

"Bond Counsel" means an attorney or firm of attorneys appointed by or acceptable to the IRFD, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Bond Year" means any twelve-month period beginning on September 2 in any year and ending on the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date with respect to the Series 2022B Housing Bonds and end on September 1, 2022.

"Business Day" means a day of the year on which banks in the State of California, are not required or permitted to be closed and on which the New York Stock Exchange is not closed.

"City" means the City and County of San Francisco, California, a municipal corporation and chartered city duly organized and existing under the Constitution and laws of the State.

"Closing Date" means the date on which a series of Housing Bonds is delivered by the IRFD to the original purchaser thereof.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Series 2022B Housing Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Series 2022B Housing Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Conditional City Facilities Increment" means 82.5% of the Conditional City Increment.

"Conditional City Facilities Increment Special Account" means the account of that name established by the IRFD pursuant to Section 4.02.

"Conditional City Housing Increment" means 17.5% of the Conditional City Increment.

"Conditional City Housing Increment Special Account" means the account of that name established by the IRFD pursuant to Section 4.02.

"Conditional City Increment" means, for each Project Area, an amount equal to 8.00% of the Gross Tax Increment, subject to the Plan Limit, as provided in the Infrastructure Financing Plan.

"Conditional City Increment Special Fund" means the Conditional City Increment Special Fund established by the IRFD pursuant to Section 4.02.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate with respect to the Series 2022B Housing Bonds executed by the IRFD, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the IRFD relating to the authorization, issuance, sale and delivery of the Housing Bonds, including but not limited to printing expenses, bond insurance premiums, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of

attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Housing Bonds, administrative costs of the IRFD and City incurred in connection with the issuance of the Housing Bonds, and any other cost, charge or fee in connection with the original issuance of the Housing Bonds.

"Defeasance Obligations" means any of the following which, at the time of investment, are in compliance with the City's investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the IRFD as conclusive certification to the Trustee that investments described therein are in compliance with the City's investment policies then in effect):

- (a) Cash;
- (b) Federal Securities;
- (c) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;
- (d) Pre-refunded municipal bonds rated "Aaa" by Moody's or "AAA" by S&P;
- (e) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the IRFD itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and
- (f) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the IRFD itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.11.

"Depository System Participant" means any participant in the Depository's book-entry system.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" means any of the events described in Section 8.01.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the IRFD and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

"Federal Securities" means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the IRFD to the Trustee in writing as its official fiscal year period.

"Gross Tax Increment" means, for each of the Project Areas, 100% of the revenue produced by the application of the 1% ad valorem tax rate to the Incremental Assessed Property Value of property within the Project Area.

"Housing Bonds" means the Series 2022B Housing Bonds and any Parity Housing Debt issued as bonds pursuant to a Supplemental Indenture.

"Housing Debt Service Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.03.

"Housing Project Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.04.

"Incremental Assessed Property Value" means, in any year, for each Project Area, the difference between the assessed value of the property within such Project Area for that fiscal year and the assessed value of the property within such Project Area in the Base Year, to the extent that the difference is a positive number.

"IRFD" means the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California.

"Indenture" means this Indenture of Trust by and between the IRFD and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions hereof.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice as such under the laws of the State, appointed by the IRFD, and who, or each of whom:

- (a) is in fact independent and not under domination of the IRFD;
 - (b) does not have any substantial interest, direct or indirect, with the IRFD;
- and
- (c) is not connected with the IRFD as an officer or employee of the IRFD, but who may be regularly retained to make reports to the IRFD.

"Independent Economic Consultant" means any consultant or firm of such consultants appointed by the IRFD and who, or each of whom:

- (a) is judged by the IRFD to have experience in matters relating to the collection of tax increment revenues or otherwise with respect to tax increment financing districts;
 - (b) is in fact independent and not under domination of the IRFD;
 - (c) does not have any substantial interest, direct or indirect, with the IRFD;
- and
- (d) is not connected with the IRFD as an officer or employee of the IRFD, but who may be regularly retained to make reports to the IRFD.

"Infrastructure Financing Plan" means the Amended and Restated Infrastructure Financing Plan for the IRFD, including the Project Areas, adopted and approved by the Board of Supervisors of the City and County of San Francisco by Ordinance No. 29-22, adopted on February 15, 2022, as heretofore amended and as may hereafter be amended in accordance with the law.

"Interest Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(a).

"Interest Payment Date" means each March 1 and September 1, commencing September 1, 2022, for so long as any of the Housing Bonds remain Outstanding hereunder.

"Law" means Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code, and the acts amendatory thereof and supplemental thereto.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year, including payments on any Parity Housing Debt, as certified in writing by the IRFD to the Trustee.

"Moody's" means Moody's Investors Service and its successors.

"Net Available Facilities Increment" means 82.5% of the Net Available Increment.

"Net Available Facilities Increment Special Account" means the account of that name established pursuant to Section 4.02.

"Net Available Housing Increment" means 17.5% of the Net Available Increment.

"Net Available Housing Increment Special Account" means the account of that name established pursuant to Section 4.02.

"Net Available Increment" means 56.588206% of the Gross Tax Increment, subject to the Plan Limit, as provided in the Infrastructure Financing Plan.

"Net Available Increment Special Fund" means the fund established and held by the IRFD pursuant to Section 4.02.

"Nominee" means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.11(a).

"Original Resolution of Issuance" means Resolution No. 7-17, which was adopted by the Board of Supervisors as the legislative body of the IRFD on January 24, 2017, and signed by the Mayor on February 3, 2017.

"Outstanding" when used as of any particular time with reference to Housing Bonds, means (subject to the provisions of Section 9.05) all Housing Bonds except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the IRFD pursuant hereto.

"Owner" or "Bond Owner" means, with respect to any Housing Bond, the person in whose name the ownership of such Housing Bond shall be registered on the Registration Books.

"Parity Housing Debt" means any additional bonds (including any Housing Bonds), loans, advances or indebtedness issued or incurred by the IRFD on a parity with the Series 2022B Housing Bonds pursuant to Section 3.05.

"Parity Housing Debt Instrument" means any Supplemental Indenture or other instrument providing for the issuance or incurrence of Parity Housing Debt.

"Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means any of the following which at the time of investment are in compliance with the City's investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the IRFD as conclusive certification to the Trustee that the investments described therein are in compliance with the City's investment policies then in effect), but only to the extent that the same are acquired at Fair Market Value:

- (a) Federal Securities;
- (b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, and Federal Housing Administration;
- (c) bonds, notes or other evidences of indebtedness rated AAA by S&P and Aaa by Moody's issued by Fannie Mae or Freddie Mac with remaining maturities not exceeding three years;
- (d) U.S. dollar denominated deposit accounts (including those with the Trustee or with any affiliate of the Trustee), federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody's, and maturing no more than 360 days after the date of purchase;
- (e) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody's and which matures not more than 270 days after the date of purchase;
- (f) investments in a money market fund rated AAAM or AAAM-G or better by S&P, which may include funds for which the Trustee or its affiliates provide investment advisory or other management services;
- (g) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on the escrow, in the highest rating category of S&P and Moody's or (ii)(A) which are fully secured as to principal and interest and redemption premium (if any) by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium (if any) in such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates under such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by an independent accountant, to pay principal of and interest and

redemption premium (if any) on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

- (h) investment agreements with a provider that is rated in one of the two highest rating categories by S&P and Moody's;
- (i) the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee;
- (j) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Asset Management Program (CAMP).

"Plan Limit" means the limitation, if any, contained in the Infrastructure Financing Plan on the number of dollars of taxes which may be divided and allocated to the IRFD pursuant to the Infrastructure Financing Plan and the Law.

"Pledged Facilities Increment" means the sum of Net Available Facilities Increment and Conditional City Facilities Increment.

"Pledged Housing Increment" means the sum of Net Available Housing Increment and Conditional City Housing Increment.

"Principal Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(b).

"Principal Corporate Trust Office" means such principal corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the IRFD.

"Project" means **[to come]**.

"Project Area" means, collectively, each project area established from time to time for the IRFD pursuant to the Law.

"Qualified Project Costs" means costs and expenses of the Project that are properly chargeable to a capital account and, to the extent that such expenditures do not exceed 5% of the sale proceeds of the Series 2022B Housing Bonds, non-capital costs that are directly related to the Project. Qualified Project Costs do not include (a) costs and expenses for portions of the Project to be used for activities constituting unrelated trades or businesses determined by applying section 513(a) of the Code, (b) amounts to be used to reimburse expenditures paid before the date of issuance of the Series 2022B Housing Bonds other than Qualified Reimbursable Costs, or (c) costs of issuance of the Bonds. In addition, interest during the construction period will be allocated between Qualified Project Costs and other costs and

expenses to be paid from the proceeds of the Series 2022B, and interest following the construction period will not constitute a Qualified Project Cost. Letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk will be allocated between Qualified Project Costs and other costs and expenses to be paid from the proceeds of the Series 2022B; and letter of credit fees and municipal bond insurance premiums which do not represent a transfer of the credit risk will not constitute Qualified Project Costs.

"Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit, insurance policy surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) in the case of a commercial bank, the long-term credit rating of such bank at the time of delivery of the irrevocable standby or direct-pay letter of credit is at least "A" from S&P or "A" from Moody's and, in the case of an insurance company, the claims paying ability of such insurance company at the time of delivery of the insurance policy or surety bond is at least "A" from S&P, or "A" from Moody's or, if not rated by S&P or Moody's but is rated by A.M. Best & Company, is rated at the time of delivery in the highest rating category by A.M. Best & Company; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the 2022 Housing Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account that are payable from the 2022 Housing Reserve Account for the purpose of making payments required pursuant to 4.04 of this Indenture.

"Qualified Reimbursable Costs" means (i) expenditures paid for costs of issuance of the Series 2022B Housing Bonds, (ii) preliminary capital expenditures (within the meaning of United States Treasury Regulations section 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or construction of the Project that do not exceed 20% of the issue price of the Series 2022B Housing Bonds, and (iii) capital expenditures that (A) were paid no earlier than 60 days before the date of the adoption by the IRFD or the Corporation of a declaration of intent to reimburse such expenditures from the proceeds of obligations, and (B) are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than 3 years after the expenditure is paid).

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

"Redemption Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(d).

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Housing Bonds.

"Report" means a document in writing signed by an Independent Economic Consultant and including:

- (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Indenture to which such Report relates;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"S&P" means S&P Global, a division of McGraw-Hill, and its successors and assigns.

"Securities Depositories" DTC and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Serial Housing Bonds" means all Housing Bonds other than Term Housing Bonds.

"Series 2022B Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

"Series 2022B Housing Bonds" means the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022B (Housing Increment).

"Series 2022B Resolution of Issuance" means Resolution No. _____, which was adopted by the Board of Supervisors as the legislative body of the IRFD on _____, and signed by the Mayor on _____.

"State" means the State of California.

"Subordinate Housing Debt" means any loans, advances or indebtedness issued or incurred by the IRFD pursuant to Section 3.06, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Housing Increment; or (b) secured by a pledge of or lien upon the Pledged Housing Increment which is expressly subordinate to the pledge of and lien upon the Pledged Housing Increment hereunder for the security of the Housing Bonds.

"Subordinate Housing Debt Instrument" means any instrument providing for the issuance of Subordinate Housing Debt.

"Supplemental Indenture" means any resolution, agreement or other instrument which has been duly adopted or entered into by the IRFD, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Term Housing Bonds" means that portion of any Housing Bonds payable from mandatory sinking account payments.

"Trustee" means [Corporate Trustee], as trustee hereunder, or any successor thereto appointed as trustee hereunder in accordance with the provisions of Article VI.

"Written Request of the IRFD" or "Written Certificate of the IRFD" means a request or certificate, in writing signed by the Director of the Office of Public Finance on behalf of the IRFD,

or such other officer of the City identified by the Controller of the City to act on behalf of the IRFD.

"2022 Housing Reserve Account" means the fund designated the "2022 Housing Reserve Account" established under Section 4.03 and administered under Section 4.04.

"2022 Housing Reserve Requirement" means the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the Series 2022B Housing Bonds and 2022 Related Housing Bonds, if any, (b) 125% of average Annual Debt Service on the Series 2022B Housing Bonds and 2022 Related Housing Bonds, if any and (c) 10% of the [original] [outstanding] principal of the Series 2022B Housing Bonds and 2022 Related Housing Bonds, if any; provided, however:

(A) that with respect to the calculation of clause (c), the issue price of the Series 2022B Housing Bonds or any 2022 Related Housing Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the Series 2022B Housing Bonds or any 2022 Related Housing Bonds was less than 98% or more than 102% of the original principal amount of the Series 2022B Housing Bonds or any 2022 Related Housing Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount;

(B) that in no event shall the amount calculated hereunder exceed the amount on deposit in the 2022 Housing Reserve Account on the date of issuance of the Series 2022B Housing Bonds (if they are the only Bonds covered by the 2022 Housing Reserve Account) or the most recently issued series of 2022 Related Housing Bonds except in connection with any increase associated with the issuance of 2022 Related Housing Bonds; and

(C) that in no event shall the amount required to be deposited into the 2022 Housing Reserve Account in connection with the issuance of a series of 2022 Related Housing Bonds exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested an unrestricted yield.

"2022 Related Housing Bonds" means any series of Housing Bonds for which (i) the proceeds are deposited into the 2022 Housing Reserve Account so that the balance therein is equal to the 2022 Housing Reserve Requirement following issuance of such Housing Bonds and (ii) the related Supplemental Indenture specifies that the 2022 Housing Reserve Account shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Housing Bonds.

Section 1.03. Rules of Construction. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.01. Authorization of Housing Bonds and Series 2022B Housing Bonds.

The Housing Bonds are hereby authorized to be issued by the IRFD under and subject to the terms of the Original Resolution of Issuance, this Indenture and the Law. This Indenture constitutes a continuing agreement with the Owners of all of the Housing Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums (if any) and the interest on all Housing Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained.

An initial series of Housing Bonds, which was authorized by the Board of Supervisors, acting as the legislative body of the IRFD, pursuant to the Original Resolution of Issuance, as supplemented by the Series 2022B Resolution of Issuance, shall be designated the "City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022B (Housing Increment)" and shall be issued in the initial aggregate principal amounts of \$[Principal Amount].

Section 2.02. Terms of Series 2022B Housing Bonds. The Series 2022B Housing Bonds shall be issued in fully registered form without coupons. The Series 2022B Housing Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof, so long as no Series 2022B Housing Bond shall have more than one maturity date. The Series 2022B Housing Bonds shall be dated as of their Closing Date. The Series 2022B Housing Bonds shall be lettered and numbered as the Trustee shall prescribe.

The Series 2022B Housing Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum as follows:

Series 2022B Housing Bonds

Maturity Date <u>(September 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
---------------------------------------	----------------------------	-------------------------

Each Series 2022B Housing Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before August 15, 2022, in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any Series 2022B Housing Bond, interest thereon is in default, such Series 2022B Housing Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Series 2022B Housing Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of Series 2022B Housing Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Series 2022B Housing Bonds shall be paid on the succeeding Interest Payment Date to such account in the

United States as shall be specified in such written request. The principal of the Series 2022B Housing Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

Section 2.03. Redemption of Series 2022B Housing Bonds.

(a) Optional Redemption – Series 2022B Housing Bonds. The Series 2022B Housing Bonds maturing on or before September 1, _____ are not subject to optional redemption prior to their respective stated maturities. The Series 2022B Housing Bonds maturing on and after September 1, _____, are subject to redemption, at the option of the IRFD on any date on or after September 1, _____, as a whole or in part, by such maturities as shall be determined by the IRFD, and by lot within a maturity, from any available source of funds, at the principal amount of the Series 2022B Housing Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption without premium, without premium.

(b) Mandatory Sinking Fund Redemption – Series 2022B Housing Bonds. The Series 2022B Housing Bonds that are Term Housing Bonds and maturing September 1, _____, September 1, _____ and September 1, _____ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, _____, as set forth below, from sinking fund payments made by the IRFD to the Principal Account pursuant to Section 4.03(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables; provided however, that (x) in lieu of redemption thereof such Term Housing Bonds may be purchased by the IRFD pursuant to Section 2.03(h) hereof, and (y) if some but not all of such Term Housing Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Housing Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the IRFD (notice of which determination shall be given by the IRFD to the Trustee).

Term Housing Bonds of 20 _____

September 1

Principal Amount

(c) Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the IRFD shall mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) to the Owners of any Housing Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Housing Bonds or the cessation of the accrual of interest thereon. Such notice shall state the

redemption date and the redemption price, shall state that such redemption is conditioned upon the timely delivery of the redemption price by the IRFD to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Housing Bonds to be redeemed, shall state the individual number of each Housing Bond to be redeemed or shall state that all Housing Bonds between two stated numbers (both inclusive) or all of the Housing Bonds Outstanding are to be redeemed, and shall require that such Housing Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Housing Bonds will not accrue from and after the redemption date.

A notice of optional redemption may be conditional, and the IRFD shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Housing Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The IRFD and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent.

Upon the payment of the redemption price of Housing Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Housing Bonds being redeemed with the proceeds of such check or other transfer.

(d) Partial Redemption of Housing Bonds. In the event only a portion of any Housing Bond is called for redemption, then upon surrender of such Housing Bond the IRFD shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the IRFD, a new Housing Bond or Housing Bonds of the same interest rate and maturity, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Housing Bond to be redeemed.

(e) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Housing Bonds so called for redemption shall have been duly deposited with the Trustee, such Housing Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(f) Manner of Redemption. Unless otherwise specified in a Supplemental Indenture, whenever any Housing Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the IRFD thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Housing Bonds, the Trustee shall assign to each Housing Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Housing Bond. The Housing Bonds to be redeemed shall be the Housing Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Housing Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. All Housing Bonds redeemed or purchased pursuant to this Section 2.03 shall be cancelled and destroyed.

(g) Purchase in Lieu of Redemption. In lieu of redemption of the Term Housing Bonds, amounts on deposit in the Housing Increment Special Account or in the Principal Account or the Redemption Account may also be used and withdrawn by the IRFD and the Trustee, respectively, at any time, upon the Written Request of the IRFD, for the purchase of the Term Housing Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the IRFD may in its discretion determine. The par amount of any Term Housing Bonds so purchased by the IRFD in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Housing Bonds required to be redeemed; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1.

Section 2.04. Form of Series 2022B Housing Bonds. The Series 2022B Housing Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit A, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05. Execution of Housing Bonds. The Housing Bonds shall be executed on behalf of the IRFD by the City's Director of the Office of Public Finance or a designee of the City's Controller, and the signature of the Clerk of the Board of Supervisors who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Housing Bond ceases to be such officer before delivery of the Housing Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Housing Bonds to the purchaser. Any Housing Bond may be signed and attested on behalf of the IRFD by such persons as at the actual date of the execution of such Housing Bond shall be the proper officers of the IRFD although on the date of such Housing Bond any such person shall not have been such officer of the IRFD.

Only such of the Housing Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate shall be conclusive evidence that such Housing Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary Housing Bonds are issued pursuant to Section 2.09 hereof, the temporary Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, may be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary Housing Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Housing Bonds authenticated and delivered hereunder.

Section 2.06. Transfer of Housing Bonds. Any Housing Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Housing Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Housing Bond shall be surrendered for transfer, the IRFD shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Housing Bond or Housing Bonds of like tenor, maturity and aggregate principal amount of authorized denominations. The Trustee shall collect from the Owner any tax or other

governmental charge on the transfer of any Housing Bonds pursuant to this Section 2.06. The cost of printing Housing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the IRFD.

The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Housing Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Housing Bonds for redemption, or (b) any Housing Bonds selected by the Trustee for redemption.

Section 2.07. Exchange of Housing Bonds. Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for Housing Bonds of the same tenor and maturity and of other authorized denominations. The Trustee shall collect any tax or other governmental charge on the exchange of any Housing Bonds pursuant to this Section 2.07. The cost of printing Housing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the IRFD.

The Trustee may refuse to exchange, under the provisions of this Section 2.07, either (a) any Housing Bonds during the fifteen (15) days prior to the date established by the Trustee for the selection of Housing Bonds for redemption or (b) any Housing Bonds selected by the Trustee for redemption.

Section 2.08. Registration of Housing Bonds. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Housing Bonds, which shall at all times during normal business hours be open to inspection and copying by the IRFD, upon reasonable prior notice to the Trustee; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books Housing Bonds as hereinbefore provided.

Section 2.09. Temporary Bonds. The Housing Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Housing Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the IRFD, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Housing Bond shall be executed by the IRFD upon the same conditions and in substantially the same manner as the definitive Housing Bonds. If the IRFD issues temporary Bonds, it will execute and furnish definitive Housing Bonds without delay, and thereupon the temporary Housing Bonds shall be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Housing Bonds an equal aggregate principal amount of definitive Housing Bonds of authorized denominations, interest rates and like maturities. Until so exchanged, the temporary Housing Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Housing Bonds authenticated and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Housing Bond shall become mutilated, the IRFD, at the expense of the Owner of such Housing Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Housing Bond of like tenor and amount in exchange and substitution for the Housing Bond so mutilated, but only upon surrender to the Trustee of the Housing Bond so mutilated. Every mutilated Housing Bond so surrendered to the Trustee shall be canceled by it. If any Housing Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if

such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the IRFD, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Housing Bond of like tenor and amount in lieu of and in substitution for the Housing Bond so lost, destroyed or stolen (or if any such Housing Bond has matured or has been called for redemption, instead of issuing a substitute Housing Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee and the IRFD). The IRFD may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Housing Bond issued under this Section 2.10 and of the expenses which may be incurred by the IRFD and the Trustee in the premises. Any Housing Bond issued under the provisions of this Section in lieu of any Housing Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the IRFD whether or not the Housing Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Housing Bonds issued pursuant to this Indenture.

Section 2.11. Book-Entry System.

(a) Original Delivery. The Housing Bonds shall be initially delivered in the form of a separate single fully registered Housing Bond without coupons (which may be typewritten) for each maturity of the Housing Bonds. Upon initial delivery, the ownership of each such Housing Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Housing Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Housing Bonds the ownership of which shall be registered in the name of the Nominee, neither the IRFD nor the Trustee shall have any responsibility or obligation to any Depository System Participant or to any person on behalf of which the Depository System Participant holds an interest in the Housing Bonds. Without limiting the generality of the immediately preceding sentence, neither the IRFD nor the Trustee shall have any responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Housing Bonds, (ii) the delivery to any Depository System Participant or any other person, other than an Owner of a Housing Bond as shown in the Registration Books, of any notice with respect to the Housing Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Housing Bonds to be redeemed in the event the IRFD elects to redeem the Housing Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than an Owner of a Housing Bond as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Housing Bonds or (v) any consent given or other action taken by the Depository as Owner of the Housing Bonds. The IRFD and the Trustee may treat and consider the person in whose name each Housing Bond is registered as the absolute owner of such Housing Bond for the purpose of payment of principal, premium and interest on such Housing Bond, for the purpose of giving notices of redemption and other matters with respect to such Housing Bond, for the purpose of registering transfers of ownership of such Housing Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Housing Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Housing Bonds to the extent of the sum or sums so paid. No person other than an Owner of a Housing Bond shall receive a Housing Bond evidencing the obligation of the IRFD to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written

notice to the effect that the Depository has determined to substitute a new nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the IRFD shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Housing Bonds for the Depository's book-entry system, the IRFD and the Trustee shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Housing Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the IRFD or the Trustee any obligation whatsoever with respect to persons having interests in the Housing Bonds other than the Owners of the Housing Bonds. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, upon written request of the Depository or the Trustee, the IRFD may take any other actions, not inconsistent with this Indenture, to qualify the Housing Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Housing Bonds, or (ii) the IRFD determines to terminate the Depository as such, then the IRFD shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the IRFD and the Trustee in the issuance of replacement Housing Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Housing Bonds, and by surrendering the Housing Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Housing Bonds are to be issued. The Depository, by accepting delivery of the Housing Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the IRFD fails to identify another Securities Depository to replace the Depository, then the Housing Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Article II. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Depository System Participants and respective ownership interests thereof.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Housing Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Housing Bond and all notices with respect to such Housing Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

Section 2.12. Applicability of Provisions to Additional Housing Bonds.

Unless otherwise provided in a Supplemental Indenture, the provisions of Sections 2.02(c) through (g) and 2.05 through 2.11 shall apply to additional Housing Bonds.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF SERIES 2022B HOUSING BONDS; ISSUANCE OF PARITY HOUSING DEBT

Section 3.01. Issuance of Series 2022B Housing Bonds. Upon the execution and delivery of this Indenture, the IRFD shall execute and deliver to the Trustee the Series 2022B Housing Bonds in the aggregate principal amount of _____ Dollars (\$[Principal Amount]), and the Trustee shall authenticate and deliver the Series 2022B Housing Bonds upon the Written Request of the IRFD.

Section 3.02. Application of Proceeds of Sale and Certain Other Amounts. On the Closing Date, the proceeds of sale of the Series 2022B Housing Bonds, (being \$_____, representing the par amount of the Series 2022B Housing Bonds, plus original issue premium of \$_____, less an underwriter's discount of \$_____), shall be paid to the Trustee and applied as follows:

(i) The Trustee shall deposit the amount of \$_____ in the 2022A Costs of Issuance Fund.

(ii) The Trustee shall deposit the amount of \$_____ in the Series 2022B Account of the Housing Project Fund.

(iii) The Trustee shall deposit \$_____, being the remaining amount of proceeds of the Series 2022B Housing Bonds, in the 2022 Housing Reserve Account.

Section 3.03. 2022A Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Series 2022B Costs of Issuance Fund", which shall be held by the Trustee in trust. The moneys in the 2022A Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the Series 2022B Housing Bonds upon submission of a Written Request of the IRFD stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six (6) months following the Closing Date with respect to the Series 2022B Housing Bonds, or upon the earlier Written Request of the IRFD, all amounts (if any) remaining in the 2022A Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Housing Project Fund. At such time, the Costs of Issuance shall be closed, provided that it may be re-opened in connection with the issuance of an additional series of Housing Bonds issued pursuant to a Supplemental Indenture.

Section 3.04. Housing Project Fund.

(a) There shall be established with respect to the IRFD a separate and segregated fund to be known as the "IRFD Housing Project Fund" (the "Housing Project Fund"), which the Trustee shall hold in trust for the benefit of the IRFD. The moneys in the Housing Project Fund shall be maintained separate and apart from other moneys of the IRFD. The moneys on deposit in the Housing Project Fund shall be used in the manner provided by the Law. The IRFD covenants that no funds on deposit in the Housing Project Fund shall be applied for any purpose not authorized by the Law.

(b) The Trustee shall disburse the amounts on deposit in the Housing Project Fund and the accounts therein upon receipt of a disbursement request of the IRFD substantially in the form attached hereto as Exhibit B. In no event shall the Trustee be responsible for the manner in which the IRFD applies the moneys disbursed to it by the Trustee in accordance with any such disbursement request. Such requisition shall be executed by the Treasurer of the IRFD or her or his designee.

(c) Within the Housing Project Fund there shall be established as a separate account therein an account designated the "2022A Project Account". The IRFD may direct the Trustee to establish additional accounts within the Housing Project Fund pursuant to a Supplemental Indenture.

Section 3.05. Issuance of Parity Housing Debt. In addition to the Series 2022B Housing Bonds, the IRFD may issue Parity Housing Debt to finance and/or refinance activities that are permitted to be financed and/or refinanced by the IRFD with Net Available Housing Increment in such principal amount as shall be determined by the IRFD. The IRFD may issue and deliver any such Parity Housing Debt subject to the following specific conditions all of which are hereby made conditions precedent to the issuance and delivery of such Parity Housing Debt:

(a) Except as provided in subsection (h) below, no event of default hereunder, under any Parity Housing Debt Instrument or under any Subordinate Housing Debt Instrument shall have occurred and be continuing, unless the event of default shall be cured by the issuance of the Parity Housing Debt, and the IRFD shall otherwise be in compliance with all covenants set forth in this Indenture.

(b) (i) Except as provided in subsection (h) below, the Pledged Housing Increment, based on the most recent taxable valuation of property in the IRFD as evidenced by the records of the IRFD, plus at the option of the IRFD the amount of any Additional Revenues, shall be at least equal to [one hundred twenty five percent (125%)] of Annual Debt Service payable from Pledged Housing Increment in each of the years that the proposed Parity Housing Debt will be outstanding, including within such Annual Debt Service, the amount of Annual Debt Service on the Parity Housing Debt then proposed to be issued or incurred.

(ii) The Net Available Housing Increment, based on the most recent taxable valuation of property in the IRFD as evidenced by the records of the IRFD, plus at the option of the IRFD the amount of any Additional Revenues that are Net Available Housing Increment, shall be at least equal to [one hundred percent (100%)] of Annual Debt Service payable from Pledged Housing Increment in each of the years that the proposed Parity Housing Debt will be outstanding, including within such Annual Debt Service, the amount of Annual Debt Service on the Parity Housing Debt then proposed to be issued or incurred.

(c) In the case of Parity Housing Debt issued as additional Housing Bonds under this Indenture, the Supplemental Indenture providing for the issuance of such Housing Bonds shall provide for (i) a deposit to the 2022 Housing Reserve Account in an amount necessary such that the amount deposited therein shall equal the 2022 Housing Reserve Requirement following issuance of the additional Housing Bonds, or (ii) a deposit to a reserve account for such additional Housing Bonds (and such other series of Housing Bonds identified by the IRFD) in an amount defined in such Supplemental

Indenture, as long as such Supplemental Indenture expressly declares that the Owners of such additional Housing Bonds will have no interest in or claim to the 2022 Housing Reserve Account and that the Owners of the Housing Bonds covered by the 2022 Housing Reserve Account will have no interest in or claim to such other reserve account or (iii) no deposit to either the 2022 Housing Reserve Account or another reserve account as long as such Supplemental Indenture expressly declares that the Owners of such additional Housing Bonds will have no interest in or claim to the 2022 Housing Reserve Account or any other reserve account. The Supplemental Indenture may provide that the IRFD may satisfy the 2022 Housing Reserve Requirement for a series of Parity Housing Debt issued as additional Housing Bonds under this Indenture by the deposit into the reserve account established pursuant to such Supplemental Indenture of an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company as described in the Supplemental Indenture.

Nothing in this Indenture establishes a requirement for the IRFD to establish a debt service reserve account for Parity Housing Debt that is not issued as additional Housing Bonds under this Indenture.

(d) Principal with respect to such Parity Housing Debt will be required to be paid on September 1 in any year in which such principal is payable.

(e) The aggregate principal amount of bonds and other debt (as defined in the Law and the Infrastructure Financing Plan) that will have been issued by the IRFD following the issuance of such Parity Housing Debt shall not exceed the maximum amount of bonds and other debt permitted to be issued by the IRFD. Pursuant to the Original Resolution of Issuance, the following Parity Housing Debt shall not account against the aggregate principal amount of bonds and other debt permitted to be issued by the IRFD: (i) any bonds or other debt issued or incurred for the sole purpose of refunding the Housing Bonds, funding a reserve fund for such refunding bonds and paying related costs of issuance and (ii) any bonds or other debt issued or incurred for the sole purpose of refunding such refunding bonds, funding a reserve fund and paying related costs of issuance.

(f) The aggregate amount of the principal of and interest on all bonds, loans, advances or indebtedness payable from Net Available Housing Increment, Net Available Facilities Increment and Conditional City Increment coming due and payable following the issuance of such Parity Housing Debt shall not exceed the maximum amount of Net Available Housing Increment, Net Available Facilities Increment and Conditional City Increment permitted under the Plan Limit to be allocated and paid to the IRFD following the issuance of such Parity Housing Debt.

(g) Except as provided in subsection (h), the IRFD shall deliver to the Trustee a Written Certificate of the IRFD certifying that the conditions precedent to the issuance of such Parity Housing Debt set forth in subsections (a) through (f) above have been satisfied.

(h) The conditions set forth in subsections (a) and (b)(i) of this Section shall not apply to the issuance or incurrence of any Parity Housing Debt the net proceeds of which will be used solely to refund all or any portion of the Series 2022B Housing Bonds or any other outstanding Parity Housing Debt, provided that debt service payable in each

year with respect to the proposed Parity Housing Debt is less than the debt service otherwise payable in each year with respect to the Series 2022B Housing Bonds or Parity Housing Debt, or portion thereof, proposed to be refunded.

Section 3.06. Issuance of Subordinate Housing Debt. The IRFD may issue or incur Subordinate Housing Debt in such principal amount as shall be determined by the IRFD. The IRFD may issue or incur such Subordinate Housing Debt secured by a pledge of Pledged Housing Increment subject to the following specific conditions precedent:

The issuance of such Subordinate Housing Debt shall comply with the conditions set forth in Section 3.05 (e) and (f).

(b) The Subordinate Housing Debt shall be payable from Housing Increment and secured by a pledge of Housing Increment on a subordinate basis to the IRFD's pledge of Housing Increment as security for its obligation to repay the City from Housing Increment for any Pledged Conditional City Increment used to pay debt service on obligations of the IRFD, as set forth in the Infrastructure Financing Plan.

(c) The IRFD shall deliver to the Trustee a Written Certificate of the IRFD certifying that the conditions precedent to the issuance of such Subordinate Housing Debt set forth in the preceding subsections have been satisfied.

(d) As of the date of this Indenture, the IRFD has previously incurred a Subordinate Housing Debt under a Subordinate Pledge Agreement, dated May 29, 2015, by the City on behalf of the IRFD for the benefit of the United States of America. The pledge of Housing Increment under the Subordinate Pledge Agreement is subordinate to the pledge of Housing Increment to Bonds and Parity Debt and to the IRFD's obligation to repay the City from Housing Increment as set forth in the preceding subsection (b).

Section 3.07. Validity of Housing Bonds. The validity of the authorization and issuance of the Housing Bonds shall not be dependent upon the completion of the uses to which the proceeds of the Housing Bonds are put or upon the performance by any person of his obligation with respect to the IRFD.

ARTICLE IV

SECURITY OF HOUSING BONDS; FLOW OF FUNDS

Section 4.01. Security of Housing Bonds; Equal Security. Except as provided in Section 6.06, the Series 2022B Housing Bonds and any Parity Housing Debt shall be equally secured by a pledge of, security interest in and lien on all of the Net Available Housing Increment (including the Net Available Housing Increment in the Housing Increment Special Account) and the Conditional City Housing Increment (including the Conditional City Housing Increment in the Conditional City Housing Increment Special Account).

The Series 2022B Housing Bonds and any additional Housing Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Housing Debt Service Fund, the Interest Account, the Principal Account and the Redemption Account without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery.

The Series 2022B Housing Bonds and all 2022 Related Housing Bonds shall be equally secured by a pledge of, security interest in and lien on all of the moneys in the 2022 Housing Reserve Account (except as otherwise provided herein) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery.

Except for the Pledged Housing Increment and such moneys specified above, no funds or properties of the IRFD (including but not limited to the Net Available Facilities Increment and Conditional City Facilities Increment deposited into the Conditional City Facilities Increment Special Account) shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Housing Bonds.

In consideration of the acceptance of the Housing Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the IRFD and the Owners from time to time of the Housing Bonds, and the covenants and agreements herein set forth to be performed on behalf of the IRFD shall be for the equal and proportionate benefit, security and protection of all Owners of the Housing Bonds without preference, priority or distinction as to security or otherwise of any of the Housing Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 4.02. Special Funds and Accounts; Deposit of Net Available Housing Increment and Conditional City Housing Increment.

(a) Net Available Increment Special Fund; Net Available Facilities Increment Special Account; Net Available Housing Increment Special Account. The IRFD shall establish a fund to be held by or on behalf of the IRFD as a separate restricted account, to be known as the "Net Available Increment Special Fund." The IRFD shall establish the following accounts within the Net Available Increment Special Fund to be held by or on behalf of the IRFD as separate restricted accounts: the "Net Available Facilities Increment Special Account" and the "Net Available Housing Increment Special Account."

Amounts on deposit in the Net Available Facilities Increment Special Account shall be transferred and applied as provided in a bond indenture or other agreement providing for the

pledge or use of the Net Available Facilities Increment in accordance with the Infrastructure Financing Plan.

(b) Deposits into the Net Available Increment Special Fund, the Net Available Facilities Increment Special Account and the Net Available Housing Increment Special Account. Promptly upon receipt thereof, if the amounts required to be paid to the City and County of San Francisco pursuant to Section 53369.31 of the Law were not deducted prior to allocation to the IRFD, the IRFD shall set such amounts aside for payment pursuant to Section 53369.31.

Thereafter, or if the amounts required to be paid to the City and County of San Francisco pursuant to Section 53369.31 of the Law were deducted prior to payment of the Net Available Increment to the IRFD, the IRFD shall deposit 17.5% of the Net Available Increment received in any Bond Year in the Net Available Housing Increment Special Account (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel) and 82.5% of such Net Available Increment in the Net Available Facilities Increment Special Account (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel). The IRFD may establish separate accounts within the Net Available Increment Special Fund, and separate sub-accounts within the Net Available Housing Increment Special Account and the Net Available Facilities Increment Special Account in its discretion.

Amounts deposited to and held by the IRFD in the Net Available Increment Special Fund and the accounts therein shall be at all times separately accounted for by the IRFD from all other funds or accounts, and the Net Available Housing Increment shall be used and applied solely as set forth in this Indenture.

The Net Available Housing Increment received in any Bond Year and deposited into the Net Available Housing Increment Special Account shall be subject to the pledge, security interest and lien set forth in Section 4.01 until such time during such Housing Bond Year as the amounts on deposit in the Net Available Housing Increment Special Account equal the aggregate amounts required to be transferred in such Bond Year (i) for deposit into the Interest Account, the Principal Account, the 2022 Housing Reserve Account, any other reserve account held by the Trustee for Bonds that are not 2022 Related Housing Bonds and the Redemption Account in such Bond Year pursuant to Section 4.03 hereof and, if applicable, (ii) with respect to any Parity Housing Debt other than Bonds pursuant to the applicable Parity Housing Debt Instrument.

All Net Available Housing Increment received by the IRFD during any Bond Year in excess of the amount required to be deposited in the Net Available Housing Increment Special Account during such Bond Year pursuant to the preceding paragraph of this Section shall be released from the pledge, security interest and lien hereunder for the security of the Housing Bonds and any additional Parity Housing Debt and may be applied by the IRFD for any lawful purpose of the IRFD, including but not limited to the repayment of the City for use of Conditional City Housing Increment to pay debt service on the Housing Bonds or any Parity Housing Debt, payment of Subordinate Housing Debt, payment of administrative expenses of the IRFD, or the payment of any amounts due and owing to the United States of America pursuant to Section 5.12.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Housing Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indenture or Parity Housing Debt Instrument, the IRFD shall not have

any beneficial right or interest in the moneys on deposit in the Net Available Housing Increment Special Account, except as may be provided in this Indenture and in any Supplemental Indenture or Parity Housing Debt Instrument.

(c) Conditional City Increment Special Fund; Conditional City Housing Increment Special Account; Conditional City Facilities Increment Special Account. The IRFD shall establish a fund to be held by or on behalf of the IRFD as a separate restricted account, to be known as the “Conditional City Increment Special Fund.” The IRFD shall establish the following accounts within the Conditional City Increment Special Fund to be held by or on behalf of the IRFD as separate restricted accounts: the “Conditional City Housing Increment Special Account” and the “Conditional City Facilities Increment Special Account.”

Amounts on deposit in the Conditional City Facilities Increment Special Account shall be transferred and applied as provided in a bond indenture or other agreement providing for the pledge or use of the Conditional City Facilities Increment in accordance with the Infrastructure Financing Plan.

(d) Deposits into the Conditional City Increment Special Fund, Conditional City Housing Increment Special Account and the Conditional City Facilities Increment Special Account. Promptly upon receipt thereof, if the amounts required to be paid to the City and County of San Francisco pursuant to Section 53369.31 of the Law were not deducted prior to allocation to the IRFD, the IRFD shall set such amounts aside for payment pursuant to Section 53369.31.

Thereafter, or if the amounts required to be paid to the City and County of San Francisco pursuant to Section 53369.31 of the Law were deducted prior to payment of the Conditional City Increment to the IRFD, the IRFD shall deposit 17.5% of the Conditional City Increment received in any Bond Year in the Conditional City Housing Increment Special Account (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel) and 82.5% of such Conditional City Increment in the Conditional City Facilities Increment Special Account (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel). The IRFD may establish separate accounts within the Conditional City Increment Special Fund, and separate sub-accounts within the Conditional City Housing Increment Special Account and the Conditional City Facilities Increment Special Account in its discretion.

Amounts deposited to and held by the IRFD in the Conditional City Increment Special Fund and the accounts therein shall be at all times separately accounted for by the IRFD from all other funds or accounts, and the Conditional City Housing Increment shall be used and applied solely as set forth in this Indenture.

The Conditional City Housing Increment received in any Bond Year and deposited into the Conditional City Housing Increment Special Account shall be subject to the pledge, security interest and lien set forth in Section 4.01 until such time during such Bond Year as the amount of Net Available Housing Increment on deposit in the Net Available Housing Increment Special Account is equal to the aggregate amounts required to be transferred in such Bond Year (i) for deposit into the Interest Account, the Principal Account, and the Redemption Account in such Bond Year pursuant to Section 4.03 hereof and, if applicable, (ii) with respect to any Parity Housing Debt other than additional Housing Bonds pursuant to the applicable Parity Housing Debt Instrument.

Once the condition set forth in the prior paragraph has been satisfied, all Conditional City Housing Increment shall be released from the pledge, security interest and lien hereunder for the security of the Housing Bonds and any additional Parity Housing Debt and shall be transferred to the City.

If the condition set forth in the second preceding paragraph is not satisfied in a Bond Year, any remaining Conditional City Housing Increment in the Conditional City Housing Increment Special Account shall be released from the pledge, security interest and lien hereunder for the security of the Housing Bonds and any additional Parity Housing Debt and shall be transferred to the City following payment of the principal or redemption price of and interest on the Housing Bonds due during such Bond Year and the payment of any amounts due during such Bond Year on any Parity Housing Debt.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Housing Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indenture or Parity Housing Debt Instrument, the IRFD shall not have any beneficial right or interest in the moneys on deposit in the Conditional City Housing Increment Special Account, except as may be provided in this Indenture and in any Supplemental Indenture or Parity Housing Debt Instrument.

Section 4.03. Deposit of Amounts by Trustee. There is hereby established a trust fund to be known as the Housing Debt Service Fund, which shall be held by the Trustee hereunder in trust. Moneys in the Net Available Housing Increment Special Account and the Conditional City Housing Increment Special Account, in that order and as provided in this 4.03, with moneys in the Net Available Housing Increment Special Account being exhausted before moneys in the Conditional City Housing Increment Special Account are used, shall be transferred by the IRFD to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Housing Debt Service Fund, and in the following order of priority (provided that, if on the fifth (5th) Business Day prior to the date the IRFD is required to transfer amounts on deposit in the Net Available Housing Increment Special Account and the Conditional City Housing Increment Special Account to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Parity Housing Debt other than Bonds, the IRFD shall immediately notify the Trustee of the amount of any such insufficiency):

(a) Interest Account. On or before the third (3rd) Business Day preceding each Interest Payment Date, the IRFD shall withdraw from the Net Available Housing Increment Special Account and the Conditional City Housing Increment Special Account, in that order, and transfer to the Trustee, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Housing Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Housing Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Housing Bonds as it shall become due and payable (including accrued interest on any Housing Bonds redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the third (3rd) Business Day preceding September 1 in each year beginning September 1, 200_, the IRFD shall withdraw from the Net Available Housing Increment Special Account and the Conditional City Housing Increment Special Account, in that order, and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Housing Bonds and Outstanding Term Housing Bonds, including pursuant to mandatory sinking account redemption, on the next September 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next September 1 on all of the Outstanding Serial Housing Bonds and Term Housing Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Housing Bonds and the Term Housing Bonds, including by mandatory sinking account redemption, as the same shall become due and payable.

(c) Debt Service Reserve Accounts. In the event that (i) the amount on deposit in the 2022 Housing Reserve Account at any time becomes less than the 2022 Housing Reserve Requirement or (ii) the amount in any other reserve account that is held by the Trustee for Bonds that are not 2002 Related Bonds becomes less than its required amount, the Trustee shall promptly notify the IRFD of such fact. Promptly upon receipt of any such notice, the IRFD shall, without preference or priority and on a pro rata basis based on the outstanding principal amount of any Housing Bonds or other Parity Housing Debt, (i) transfer to the Trustee an amount of Net Available Housing Increment sufficient for the amount on deposit in the 2022 Housing Reserve Account to equal the 2022 Housing Reserve Requirement, (ii) transfer to the Trustee an amount of Net Available Housing Increment sufficient for the amount on deposit in such other reserve account held by the Trustee to equal its required amount and (iii) transfer as necessary to increase the amount in a debt service reserve account for any Parity Housing Debt that is not held by the Trustee to its required amount. If there shall then not be sufficient Net Available Housing Increment to make the transfers described in the preceding sentence, the IRFD shall be obligated to continue making transfers as Net Available Housing Increment becomes available in the Net Available Housing Increment Special Account until there is an amount sufficient to make the required transfers.

Moneys in the 2022A Reserve Account shall be governed by Section 4.04.

(d) Redemption Account. On or before the Business Day preceding any date on which the Series 2022B Housing Bonds are to be optionally redeemed pursuant to Section 2.03(a) or other series of Housing Bonds are to be optionally redeemed pursuant to a Supplemental Indenture, the Trustee shall withdraw from the Housing Debt Service Fund any amount transferred by the IRFD pursuant to Section 2.03(a) for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Series 2022B Housing Bonds and on other Bonds to be optionally redeemed on such date pursuant to Section 2.03(a) or a similar provision of a Supplemental Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 2022B Housing Bonds and on such other Bonds to be optionally redeemed pursuant to Section 2.03(a) or a similar provision of a Supplemental Indenture on the date set for such optional redemption. Interest due on the Series 2022B Housing Bonds or such other Bonds to be optionally redeemed on the date set for optional redemption shall, if applicable, be paid from funds available therefor in the

Interest Account. Notwithstanding the foregoing, at any time prior to giving notice of optional redemption of any such Series 2022B Housing Bonds or such other Bonds, the Trustee may, at the direction of the IRFD, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of the Series 2022B Housing Bonds or such other Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on such Series 2022B Housing Bonds or such other Bonds, which is payable from the Interest Account) shall be directed by the IRFD.

Section 4.04. 2022A Reserve Account.

(a) Use of 2022 Housing Reserve Account. All money in the 2022 Housing Reserve Account shall be used and withdrawn by the Trustee for the purpose of (i) making transfers to the Interest Account and the Principal Account in such order of priority to pay principal of and interest on the Series 2022B Housing Bonds and any 2022 Related Housing Bonds, in the event of any deficiency at any time in any of such accounts and (ii) to the extent that such amounts are not required to make a payment to the federal government to comply with Section 5.12, for the retirement of all the Series 2022B Housing Bonds and any 2022 Related Housing Bonds then Outstanding.

So long as the IRFD is not in default hereunder, any amount in the 2022 Housing Reserve Account in excess of the 2022 Housing Reserve Requirement shall be withdrawn by the Trustee from the 2022 Housing Reserve Account semiannually on or before the fifth (5th) Business Days preceding each March 1 and September 1 and deposited in the Interest Account to pay interest on the Series 2022B Housing Bonds and any 2022 Related Housing Bonds.

All amounts in the 2022 Housing Reserve Account on the Business Day preceding the final Interest Payment Date for the Series 2022B Housing Bonds and any 2022 Related Housing Bonds shall be withdrawn from the 2022 Housing Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.04 or, (ii) if the IRFD shall have caused to be transferred to the Trustee an amount of Net Available Housing Increment or other funds sufficient to make the deposits required by this Section 4.04, then, at the Written Request of the IRFD, to the related account(s) in the Housing Project Fund.

Amounts in the 2022 Housing Reserve Account in excess of the 2022 Housing Reserve Requirement shall be withdrawn for purposes of making payment to the federal government to comply with Section 5.12, upon receipt by the Trustee of a Written Request of the IRFD specifying the amount to be withdrawn and to the effect that such amount is needed for rebate purposes; *provided, however*, that no amounts in the 2022 Housing Reserve Account shall be used for rebate unless the amount in the 2022 Housing Reserve Account following such withdrawal equals the 2022 Housing Reserve Requirement.

(b) Investment. Moneys in the 2022 Housing Reserve Account shall be invested by the Trustee under Section 6.07.

(c) Qualified Reserve Account Credit Instruments. The IRFD shall have the right at any time to direct the Trustee to release funds from the 2022 Housing Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series 2022B Housing Bonds or any 2022 Related Housing Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the IRFD to the Trustee of a written calculation of the amount permitted to be released from the 2022 Housing Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the 2022 Housing Reserve Account to the related account(s) in the Housing Project Fund to be used for the purposes thereof. Upon the scheduled expiration of any Qualified Reserve Account Credit Instrument, the IRFD shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the 2022 Housing Reserve Requirement, which deposit shall be derived from the first Net Available Housing Increment that is available for that Bond Year or, if necessary any succeeding Bond Years, but only after the IRFD has transferred or provided for the transfer of amounts (A) to be deposited into the Interest Account, the Principal Account, any debt service reserve account for Bonds that are not 2022 Related Housing Bonds and the Redemption Account in such Bond Year and (B) required in such Bond Year under a Parity Housing Debt Instrument with respect to any Parity Housing Debt other than Housing Bonds.

If the Qualified Reserve Account Credit Instrument is in the form of a letter of credit and the IRFD has not renewed or replaced such letter of credit two weeks prior to its expiration or termination, the Trustee shall draw on such letter of credit in full and deposit the proceeds of such draw in the 2022 Housing Reserve Account.

If the 2022 Housing Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Housing Debt Service Fund with respect to the Series 2022B Housing Bonds and any 2022 Related Housing Bonds. If the 2022 Housing Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Housing Debt Service Fund with respect to the Series 2022B Housing Bonds and any 2022 Related Housing Bonds shall be pro rata with respect to each such instrument.

In the event that a Qualified Reserve Account Credit Instrument is available to be drawn upon for only one or more particular series of Housing Bonds covered by the 2022 Housing Reserve Account, a separate subaccount in the 2022 Housing Reserve Account may be established for such series, and the calculation of the 2022 Housing Reserve Requirement with respect to the other

Bonds covered by the 2022 Housing Reserve Account shall exclude the debt service on such series of Housing Bonds.

The IRFD will have no obligation to replace a Qualified Reserve Account Credit Instrument or to fund the 2022 Housing Reserve Account with cash if, at any time that the Series 2022B Housing Bonds or any 2022 Related Housing Bonds are Outstanding, the Qualified Reserve Account Credit Instrument (or its provider) is downgraded or the provider becomes insolvent, if there is an unscheduled termination of the Qualified Reserve Account Credit Instrument or if for any reason insufficient amounts are available to be drawn upon under the Qualified Reserve Account Credit Instrument; provided, however, that the IRFD shall reimburse the provider, in accordance with the terms of the Qualified Reserve Account Credit Instrument, for any draws made thereon.

The IRFD and the Trustee shall comply with the terms of the Qualified Reserve Account Credit Instrument as shall be required to receive payments thereunder in the event and to the extent required under this Section.

ARTICLE V

OTHER COVENANTS OF THE IRFD

Section 5.01. Punctual Payment. The IRFD shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Housing Bonds together with the premium thereon, if any, in strict conformity with the terms of the Housing Bonds and of this Indenture. The IRFD shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture, all Supplemental Indentures and the Housing Bonds. Nothing herein contained shall prevent the IRFD from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

Section 5.02. Limitation on Additional Indebtedness; Against Encumbrances. The IRFD hereby covenants that, so long as the Housing Bonds are Outstanding, the IRFD shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Housing Increment, excepting only (i) the Series 2022B Housing Bonds, (ii) any Parity Housing Debt and (iii) any Subordinate Housing Debt. The IRFD will not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Housing Increment or other amounts pledged to the Housing Bonds superior or equal to the pledge and lien herein created for the benefit of the Housing Bonds.

Section 5.03. Extension of Payment. The IRFD will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Housing Bond or claim for interest on any of the Housing Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Housing Bonds or claims for interest in any other manner. In case the maturity of any any Housing Bond or claim for interest shall be extended or funded, whether or not with the consent of the IRFD, any Housing Bond or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Housing Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.04. Payment of Claims. The IRFD shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the IRFD or upon the Pledged Housing Increment or other amounts pledged to the payment of the Housing Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Housing Bonds. Nothing herein contained shall require the IRFD to make any such payment so long as the IRFD in good faith shall contest the validity of said claims.

Section 5.05. Books and Accounts; Financial Statements. The IRFD shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the IRFD and the City and County of San Francisco, in which complete and correct entries shall be made of all transactions relating to the IRFD, the Project Areas, the Net Available Housing Increment, the Conditional City Housing Increment, the Housing Project Fund, the Net Available Housing Increment Special Account and the Conditional City Housing Increment Special Account. Such books of record and accounts shall at all times during business hours be subject to the Owners of not less than ten percent (10%) in aggregate principal amount of the Housing Bonds then Outstanding, or their representatives authorized in writing.

Section 5.06. Protection of Security and Rights of Owners. The IRFD will preserve and protect the security of the Housing Bonds and the rights of the Owners. From and after the Closing Date with respect to the Series 2022B Housing Bonds, the Housing Bonds shall be incontestable by the IRFD.

Section 5.07. Maintenance of Pledged Housing Increment.

(a) The IRFD shall comply with all requirements of the Law to insure the allocation and payment to it of the Pledged Housing Increment. The IRFD shall not undertake proceedings for amendment of the Infrastructure Financing Plan if such amendments will adversely impair the IRFD's ability to pay debt service on the Housing Bonds or, in and of itself, cause the amount of Pledged Housing Increment available to the IRFD for application hereunder in any succeeding Fiscal Year to fall below _____% of Maximum Annual Debt Service.

(b) The IRFD shall use the proceeds of the Housing Bonds so as to ensure that the Pledged Housing Increment may be used under the Law for the purposes set forth herein. The covenant set forth in the first sentence of this subsection (b) is of a special and unique kind and character, and there would not be an adequate remedy at law for a breach of such covenant. Therefore, the IRFD agrees that the covenant may be enforced by an action for specific performance and such other equitable relief as is provided by the laws of the State of California. In pursuing specific performance of such covenant, the party seeking to enforce such covenant shall be entitled to petition the court for injunctive relief, including, but not limited to, an order of the court restraining any use of the proceeds of the Housing Bonds that is inconsistent with such covenant.

Section 5.08. Compliance with the Law. The IRFD shall ensure that all activities undertaken by the IRFD are undertaken and accomplished in conformity with all applicable requirements of the Infrastructure Financing Plan and the Law.

Section 5.09. Plan Limit.

(a) The IRFD shall manage its fiscal affairs in a manner which ensures that it will have sufficient Pledged Housing Increment available under the Plan Limit in the amounts and at the times required to enable the IRFD to pay the principal of and interest and premium (if any) on the Outstanding Housing Bonds and any outstanding Parity Housing Debt when due.

(b) The IRFD shall annually review the total amount of Net Available Increment available to be allocated to the IRFD under the Plan Limits, as well as future cumulative annual payments on (i) the Housing Bonds, (ii) any Parity Housing Debt, (iii) any Subordinate Housing Debt, (iv) any obligation to repay the City for any Conditional City Increment used to pay debt service on obligations of the IRFD and (v) any bonds or debt payable from Net Available Facilities Increment.

In furtherance of the covenant in the preceding paragraph, if the IRFD ever determines that during the next succeeding Bond Year, the total amount of Net Available Increment available to be allocated to the IRFD under the Plan Limits is expected to equal at least 80% of the Plan Limit, then the IRFD shall either (i) adopt a plan approved by an Independent Economic Consultant that demonstrates the IRFD's continuing ability to pay debt service on the Housing Bonds and any Parity Housing Debt, or (ii) claim all Net Available Housing Increment not needed to pay current or any past due debt service on Bonds or any Parity Housing Debt for

so long as the 80% threshold set forth above is met and deposit such amounts, when received, into a Trustee-held escrow account (the "Escrow Account") and invested in Defeasance Obligations. Moneys in the Escrow Account must be used only to pay debt service on the Housing Bonds and any Parity Housing Debt, or to redeem Housing Bonds and any Parity Housing Debt that does not constitute Housing Bonds.

Section 5.10. Continuing Disclosure. The IRFD hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the IRFD to comply with the Continuing Disclosure Certificate shall not be an Event of Default hereunder. However, any Participating Underwriter or any holder or beneficial owner of the Housing Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the IRFD to comply with its obligations under this Section.

Section 5.11. Further Assurances. The IRFD will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Housing Bonds the rights and benefits provided in this Indenture.

Section 5.12. Federal Tax Law Covenants.

(a) Federal Guarantee Prohibition. The IRFD will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Series 2022B Housing Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(b) Rebate Requirement. The IRFD will take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2022B Housing Bonds.

(c) No Arbitrage. The IRFD will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2022B Housing Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Series 2022B Housing Bonds would have caused the Series 2022B Housing Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(d) Maintenance of Tax-Exemption. The IRFD will take all actions necessary to assure the exclusion of interest on the Series 2022B Housing Bonds from the gross income of the Owners of the Series 2022B Housing Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Series 2022B Housing Bonds.

(e) Record Retention. The IRFD will retain its records of all accounting and monitoring it carries out with respect to the Series 2022B Housing Bonds for at least 3 years after the Series 2022B Housing Bonds mature or are redeemed (whichever is earlier); however, if the Series 2022B Housing Bonds are redeemed and refunded, the IRFD will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Series 2022B Housing Bonds.

(f) Compliance with Tax Certificate. The IRFD will comply with the provisions of the Certificate as to Arbitrage and the Certificate Regarding Use of Proceeds with respect to the Series 2022B Housing Bonds. The covenants of this Section will survive payment in full or defeasance of the Housing Bonds.

(g) Costs of Issuance Limitation. The Corporation covenants that no portion of the proceeds of the Series 2022B Housing Bonds will be used for costs of issuance of the Series 2022B Housing Bonds in excess of an amount equal to 2% of the proceeds of the Series 2022B Housing Bonds, within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the Original Purchaser are retained as a discount on the purchase of the Series 2022B Housing Bonds, such retention shall be deemed to be an expenditure of proceeds of the Series 2022B Housing Bonds for said fees.

ARTICLE VI

THE TRUSTEE

Section 6.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants, duties or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The IRFD may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Housing Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the IRFD has knowledge that the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the IRFD to the Trustee, whereupon the IRFD shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the IRFD and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the IRFD shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction at the expense of the IRFD for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing, acknowledging and delivering to the IRFD and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the IRFD or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of

conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the IRFD shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the IRFD shall cause either the predecessor Trustee or the successor Trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Housing Bonds and to the Owners at their respective addresses shown on the Registration Books.

(e) If an Event of Default hereunder occurs with respect to any Housing Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.03(e) hereof, then the Trustee shall immediately give written notice thereof, by first-class mail to the Owner of each any Housing Bond, unless such Event of Default shall have been cured before the giving of such notice.

(f) The IRFD agrees that, so long as any Housing Bonds or any Parity Housing Debt are Outstanding, the Trustee shall be a financial institution having a trust office in the State, having (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such financial institution publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such financial institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (f), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 6.02. Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03. Liability of Trustee.

(a) The recitals of facts herein and in the Housing Bonds contained shall be taken as statements of the IRFD, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the security for the Housing Bonds or the tax status of interest thereon nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Housing Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees may become the Owner of any Housing Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Housing Bonds then Outstanding.

(b) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Housing Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(c) The Trustee shall not be liable for any action taken by it and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. Where the Trustee is given the permissive right to do things enumerated in this Indenture, such right shall not be construed as a mandatory duty.

(d) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer shall have actual knowledge thereof, or shall have received written notice thereof from the IRFD at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no Event of Default has occurred and is continuing under this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Housing Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee may rely conclusively on the IRFD's certificates to establish the IRFD's compliance with its financial covenants hereunder, including, without limitation, its covenants set forth in Section 4.02 and the application of moneys on deposit in the funds and accounts established pursuant to Section 4.02 (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(e) The Trustee shall have no liability or obligation to the Bond Owners with respect to the payment of debt service on the Housing Bonds by the IRFD or with

respect to the observance or performance by the IRFD of the other conditions, covenants and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the IRFD pursuant to this Indenture or otherwise.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and the Trustee shall not be responsible for any intentional misconduct or negligence on the part of any agent, attorney or receiver appointed with due care by it hereunder.

(h) The Trustee shall have no responsibility, opinion, or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Housing Bonds.

(i) Before taking any action under Article VIII or this Article at the request of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

Section 6.04. Right to Rely on Documents and Opinions. The Trustee shall have no liability in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, facsimile transmission, electronic mail, or other paper or document reasonably believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. The Trustee may consult with counsel, including, without limitation, counsel of or to the IRFD, with regard to legal questions, and, in the absence of negligence or intentional misconduct by the Trustee, the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of an Owner of a Housing Bond unless and until any Housing Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the IRFD, which shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant or Independent Economic Consultant appointed by the IRFD.

Section 6.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of and copying by the IRFD and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

Section 6.06. Compensation and Indemnification. The IRFD shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture in accordance with the letter proposal from the Trustee approved by the IRFD and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a lien on the Net Available Housing Increment Special Account and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

The IRFD further covenants and agrees to indemnify, defend and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities which it may incur to the extent arising out of or in connection with the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the IRFD and the rights of the Trustee under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Housing Bonds and discharge of this Indenture.

Section 6.07. Deposit and Investment of Moneys in Funds. Moneys in the Housing Project Fund (including any accounts therein), the Housing Debt Service Fund, the Interest Account, the Principal Account, the 2022 Housing Reserve Account, any reserve account held by the Trustee for Bonds that are not 2022 Related Housing Bonds, the Redemption Account, the capitalized interest account for any Housing Bonds and the 2022A Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the IRFD in the Written Request of the IRFD filed with the Trustee, except that moneys in the 2022 Housing Reserve Account and, except as provided in a Supplemental Indenture, any reserve account held by the Trustee for Bonds that are not 2022 Related Housing Bonds, shall not be invested in Permitted Investments having a maturity of more than five (5) years, unless any such Permitted Investment is described in clause (h) of the definition thereof. In the absence of any such Written Request of the IRFD, the Trustee shall invest any such moneys in Permitted Investments described in clause (f) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder.

The Trustee shall be entitled to rely conclusively upon the written instructions of the IRFD directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the above list which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Trustee shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the IRFD's expense.

Moneys in the Net Available Housing Increment Special Account and the Conditional City Housing Increment Special Account may be invested by the IRFD in any obligations in which the IRFD is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account; *provided, however,* that (i) all interest or gain from the investment of amounts in the 2022 Housing Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent not required to cause the balance in the 2022 Housing Reserve Account to equal the 2022 Housing Reserve Requirement and (ii) all interest or gain from the investment of amounts in any other debt service reserve account held by the Trustee for Bonds that are not 2022 Related Housing Bonds shall be deposited by the Trustee in the Interest Account only to the extent not required to cause the balance in the 2022 Housing Reserve Account to equal the 2022 Housing Reserve Requirement or the balance in such other reserve account to equal its required amount. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the IRFD or otherwise made in accordance with this Section. For investment purposes only, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

The IRFD acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the IRFD the right to receive brokerage confirmations of security transactions as they occur, the IRFD specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the IRFD monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the IRFD for earnings derived from funds that have been invested.

The IRFD covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Housing Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued by the IRFD at their present value (within the meaning of section 148 of the Code). Investments on deposit in the 2022 Housing Reserve Account and the reserve account held by the Trustee for Bonds that are not 2022 Related Housing Bonds shall be valued on June 30 of each year at their market value.

Section 6.08. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Housing Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the IRFD upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to

the IRFD, on a monthly basis, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Housing Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01. Amendment With and Without Consent of Owners. This Indenture and the rights and obligations of the IRFD and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption without the consent of any Owners, to the extent permitted by law, but only for any one or more of the following purposes -

(a) to add to the covenants and agreements of the IRFD in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the IRFD; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the IRFD may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the IRFD, materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Housing Debt in accordance with Section 3.05; or

(d) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Housing Bonds the interest on which is intended to be excluded from gross income for federal income tax purposes, in the opinion of Bond Counsel; or

(e) to comply with the requirements of a provider of a Qualified Reserve Account Credit Instrument for the 2022 Housing Reserve Account or a similar provider for any other debt service reserve account held by the Trustee for Bonds that are not 2022 Related Housing Bonds.

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the IRFD and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Housing Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Housing Bond or otherwise alter or impair the obligation of the IRFD to pay the principal, interest, or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Housing Bond without the express written consent of the Owner of any Housing Bond, or (b) reduce the percentage of Housing Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent.

For the avoidance of doubt, the owners of a series of Housing Bonds shall be deemed to have consented to the provisions of a Supplemental Indenture if notice of the provisions is given

by the IRFD in an Official Statement for any Housing Bonds prior to the sale of any Housing Bonds.

Section 7.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03. Endorsement or Replacement of Housing Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the IRFD may determine that any or all of the Housing Bonds shall bear a notation, by endorsement in form approved by the IRFD, as to such amendment or modification and in that case upon demand of the IRFD the Owners of any Housing Bonds shall present any Housing Bonds for that purpose at the Principal Corporate Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on any Housing Bonds. In lieu of such notation, the IRFD may determine that new Bonds shall be prepared at the expense of the IRFD and executed in exchange for any or all of the Housing Bonds, and in that case, upon demand of the IRFD, the Owners of the Housing Bonds shall present any Housing Bonds for exchange at the Principal Corporate Trust Office of the Trustee, without cost to such Owners.

Section 7.04. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Housing Bond held by such Owner, provided that due notation thereof is made on any Housing Bond.

Section 7.05. Opinion of Counsel. Prior to executing any Supplemental Indenture, the Trustee shall be furnished an opinion of counsel, upon which it may conclusively rely to the effect that all conditions precedent to the execution of such Supplemental Indenture under this Indenture have been satisfied and such Supplemental Indenture is authorized and permitted under this Indenture and does not adversely affect the exclusion of interest on the Housing Bonds from gross income for federal income tax purposes or adversely affect the exemption of interest on the Housing Bonds from personal income taxation by the State.

Section 7.06. Copy of Supplemental Indenture to S&P and Moody's. The IRFD shall provide to S&P and Moody's, for so long as S&P and Moody's, as the case may be, maintain a rating on any of the Housing Bonds (without regard to any municipal bond or financial guaranty insurance), a copy of any Supplemental Indenture at least 15 days prior to its proposed effective date.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01. Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

(a) if default shall be made by the IRFD in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Housing Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the IRFD in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Housing Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following receipt by the IRFD of written notice from the Trustee, or written notice from any Owner (with a copy of said notice delivered to the Trustee) of the occurrence of such default, provided that if in the reasonable opinion of the IRFD the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure will not constitute an event of default if corrective action is instituted by the IRFD within such thirty (30) day period and the IRFD thereafter diligently and in good faith cures such failure in a reasonable period of time; or

(c) If the IRFD files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition by the IRFD seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition by the IRFD, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the IRFD or of the whole or any substantial part of its property.

If an Event of Default has occurred under this Section and is continuing, the Trustee, may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Housing Bonds then Outstanding the Trustee shall, (a) declare the principal of the Housing Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Housing Bonds to the contrary notwithstanding, and (b) subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Owners of the Housing Bonds in law or at equity.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the IRFD by telephone promptly confirmed in writing. Such notice shall also state whether the principal of the Housing Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Housing Bonds shall cease to accrue from and after the date, if any, on which the

Trustee shall have declared the Housing Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Housing Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Housing Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the IRFD shall, with the written consent of a majority in aggregate principal amount of the Owners of the Housing Bonds, deposit with the Trustee a sum sufficient to pay all principal on the Housing Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Housing Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law), and the reasonable fees and expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Housing Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee shall promptly give written notice of the foregoing to the Owners of all Housing Bonds then Outstanding, and with the prior written approval of the Owners of at least a majority in aggregate principal amount of the Housing Bonds then Outstanding, by written notice to the IRFD and to the Trustee, may, on behalf of the Owners of all of the Housing Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. All of the Pledged Housing Increment that are available to pay debt service on the Housing Bonds and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees, expenses of the Trustee; and

Second, to the payment of the whole amount then owing and unpaid upon the Housing Bonds for principal and interest, as applicable, with interest on the overdue principal, and installments of interest at the net effective rate then borne by the Outstanding Housing Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Housing Bonds, then to the payment of such principal and interest without preference or priority, ratably to the aggregate of such principal and interest without taking into account the availability of funds in the 2022 Housing Reserve Account or any other reserve account.

Notwithstanding the foregoing, Conditional City Housing Increment may only be used to pay principal and interest on the Housing Bonds and any Parity Housing Debt, and any Subordinate Housing Debt.

Section 8.03. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Housing Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Housing Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however,* that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Housing Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 8.04. Limitation on Owner's Right to Sue. No Owner of any Housing Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the IRFD and the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Housing Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Housing Bonds.

The right of any Owner of any Housing Bond to receive payment of the principal of (and premium, if any) and interest on any Housing Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.05. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Housing Bonds, shall affect or impair the obligation of the IRFD, which is absolute and unconditional, to pay from the Pledged Housing Increment and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Housing Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Housing Bonds.

A waiver of any default by any Owner or the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners and the Trustee by the Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the IRFD, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.06. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Housing Bonds or Parity Housing Debt shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, *provided, however*, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel).

Section 8.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Section 8.08. Determination of Percentage of Bond Owners. Whenever in this Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the Owners of an aggregate principal amount of Outstanding Housing Bonds (including by the Owners of a majority in aggregate principal amount of the Outstanding Housing Bonds), such percentage shall be calculated on the basis of the principal amount of the Outstanding Housing Bonds determined as of the next succeeding Interest Payment Date.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the IRFD, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the IRFD shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the IRFD or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the IRFD or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Discharge of Indenture. If the IRFD shall pay and discharge the entire indebtedness on all Housing Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or the applicable portion of Outstanding Housing Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or an escrow agent, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Housing Bonds, including all principal, interest and redemption premiums, or;

(iii) by irrevocably depositing with the Trustee or an escrow agent, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Housing Bonds or the applicable portion thereof (including all principal, interest and redemption premiums) at or before maturity;

and, if any Housing Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Section 2.03(b) or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the IRFD, and notwithstanding that any Housing Bonds shall not have been surrendered for payment, the pledge of the Pledged Housing Increment and other funds provided for in this Indenture and all other obligations of the Trustee and the IRFD under this Indenture shall cease and terminate with respect to all Outstanding Housing Bonds or, if applicable, with respect to that portion of the Housing Bonds which has been paid and discharged, except only (a) the covenants of the IRFD hereunder with respect to the Code, (b) the obligation of the Trustee to transfer and exchange Bonds hereunder, (c) the obligations of the IRFD under Section 6.06 hereof, and (d) the obligation of the IRFD to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee, all fees, expenses and costs of

the Trustee. In the event the IRFD shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Housing Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the IRFD all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Housing Bonds of any maturity of the Housing Bonds that the IRFD has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Housing Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to Section 6.06 shall be paid over to the IRFD.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by such Owner's attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Housing Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any demand, request, direction, consent, declaration or other instrument or writing of the Owner of any Housing Bond shall bind all future Owners of any Housing Bond in respect of anything done or suffered to be done by the IRFD or the Trustee and in accordance therewith, provided, however, that the Trustee shall not be deemed to have knowledge that any Housing Bond is owned by or for the account of the IRFD unless the IRFD is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

Section 9.05. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Housing Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the IRFD or the City and County of San Francisco (but excluding Housing Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

Section 9.06. Waiver of Personal Liability. No member, officer, agent or employee of the IRFD shall be individually or personally liable for the payment of the principal or interest or any premium on the Housing Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.07. Destruction of Cancelled Housing Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Housing Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy any Housing Bonds and upon request of the IRFD provide the IRFD a certificate of destruction. The IRFD

shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any any Housing Bonds therein referred to.

Section 9.08. Notices. Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or upon receipt when mailed by first class, registered or certified mail, postage prepaid, or sent by facsimile, addressed as follows:

If to the IRFD:	c/o City and County of San Francisco 1 Dr. Carlton B. Goodlett Place City Hall, Room 336 San Francisco, CA 94102 Attn: Controller
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If to the Trustee:	[Corporate Trustee] [to come] Attention: Corporate Trust Department Facsimile
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Section 9.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The IRFD hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Housing Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and vest in the Treasurer of the IRFD in trust for the benefit of the Owners. The IRFD covenants for the direct benefit of the Owners that its Finance Director in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Housing Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

Section 9.10. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Housing Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of any Housing Bonds have become payable, shall be repaid by the Trustee to the IRFD as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the IRFD for the payment of the principal of and interest and redemption premium (if any) on of any Housing Bonds.

Section 9.11. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.12. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (Treasure Island), has caused this Indenture to be signed in its name by _____ and attested by the Clerk of the Board of Supervisors of the City and County of San Francisco, and [CORPORATE TRUSTEE], in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT
NO. 1 (Treasure Island)

By: _____
Authorized Officer

Attest:

Clerk
Board of Supervisors
City and County of San Francisco

[CORPORATE TRUSTEE], as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

No. ____

\$_____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO**

**CITY AND COUNTY OF SAN FRANCISCO
Infrastructure and Revitalization Financing District No. 1
(Treasure Island)
Tax Increment Revenue Bond, Series 2022B
(Housing Increment)**

INTEREST RATE

MATURITY DATE

DATED DATE

_____%

____ 1, _____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

*****DOLLARS

City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "IRFD"), for value received, hereby promises to pay solely from the Pledged Housing Increment (as hereinafter defined) to be received by the IRFD or amounts in certain funds and accounts held under the Indenture of Trust (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount, semiannually on each September 1 and March 1 (each an "Interest Payment Date"), commencing as set forth in the Indenture of Trust, at the interest rate set forth above, until the principal amount hereof is paid or made available for payment provided, however, that if at the time of authentication of this Housing Bond, interest is in default on this Housing Bond, this Housing Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

Principal of and interest on the Housing Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Trustee (defined below) mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Housing Bonds delivered to the Trustee prior to the applicable Record Date. The principal of the Housing Bonds and any premium on the Housing Bonds are payable in lawful money of the United States of America upon surrender of the Housing Bonds at the Principal Office of the Trustee or such other place as designated by the Trustee.

This Housing Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$_____. The issuance of the Housing Bonds and the terms and conditions thereof are provided for by an Indenture of Trust, dated as of May 1, 2022 (the “Indenture of Trust”), between the IRFD and the _____ (the “Trustee”) and this reference incorporates the Indenture of Trust herein, and by acceptance hereof the owner of this Housing Bond assents to said terms and conditions. The Indenture of Trust is authorized under, this Housing Bond is issued under and both are to be construed in accordance with, the laws of the State of California. The Housing Bonds and the Indenture of Trust were approved by the Original Resolution of Issuance, as supplemented by the Series 2022B Resolution of Issuance (as defined in the Indenture), under California Government Code Section 53369 et seq. (the “Law”) for the purpose of funding certain authorized affordable housing costs, and is one of series of bonds designated “City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022B (Housing Increment)” (the “Housing Bonds”).

Pursuant to the Law, the Resolution and the Indenture of Trust, the principal of and interest on this Housing Bond are payable solely from certain funds held under the Indenture of Trust and the Pledged Housing Increment, as defined in the Indenture of Trust. Any revenues for the payment hereof shall be limited to the Pledged Housing Increment, except to the extent that provision for payment has been made by the City, as may be permitted by law.

The Housing Bonds are not a debt of the City or the State of California or of any of its political subdivisions, other than the IRFD to the limited extent described herein, and none of those entities, other than the IRFD to the limited extent described herein, shall be liable on the Housing Bonds, and the Housing Bonds shall be payable exclusively from the Pledged Housing Increment and the specified funds held under the Indenture of Trust. The Housing Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation.

Optional Redemption. All of the Housing Bonds are subject to redemption prior to their stated maturities, on any Interest Payment Date, in whole or in part, at a redemption price (expressed as a percentage of the principal amount of the Housing Bonds to be redeemed) as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
[to come]	

Mandatory Sinking Fund Redemption. The Term Housing Bond maturing on September 1, _____ is subject to mandatory redemption in part by lot, from sinking fund payments made by the IRFD from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u>

Provided, however, if some but not all of the Term Housing Bonds of a given maturity have been redeemed as a result of an optional redemption or a mandatory redemption, the total amount of all future Sinking Fund Payments relating to such maturity shall be reduced by the aggregate principal amount of Term Housing Bonds of such maturity so redeemed, to be

allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as determined by the Trustee, notice of which determination shall be given by the Trustee to the City.

Notice of redemption with respect to the Housing Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Indenture of Trust.

This Housing Bond shall be registered in the name of the owner hereof, as to both principal and interest. Each registration and transfer of registration of this Housing Bond shall be entered by the Trustee in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Trustee shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date established by the Trustee for selection of Housing Bonds for redemption or (ii) with respect to an Owner of a Housing Bond after any Housing Bond has been selected for redemption.

The Indenture of Trust and the rights and obligations of the IRFD thereunder may be modified or amended as set forth therein. The principal of the Housing Bonds is not subject to acceleration upon a default under the Indenture of Trust or any other document.

This Housing Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the IRFD that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Housing Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Housing Bond, together with all other indebtedness of the IRFD, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

Unless this Housing Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange, or payment, and any Housing Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), has caused this Housing Bond to be signed by the facsimile signature of the _____ and countersigned by the facsimile signature of the Clerk of the Board of Supervisors with the seal of the City imprinted hereon.

[S E A L]

Clerk of the Board of Supervisors

[to come]

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Housing Bonds described in the Indenture of Trust which has been authenticated on _____, _____.

_____,
as Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____, attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF HOUSING PROJECT FUND DISBURSEMENT REQUEST

DISBURSEMENT REQUEST NO.: _____

[Corporate Trustee]
[address to come]
Attention: Corporate Trust Department

Re: \$[Principal Amount] City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022B (Housing Increment)

Ladies and Gentlemen:

In accordance with the terms of an Indenture of Trust, by and between you and the undersigned, dated as of _____ 1, 20__ (the "Indenture"), you are hereby authorized and requested to make immediate disbursement of funds held by you in the accounts within the Housing Project Fund pursuant to Section 3.04 of the Indenture.

You are hereby requested to pay from the accounts designated on Schedule A attached hereto to the person(s), corporation(s) or other entity(ies) designated on Schedule A attached hereto as Payee(s), the sum set forth on said Schedule.

All of the costs listed on Schedule A are authorized expenditures of the IRFD with respect to the IRFD, are properly chargeable to the Housing Project Fund and have not been requested to be paid from the Housing Project Fund pursuant to any prior request.

Capitalized terms used herein but not defined have the meaning given them in the Indenture.

Dated: _____, 20__

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT
NO. 1 (Treasure Island)

By: _____
Treasurer

SCHEDULE A
TO
HOUSING PROJECT FUND DISBURSEMENT REQUEST

Payee Name and Address	Purpose of Obligation	Amount	Account from which Amounts should be paid

NEW ISSUE - BOOK-ENTRY ONLY

NO RATING

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series 2022AB Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

§[PAR AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022A
(FACILITIES INCREMENT)

§[PAR AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022B
(HOUSING INCREMENT)

Dated: Date of Delivery

Due: September 1, as shown on inside cover

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "District") is issuing Tax Increment Revenue Bonds, Series 2022A (Facilities Increment) (the "Series 2022A Bonds") pursuant to a Indenture, dated as of June 1, 2022 (the "Facilities Indenture"), by and between the District and [Trustee], as trustee (the "Trustee") and Tax Increment Revenue Bonds, Series 2022B (Housing Increment) (the "Series 2022B Bonds") and together with the Series 2022A Bonds, the "Series 2022AB Bonds") pursuant to a Indenture, dated as of June 1, 2022 (the "Housing Indenture"), by and between the District and the Trustee.

The Series 2022A Bonds are being issued to fund (i) the acquisition of certain public facilities and improvements authorized to be financed by the District, (ii) a deposit to the 2022 Facilities Reserve Account and (iii) costs of issuance of the Series 2022A Bonds, all as further described herein. The Series 2022B Bonds are being issued to fund (i) the acquisition of certain public facilities and improvements authorized to be financed by the District, (ii) a deposit to the 2022 Housing Reserve Account and (iii) costs of issuance of the Series 2022B Bonds, all as further described herein. See "THE FINANCING PLAN" herein.

The Series 2022AB Bonds will be issued in denominations of [\$_,000 or any integral multiple thereof], shall mature on September 1 in each of the years and in the amounts, and shall bear interest as shown on the respective inside front cover pages hereof. Interest on the Series 2022AB Bonds shall be payable on each March 1 and September 1, commencing [September 1, 2022] (each an "Interest Payment Date") to the Owner thereof as of the Record Date (as defined herein) immediately preceding each such Interest Payment Date. The Series 2022AB Bonds of each series, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2022AB Bonds. Individual purchases of the Series 2022AB Bonds will be made in book-entry form only. Principal of and interest and premium, if any, on the Series 2022AB Bonds will be payable by DTC through the DTC participants. See "THE SERIES 2022A BONDS - Book-Entry System" and "THE SERIES 2022B BONDS - Book-Entry System" herein. Purchasers of the Series 2022AB Bonds will not receive physical delivery of the 2022AB Bonds purchased by them.

The Series 2022A Bonds and the Series 2022B Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2022A BONDS" and "THE SERIES 2022B BONDS" herein.

The Series 2022A Bonds are limited obligations of the District, secured by and payable solely from the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2022A Bonds are not payable from any other source of funds other than the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2022B Bonds are limited obligations of the District, secured by and payable solely from the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture. The Series 2022B Bonds are not payable from any other source of funds other than the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture. Neither the Series 2022A Bonds nor the Series 2022B Bonds are a debt of the City and County of San Francisco (the "City"), the State of California (the "State") or any of their political subdivisions (other than the District and only to the limited extent set forth in the Facilities Indenture and the Housing Indenture, respectively), and none of the City, the State or any of their political subdivisions other than the District is liable therefor. Neither the Series 2022A Bonds nor the Series 2022B Bonds constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The District has not pledged any other tax revenues or property or its full faith and credit to the payment of debt service on the Series 2022A Bonds or

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

the Series 2022B Bonds. Although the District receives certain tax increment revenues, the District has no taxing power.

The Facilities Indenture authorizes the District to issue additional bonds on a parity basis with the Series 2022A Bonds. See “SECURITY AND SOURCES OF PAYMENT – Security for the Series 2022A Bonds and Parity Facilities Debt” herein. The Housing Indenture authorizes the District to issue additional bonds on a parity basis with the Series 2022B Bonds. See “SECURITY AND SOURCES OF PAYMENT – Security for the Series 2022B Bonds and Parity Housing Debt” herein.

[The Series 2022AB Bonds are not rated. Investment in the Series 2022AB Bonds involves certain risks and the Series 2022AB Bonds are not suitable investments for all types of investors. Accordingly, the Series 2022AB Bonds are being offered and sold only to “Qualified Purchasers,” which are defined in the Indenture as Qualified Institutional Buyers as defined in Rule 144A promulgated under the Securities Act of 1933 and institutional Accredited Investors (which consists of Accredited Investors within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933). Pursuant to the Indenture, the Series 2022AB Bonds may not be registered in the name of, or transferred to, and the Beneficial Owner (defined in the Facilities Indenture and the Housing Indenture as any person for which a DTC participant acquires an interest in the Series 2022AB Bonds) cannot be, any person except a Qualified Purchaser; provided, however, that Series 2022AB Bonds registered in the name of DTC or its nominee shall be deemed to comply with the Facilities Indenture and the Housing Indenture so long as each Beneficial Owner of the Series 2022AB Bonds is a Qualified Purchaser. See “TRANSFER RESTRICTIONS” herein.]

The Series 2022AB Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the District by the City Attorney of the City and County of San Francisco, and by Norton Rose Fulbright US LLP, Los Angeles, California, as Disclosure Counsel to the District. Certain legal matters will be passed upon for the Underwriter by its counsel Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, and for Treasure Island Series 1, LLC by its counsel Holland & Knight, LLP, San Francisco, California. It is anticipated that the Series 2022AB Bonds will be available for delivery through the book-entry facilities of DTC on or about _____, 2022.

STIFEL

Backstrom McCarley Berry & Co. LLC

Dated: _____, 2022

MATURITY SCHEDULE

**[\$[PAR AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022A
(FACILITIES INCREMENT)**

(Base CUSIP[†] _____)

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
	\$	%	%		

\$ _____ % Term Series 2022A Bonds due September 1, 20__ – Yield: _____ % Price: ____ CUSIP[†]: _____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and County of San Francisco (the “City”) and are included solely for the convenience of investors. None of the City, the Underwriter, or the Municipal Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2022A Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2022A Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2022A Bonds.

[\$[PAR AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022B
(HOUSING INCREMENT)

(Base CUSIP[†] _____)

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> [†]
	\$	%	%		

\$ _____ % Term Series 2022B Bonds due September 1, 20__ – Yield: _____ % Price: ____ CUSIP[†]: _____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of investors. None of the City, the Underwriter, or the Municipal Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2022B Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2022B Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2022B Bonds.

**CITY AND COUNTY OF SAN FRANCISCO
MAYOR**

London N. Breed

BOARD OF SUPERVISORS⁽¹⁾

Shamann Walton, *Board President, District 10*

Connie Chan, *District 1*

Catherine Stefani, *District 2*

Aaron Peskin, *District 3*

Gordon Mar, *District 4*

Dean Preston, *District 5*

Matt Haney, *District 6*

Myrna Melgar, *District 7*

Rafael Mandelman, *District 8*

Hillary Ronen, *District 9*

Ahsha Safai, *District 11*

CITY ATTORNEY

David Chiu

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Carmen Chu, *City Administrator*

Benjamin Rosenfield, *Controller*

Anna Van Degna, *Director, Controller's Office of Public Finance*

Bob Beck, *Treasure Island Director, Treasure Island Development Authority*

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San Francisco, California

Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Fiscal Consultant

Keyser Marston Associates, Inc.
San Francisco, California

Municipal Advisor

CSG Advisors Incorporated
San Francisco, California

Trustee

[Trustee]

_____, California

⁽¹⁾ Under the Law, Board of Supervisors serves as the legislative body of the District.

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NOTICE TO INVESTORS

The information set forth herein has been obtained from the District and other sources believed to be reliable. This Official Statement is not to be construed as a contract with the purchasers of the Series 2022AB Bonds, the complete terms and conditions being set forth in the Facilities Indenture and the Housing Indenture (as described herein). Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. No dealer, broker, salesperson or any other person has been authorized by the District, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by the District or the Underwriter.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or any sale of the Series 2022AB Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale of the Series 2022AB Bonds made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the District or in any other information contained herein, since the date hereof.

[The Series 2022AB Bonds are being offered and sold only to “Qualified Purchasers,” which is defined in the Facilities Indenture and the Housing Indenture to include Qualified Institutional Buyers as defined in Rule 144A promulgated under the Securities Act of 1933 and institutional Accredited Investors (which consists of Accredited Investors within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933). Pursuant to the Facilities Indenture and the Housing Indenture, the Series 2022AB Bonds may not be registered in the name of, or transferred to, and the Beneficial Owner cannot be, any person except a Qualified Purchaser; provided, however, that Series 2022AB Bonds registered in the name of DTC or its nominee shall be deemed to comply with the Facilities Indenture and the Housing Indenture so long as each Beneficial Owner of the Series 2022AB Bonds is a Qualified Purchaser. In addition, the face of each Series 2022AB Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Facilities Indenture and the Housing Indenture, respectively. Each entity that is or that becomes a Beneficial Owner of a Series 2022AB Bond shall be deemed by the acceptance or acquisition of such beneficial ownership interest to have agreed to be bound by the transfer restrictions under the Facilities Indenture and the Housing Indenture, respectively. In the event that a holder of the Series 2022AB Bonds makes an assignment of its beneficial ownership interest in the Series 2022AB Bonds, the assignor will notify the assignee of the restrictions on purchase and transfer described herein. Any transfer of a Series 2022AB Bond to any entity that is not a Qualified Purchaser shall be deemed null and void. See “TRANSFER RESTRICTIONS” herein.]

The Underwriter have provided the following two paragraphs for inclusion in this Official Statement.

The Underwriter have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2022AB BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2022AB BONDS AT LEVELS ABOVE THOSE

WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (“EMMA”) website.

The City maintains a website with information pertaining to the District. However, the information presented therein is not incorporated into this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2022AB Bonds.

FORWARD LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.



The above map shows the location of the Treasure Island Project. The Series 2022AB Bonds will be secured revenues derived from a portion of ad valorem taxes levied in the Project Areas (currently approximately _____ gross acres) located on certain portions of Yerba Buena Island and Treasure Island. No mortgage or deed of trust on property secures the Series 2022AB Bonds. No ad valorem taxes levied on any portion of Yerba Buena Island and Treasure Island outside of the Project Areas are pledged to the repayment of the Series 2022AB Bonds, nor shall any other property or resources of the District be available to pay debt service on the Series 2022AB Bonds. See “SECURITY AND SOURCES OF PAYMENT.”

OFFICIAL STATEMENT

**[\$[PAR AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022A
(FACILITIES INCREMENT)**

**[\$[PAR AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022B
(HOUSING INCREMENT)**

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover pages and the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “District”) of its Tax Increment Revenue Bonds, Series 2022A (Facilities Increment) (the “Series 2022A Bonds”) and Tax Increment Revenue Bonds, Series 2022B (Housing Increment) (the “Series 2022B Bonds”) and together with the Series 2022A Bonds, the “Series 2022AB Bonds”).

The Series 2022A Bonds will be secured primarily by Pledged Facilities Increment, and the Series 2022B Bonds will be secured primarily by Pledged Housing Increment. Pledged Facilities Increment and Pledged Housing Increment will be derived from revenue produced by the application of the 1% ad valorem tax rate within the District’s project areas. See “SECURITY AND SOURCES OF PAYMENT” herein.

Authority for Issuance

The Series 2022AB Bonds will be issued pursuant to chapter 2.6 of part 1 of division 2 of title 5 (section 53369 et seq.) of the Government Code of the State of California, as amended (the “Law”), Resolution No. 7-17, adopted by the Board of Supervisors as the legislative body of the District on January 24, 2017, and signed by the Mayor on February 3, 2017 (“Original Resolution of Issuance”), approving the issuance and sale of tax increment revenue bonds in one or more series, in an aggregate principal amount not to exceed \$780 million (excluding refunding bonds), and Resolution No. 22-___, adopted by the Board of Supervisors as the legislative body of the District on ____, 2022, and signed by the Mayor on ____, 2022 (the “2022 Bond Resolution,” and together with the Original Resolution of Issuance, the “Resolution”), approving the issuance and sale of bonds in one or more series, in an aggregate principal amount not to exceed \$____. The Series 2022A Bonds will be issued by the District pursuant to the provisions of an Indenture of Trust, dated as of June 1, 2022 (the “Facilities Indenture”), by and between the District and [Trustee], as trustee (the “Trustee”). The Series 2022B Bonds will be issued by the District pursuant to the provisions of an Indenture of Trust, dated as of June 1, 2022 (the “Housing Indenture”), by and between the District and the Trustee, as trustee.

Use of Proceeds

The Series 2022A Bonds are being issued to fund (i) the acquisition of certain public facilities and improvements authorized to be financed by the District, (ii) a deposit to the 2022 Facilities Reserve Account

* Preliminary, subject to change.
104620721_3.DOCX

and (iii) costs of issuance of the Series 2022A Bonds. The Series 2022B Bonds are being issued to fund (i) the acquisition of certain public facilities and improvements authorized to be financed by the District, (ii) a deposit to the 2022 Housing Reserve Account and (iii) costs of issuance of the Series 2022B Bonds. See “THE FINANCING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

[No Rating; Early Stage of Development; Transfer Restrictions]

The Series 2022AB Bonds are not rated. See “NO RATING” herein. The determination by the District not to obtain a rating does not, directly or indirectly, express any view by the District of the credit quality of the Series 2022AB Bonds. The lack of a bond rating could impact the market price or liquidity for the Series 2022AB Bonds in the secondary market. See “RISK FACTORS - Limited Secondary Market.”

Within the District, there are currently Project Area A, Project Area B, Project Area C, Project Area D and Project Area E of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “Initial Project Areas”). The Initial Project Areas are planned to be developed with residential buildings. See “THE INITIAL PROJECT AREAS” herein. Horizontal infrastructure necessary for the planned buildings to receive certificates of occupancy has not yet been completed. Funding necessary to complete required infrastructure is highly dependent upon future bond sales for the District and the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (the “Treasure Island Community Facilities District”). The residential buildings to be constructed in the Initial Project Areas are in different stages of planning and development. Neither the District nor the Underwriter make any assurance that development of the property will be completed or that the plans or projections detailed herein will actually occur. See “THE TREASURE ISLAND PROJECT,” “THE INITIAL PROJECT AREAS” and “RISK FACTORS - Real Estate Investment Risks” herein.

The Series 2022AB Bonds are being offered and sold only to “Qualified Purchasers,” which is defined in the Facilities Indenture and the Housing Indenture to include Qualified Institutional Buyers as defined in Rule 144A promulgated under the Securities Act of 1933 and institutional Accredited Investors (which consists of Accredited Investors within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933). Pursuant to the Facilities Indenture and the Housing Indenture, the Series 2022AB Bonds may not be registered in the name of, or transferred to, and the Beneficial Owner cannot be, any person except a Qualified Purchaser; provided, however, that Series 2022AB Bonds registered in the name of DTC or its nominee shall be deemed to comply with the Facilities Indenture and the Housing Indenture so long as each Beneficial Owner (defined in the Facilities Indenture and the Housing Indenture as any person for which a DTC participant acquires an interest in the Series 2022AB Bonds) of the Series 2022AB Bonds is a Qualified Purchaser. In addition, the face of each Series 2022AB Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Facilities Indenture and the Housing Indenture, respectively. Each entity that is or that becomes a Beneficial Owner of a Series 2022AB Bond shall be deemed by the acceptance or acquisition of such beneficial ownership interest to have agreed to be bound by the transfer restrictions under the Facilities Indenture and the Housing Indenture, respectively. In the event that a holder of the Series 2022AB Bonds makes an assignment of its beneficial ownership interest in the Series 2022AB Bonds, the assignor will notify the assignee of the restrictions on purchase and transfer described herein. Any transfer of a Series 2022AB Bond to any entity that is not a Qualified Purchaser shall be deemed null and void. See “TRANSFER RESTRICTIONS” herein.]

The Series 2022AB Bonds

The Series 2022A Bonds will be issued in denominations of [\$___,000 or any integral multiple thereof] (“Authorized Denominations”), shall mature on September 1 in each of the years and in the

amounts, and shall bear interest as shown on the first inside front cover hereof. The Series 2022B Bonds will be issued in Authorized Denominations, shall mature on September 1 in each of the years and in the amounts, and shall bear interest as shown on the second inside front cover hereof. Interest on the Series 2022A Bonds the Series 2022B Bonds shall be payable on each March 1 and September 1, commencing [September 1, 2022] (each an “Interest Payment Date”) to the Owner thereof as of the Record Date (as defined herein) immediately preceding each such Interest Payment Date, by check or draft mailed on such Interest Payment Date or by wire transfer to an account in the United States of America made upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of a series of Series 2022AB Bonds delivered to the Trustee prior to the applicable Record Date. The Series 2022AB Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Series 2022AB Bonds. Individual purchases of the Series 2022AB Bonds will be made in book-entry form only. Principal of and interest and premium, if any, on the Series 2022AB Bonds will be payable by DTC through the DTC participants. Purchasers of the Series 2022AB Bonds will not receive physical delivery of the Series 2022AB Bonds purchased by them. See “THE SERIES 2022A BONDS - Book-Entry System” and “THE SERIES 2022B BONDS - Book-Entry System” herein.

Security and Sources of Payment

Series 2022A Bonds. The Series 2022A Bonds and any Parity Facilities Debt will equally secured by a pledge of, security interest in and lien on all of the Net Available Facilities Increment (including the Net Available Facilities Increment in the Net Available Facilities Increment Special Account) and the Conditional City Facilities Increment (including the Conditional City Facilities Increment in the Conditional City Facilities Increment Special Account) (subject to compensation, costs and indemnity payable to the Trustee, its officers, directors, agents or employees under the Facilities Indenture). The Series 2022A Bonds and any additional Facilities Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Facilities Debt Service Fund and certain accounts therein without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. “Pledged Facilities Increment” consists of Net Available Facilities Increment and Conditional City Facilities Increment.

The Net Available Facilities Increment and the Conditional City Facilities Increment are defined portions of the revenue produced by the application of the 1% ad valorem tax rate to the Incremental Assessed Property Value of property within each Project Area. See “SECURITY AND SOURCES OF PAYMENT” herein.

The Series 2022A Bonds and all 2022 Related Facilities Bonds shall be secured by a first pledge of all moneys deposited in the 2022 Facilities Reserve Account. See “2022 Facilities Reserve Account” below.

Amounts in the Facilities Project Fund (and the accounts therein) and the 2022A Costs of Issuance Fund are not pledged to the repayment of the Facilities Debt.

Except for the Pledged Facilities Increment and such moneys specified above, no funds or properties of the District (including but not limited to the Net Available Housing Increment and Conditional City Increment deposited into the Conditional City Housing Increment Special Account) are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Facilities Debt.

See the section of this Official Statement captioned “RISK FACTORS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating an investment in the Series 2022A Bonds.

Series 2022B Bonds. The Series 2022B Bonds and any Parity Housing Debt will equally secured by a pledge of, security interest in and lien on all of the Net Available Housing Increment (including the Net Available Housing Increment in the Net Available Housing Increment Special Account) and the Conditional City Housing Increment (including the Conditional City Housing Increment in the Conditional City Housing Increment Special Account) (subject to compensation, costs and indemnity payable to the Trustee, its officers, directors, agents or employees under the Housing Indenture). The Series 2022B Bonds and any additional Housing Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Housing Debt Service Fund and certain accounts therein without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. “Pledged Housing Increment” consists of Net Available Housing Increment and Conditional City Housing Increment.

The Net Available Housing Increment and the Conditional City Housing Increment are defined portions of the revenue produced by the application of the 1% ad valorem tax rate to the Incremental Assessed Property Value of property within each Project Area. See “SECURITY AND SOURCES OF PAYMENT” herein.

The Series 2022B Bonds and all 2022 Related Housing Bonds shall be secured by a first pledge of all moneys deposited in the 2022 Housing Reserve Account. See “2022 Housing Reserve Account” below.

Amounts in the Housing Project Fund (and the accounts therein) and the 2022B Costs of Issuance Fund are not pledged to the repayment of the Housing Debt.

Except for the Pledged Housing Increment and such moneys specified above, no funds or properties of the District (including but not limited to the Net Available Facilities Increment and Conditional City Increment deposited into the Conditional City Facilities Increment Special Account) are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Housing Debt.

See the section of this Official Statement captioned “RISK FACTORS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating an investment in the Series 2022B Bonds.

2022 Facilities Reserve Account

The District will establish the 2022 Facilities Reserve Account as additional security for the Series 2022A Bonds and all 2022 Related Facilities Bonds pursuant to the Facilities Indenture. The Facilities Indenture requires the 2022 Facilities Reserve Account to be funded at the 2022 Facilities Reserve Requirement (defined below). On the date of issuance of the Series 2022A Bonds, proceeds of the Series 2022A Bonds will be deposited into the 2022 Facilities Reserve Account so that the amount in the 2022 Facilities Reserve Account is equal to the 2022 Facilities Reserve Requirement.

The Series 2022A Bonds will be secured by a first pledge of all moneys deposited in the 2022 Facilities Reserve Account. The moneys in the 2022 Facilities Reserve Account (except as otherwise provided in the Facilities Indenture) are dedicated to the payment of the principal of, and interest and any premium on, the Series 2022A Bonds and all 2022 Related Facilities Bonds that might be issued in the future as provided in the Facilities Indenture and in the Law until all of the Series 2022A Bonds and all

2022 Related Facilities Bonds, if any, have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Facilities Indenture. See “SECURITY FOR THE BONDS – 2022 Facilities Reserve Account” herein.

2022 Housing Reserve Account

The District will establish the 2022 Housing Reserve Account as additional security for the Series 2022B Bonds and all 2022 Related Housing Bonds pursuant to the Housing Indenture. The Housing Indenture requires the 2022 Housing Reserve Account to be funded at the 2022 Housing Reserve Requirement (defined below). On the date of issuance of the Series 2022B Bonds, proceeds of the Series 2022B Bonds will be deposited into the 2022 Housing Reserve Account so that the amount in the 2022 Housing Reserve Account is equal to the 2022 Housing Reserve Requirement.

The Series 2022B Bonds will be secured by a first pledge of all moneys deposited in the 2022 Housing Reserve Account. The moneys in the 2022 Housing Reserve Account (except as otherwise provided in the Housing Indenture) are dedicated to the payment of the principal of, and interest and any premium on, the Series 2022B Bonds and all 2022 Related Housing Bonds that might be issued in the future as provided in the Housing Indenture and in the Law until all of the Series 2022B Bonds and all 2022 Related Housing Bonds, if any, have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Housing Indenture. See “SECURITY FOR THE BONDS – 2022 Housing Reserve Account” herein.

Limited Obligations

The Series 2022A Bonds are limited obligations of the District, secured by and payable solely from the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2022A Bonds are not payable from any other source of funds other than the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2022B Bonds are limited obligations of the District, secured by and payable solely from the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture. The Series 2022B Bonds are not payable from any other source of funds other than the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture. Neither the Series 2022A Bonds nor the Series 2022B Bonds are a debt of the City and County of San Francisco (the “City”), the State of California (the “State”) or any of their political subdivisions (other than the District and only to the limited extent set forth in the Facilities Indenture and the Housing Indenture, respectively), and none of the City, the State or any of their political subdivisions other than the District is liable therefor. Neither the Series 2022A Bonds nor the Series 2022B Bonds constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The District has not pledged any other tax revenues or property or its full faith and credit to the payment of debt service on the Series 2022A Bonds or the Series 2022B Bonds. Although the District receives certain tax increment revenues, the District has no taxing power.

Treasure Island Project and the Initial Project Areas

The “Treasure Island Project” entails the development of portions of the naturally-formed Yerba Buena Island (“Yerba Buena Island”) and the artificially created Treasure Island (“Treasure Island”), both located in the middle of the San Francisco Bay between downtown San Francisco and the City of Oakland. Yerba Buena Island and Treasure Island are accessible by Interstate Highway 80 via the San Francisco-Oakland Bay Bridge (which passes through Yerba Buena Island) and connected by a causeway.

The Treasure Island Project consists of approximately 461 acres (the “Treasure Island Project Site”). The Treasure Island Project is entitled under the Planning Code for the development of up to 8,000

residential units, up to approximately 140,000 square feet of new commercial and retail space, adaptive reuse of three historic buildings with up to 311,000 square feet of commercial/flex space, up to 500 hotel rooms, up to approximately 100,000 square feet of office space, 290 plus acres of open space, 22 miles of walking/biking paths, playing fields, a marina, and a ferry terminal.

A portion of the Treasure Island Project Site is located on land that was previously the site of a United States Naval Station (“Naval Station Treasure Island” or “NSTI”). In 1993, Congress selected NSTI for closure and disposition by the Base Realignment and Closure Commission. The Department of Defense later designated the City as the initial local reuse authority responsible for the conversion of NSTI under the federal disposition process. In July 1996, after an extensive community planning effort, the City’s Mayor, Board of Supervisors, Planning Commission, and the Citizens Reuse Committee unanimously endorsed a Draft Reuse Plan (the “Reuse Plan”) for NSTI to serve as the basis for the preliminary redevelopment plan for NSTI.

In 1997, the Board of Supervisors authorized the creation of the Treasure Island Development Authority, a California nonprofit public benefit corporation (“TIDA”), to serve as the entity responsible for the reuse and development of NSTI, taking over such responsibility from the City. In addition, the Board of Supervisors designated TIDA as a redevelopment agency with powers over NSTI under the Treasure Island Conversion Act of 1997.

In 2003, after completion of a competitive selection process, Treasure Island Community Development, LLC, a California limited liability company (“TICD”), was selected to serve as master developer for the Treasure Island Project. TICD is a joint venture comprised of various affiliates of Lennar Corporation (“Lennar”), Stockbridge Capital Group, LLC (“Stockbridge”), Kenwood Investments (“Kenwood”), Wilson Meany, LP (“Wilson Meany”) and others. See “THE TREASURE ISLAND PROJECT - TICD and the Treasure Island Project” herein.

In 2011, TIDA and the City certified an Environmental Impact Report and approved the Treasure Island Project entitlements, a General Plan Amendment, adoption of Planning Code Section 749.72 that established the Treasure Island/Yerba Buena Island Special Use District (the “TI/YBI SUD”), a Design for Development (“D4D”) that established design standards and guidelines, and a Development Agreement vesting those entitlements.

In 2014, the United States of America, acting by and through the Department of the Navy (the “Navy”), and TIDA entered into an Economic Development Conveyance Memorandum of Agreement (as amended and supplemented from time to time, the “Conveyance Agreement”) that governs the terms and conditions for the transfer of NSTI from the Navy to TIDA. Under the Conveyance Agreement, the Navy must convey NSTI to TIDA in phases after the Navy has completed environmental remediation and issued a finding of suitability to transfer for specified parcels of NSTI or portions thereof. To date, the Navy has conveyed five separate conveyances to TIDA, including all of the property within the Initial Project Areas.

The Treasure Island Project will be carried out by, or at the direction of, TICD in accordance with the Disposition and Development Agreement between TIDA and TICD, dated as of June 28, 2011 (as amended from time to time, the “DDA”), and the Development Agreement between the City and TICD dated as of June 28, 2011 (as amended from time to time, the “DA”), and related Treasure Island Project approvals (including the Mitigation Monitoring and Reporting Program adopted by TIDA and the City in reliance on the Treasure Island/Yerba Buena Island Environmental Impact Report), the D4D, and the TI/YBI SUD.

TICD is developing the Treasure Island Project in Major Phases and Sub-Phases by transferring property related to such phases to one or more phase developers (separate entities within TICD). The phase

developers, in turn, are developing the phase by transferring property to one or more merchant builders (the “Merchant Builders”).

The property in the Initial Project Areas is part of the larger Treasure Island Project. The Initial Project Areas covers about _____ gross acres, some of which is located on Yerba Buena Island and some of which is located on Treasure Island. A wholly-owned subsidiary of TICD, Treasure Island Series 1, LLC, a Delaware limited liability company (“TI Series 1”), is the phase developer developing the property in the Initial Project Areas. The Initial Project Areas are located within Sub-Phases of Major Phase 1 (as defined in the DDA) known as Sub-Phase 1YA, Sub-Phase 1YB, Sub-Phase 1B, Sub-Phase 1C and Sub-Phase 1E. Development blocks within these Sub-Phases have been divided into sub-blocks of developable land (each, a “Sub-Block”). The ten Sub-Blocks and expected development within each is summarized in the table below:

<u>Sub-Block</u>	<u>Expected Development</u> ⁽¹⁾	<u>Total Number of Planned Units</u>
1Y	For-sale residential townhomes, flats and single-family homes	78
2Y	50,000 square foot hotel	N/A
3Y	For-sale residential townhomes	11
4Y (Townhomes and Flats)	For-sale residential townhomes and flats	53
4Y (Podium)	For-sale residential condominiums	124
B1 ⁽²⁾	Residential rental apartments	117
C2.2	Residential rental apartments	178
C2.3	For-sale residential condominiums	76
C2.4	Residential rental apartments	250
C3.4 ⁽³⁾	For-sale residential condominiums	149
C3.5	For-sale residential condominiums	160
C1.1, C1.2 and C2.1	Residential rental apartments	<u>551</u>
Totals		1,747

⁽¹⁾ See “THE INITIAL PROJECT AREAS” for a discussion of development status.

⁽²⁾ Comprised of development parcels B1.1 and B1.2, but referred to collectively herein as Sub-Block B1.

⁽³⁾ Comprised of development parcels C3.3 and C3.4, but referred to collectively herein as Sub-Block C3.4.

Source: *TI Series 1*.

In 2018, TI Series 1 commenced construction of various infrastructure improvements required for the development of Initial Project Areas, including the removal of underground utilities, geotechnical stabilization, construction of all new public roads, a new joint trench system, and improvements along the Treasure Island Causeway that delivers utilities between Treasure Island and Yerba Buena Island. As of December 1, 2021, geotechnical improvements on the pads in the Initial Project Areas are complete, and joint trench, public roads, and improvements along the Causeway are expected to be significantly complete in the first quarter of 2022. [Infrastructure needed to secure certificates of occupancy is expected to be completed by March 2022 for development in Project Area __, and by June 2022 for development within Project Areas __.]

For additional information regarding the Treasure Island Project and the Initial Project Areas, see “THE TREASURE ISLAND PROJECT” and “THE INITIAL PROJECT AREAS” herein.

Formation of the District and the Initial Project Areas

The District was formed by the City pursuant to the Law. The Act was enacted by the State of California (the “State”) Legislature to provide an alternative method of financing certain public capital facilities on former military bases. Any city (as such term is defined in the Law) may establish an

infrastructure and revitalization financing district to provide for and finance the cost of eligible public facilities. Generally, the legislative body of the city that forms an infrastructure and revitalization financing district acts as the governing legislative body of such district. The Board of Supervisors serves as the legislative body of the District. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Law, an infrastructure and revitalization financing district may issue tax increment revenue bonds.

Pursuant to the Law, the Board of Supervisors adopted the necessary ordinances and resolutions and conducted such proceedings and elections as are necessary to form the District and the initial project areas within it, approve an infrastructure financing plan for the District (as amended from time to time, the “Infrastructure Financing Plan”), and authorize issuance from time to time of tax increment revenue bonds or other debt for the purpose of financing certain improvements described in the Infrastructure Financing Plan. See APPENDIX B – “INFRASTRUCTURE FINANCING PLAN” attached hereto. Such proceedings were validated in Superior Court judgment.

As of the date of this Official Statement, there are five project areas in the District: Project Area A, Project Area B, Project Area C, Project Area D and Project Area E. No assurance is given regarding addition of project areas in the District or addition of territory to the District.

See the captions “FORMATION OF THE DISTRICT AND THE INITIAL PROJECT AREAS; JUDICIAL VALIDATION; RECENT AMENDMENTS; FUTURE ANNEXATIONS TO THE DISTRICT” and “THE INITIAL PROJECT AREAS” herein.

Continuing Disclosure

The District has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board (“MSRB”) certain annual financial information and operating data and notice of certain enumerated events. The District’s covenants have been made in order to assist the Underwriter in complying with the Securities and Exchange Commission’s Rule 15c2-12 (“Rule 15c2-12”). See the caption “CONTINUING DISCLOSURE,” Appendix E-1 for a description of the specific nature of the annual reports and notices of enumerated events to be filed by the District in respect of the Series 2022A Bonds and Appendix E-2 for a description of the specific nature of the annual reports and notices of enumerated events to be filed by the District in respect of the Series 2022B Bonds.

Further Information

Brief descriptions of the Series 2022AB Bonds, the applicable security for the Series 2022AB Bonds, risk factors, the District, the Initial Project Areas, the City and other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the Series 2022AB Bonds, the Facilities Indenture, the Housing Indenture, resolutions and other documents are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Series 2022AB Bonds, the Facilities Indenture, the Housing Indenture, such resolutions and other documents. All such descriptions are further qualified in their entirety by reference to laws and to principles of equity relating to or affecting generally the enforcement of creditors’ rights. For definitions of certain capitalized terms used herein and not otherwise defined, and a description of certain terms relating to the Series 2022AB Bonds, see APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE FACILITIES INDENTURE” and APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE HOUSING INDENTURE” hereto.

THE FINANCING PLAN

The Series 2022A Bonds are being issued to fund (i) the acquisition of certain public facilities and improvements authorized to be financed by the District, (ii) a deposit to the 2022 Facilities Reserve Account and (iii) costs of issuance of the Series 2022A Bonds. The Series 2022B Bonds are being issued to fund (i) the acquisition of certain public facilities and improvements authorized to be financed by the District, (ii) a deposit to the 2022 Housing Reserve Account and (iii) costs of issuance of the Series 2022B Bonds. Proceeds of the 2022AB Bonds are expected to be used, to finance acquisition and construction of public facilities, including [sewer improvements, storm drain improvements, street facilities, curb, gutter and sidewalk improvements, streetlights and traffic signals, and incidental expenses related to the planning, design and completion of such facilities]. The portion of such backbone infrastructure to be financed has been completed by TICD, its predecessors, and its subsidiaries and a portion of the proceeds of the 2022AB Bonds will be used to reimburse TICD for a portion of the costs thereof.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds is set forth below:

<u>Sources of Funds</u>	<u>Series 2022A Bonds</u>	<u>Series 2022B Bonds</u>
Principal Amount	\$	\$
Premium		
Total Sources	\$	\$
<u>Uses of Funds</u>		
Deposit to Facilities Project Fund	\$	\$
Deposit to Housing Project Fund		
Deposit to 2022 Facilities Reserve Account		
Deposit to 2022 Housing Reserve Account		
Costs of Issuance ⁽¹⁾		
Total Uses	\$	\$

⁽¹⁾ Includes Underwriter’s discount, fees and expenses for Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Fiscal Consultant, the Trustee and its counsel, costs of printing the Official Statement, and other costs of issuance of the Series 2022AB Bonds.

THE SERIES 2022A BONDS

Description of the Series 2022A Bonds

The Series 2022A Bonds will be issued as fully registered bonds, in Authorized Denominations within a single maturity and will be dated and bear interest from the date of their delivery, at the rates set forth on the first inside cover page hereof. The Series 2022A Bonds will be issued in fully registered form, without coupons. The Series 2022A Bonds will mature on September 1 in the principal amounts and years as shown on the first inside cover page hereof.

The Series 2022A Bonds will bear interest at the rates set forth on the first inside cover page hereof, payable on the Interest Payment Dates in each year. Interest on all Series 2022A Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Series 2022A Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before [February 15,

2023], in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any Series 2022A Bond, interest thereon is in default, such Series 2022A Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Series 2022A Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of Series 2022A Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Series 2022A Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request.

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day. The principal of the Series 2022A Bonds and any premium on the Series 2022A Bonds are payable in lawful money of the United States of America upon surrender of the Series 2022A Bonds at the Principal Office of the Trustee or such other place as designated by the Trustee. All Series 2022A Bonds redeemed or purchased pursuant to the Facilities Indenture shall be canceled and destroyed.

Redemption

Optional Redemption. The Series 2022A Bonds maturing on or before September 1, _____ are not subject to optional redemption prior to their respective stated maturities. The Series 2022A Bonds maturing on and after September 1, _____, are subject to redemption, at the option of the District on any date on or after September 1, _____, as a whole or in part, by such maturities as shall be determined by the District, and by lot within a maturity, from any available source of funds, at the principal amount of the Series 2022A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption without premium, without premium.

Mandatory Sinking Fund Redemption. The Series 2022A Bonds that are Term Facilities Bonds and maturing September 1, _____, September 1, _____ and September 1, _____ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, _____, as set forth below, from sinking fund payments made by the District to the Principal Account pursuant to the Facilities Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables.

Term Series 2022A Bonds maturing September 1, 20__

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u> \$
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(maturity)

Term Series 2022A Bonds maturing September 1, 20__

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u> \$
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(maturity)

Term Series 2022A Bonds maturing September 1, 20__

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u> \$
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(maturity)

Provided however, that if some but not all of such Term Series 2022A Bonds of a maturity have been redeemed at the option of the District as described in “Optional Redemption” above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Series 2022A Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of [\$__,000] as determined by the District.

Notice of Redemption. The Trustee shall mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) to the Owners of any Series 2022A Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system; but such mailing shall not be a condition precedent

to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state that such redemption is conditioned upon the timely delivery of the redemption price by the District to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Series 2022A Bonds to be redeemed, shall state the individual number of each Series 2022A Bond to be redeemed or shall state that all Series 2022A Bonds between two stated numbers (both inclusive) or all of the Series 2022A Bonds Outstanding are to be redeemed, and shall require that such Series 2022A Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Series 2022A Bonds will not accrue from and after the redemption date.

A notice of optional redemption may be conditional, and the District shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2022A Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Facilities Indenture. The District and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent.

Selection of Series 2022A Bonds for Redemption. Subject to the Facilities Indenture provisions described above under the captions “ – Optional Redemption” and “ – Mandatory Sinking Fund Redemption,” whenever any Series 2022A Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the District thereof to the extent Series 2022A Bonds are no longer held in book-entry form. In the event of redemption by lot of Series 2022A Bonds, the Trustee shall assign to each Series 2022A Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Series 2022A Bond. The Series 2022A Bonds to be redeemed shall be the Series 2022A Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Series 2022A Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

Purchase of Series 2022A Bonds in Lieu of Redemption. In lieu of redemption of the Term Series 2022A Bonds, amounts on deposit in the Net Available Facilities Increment Special Account or in the Principal Account or the Redemption Account may also be used and withdrawn by the District and the Trustee, respectively, at any time, upon the Written Request of the District, for the purchase of the Term Series 2022A Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the District may in its discretion determine. The par amount of any Term Series 2022A Bonds so purchased by the District in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Series 2022A Bonds required to be redeemed; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1.

The Trustee Under the Facilities Indenture

[Trustee] has been appointed as the Trustee for all of the Facilities Bonds under the Facilities Indenture. For a further description of the rights and obligations of the Trustee pursuant to the Facilities Indenture, see APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE FACILITIES INDENTURE” hereto.

Book-Entry System

DTC will act as securities depository for the Series 2022A Bonds. The Series 2022A Bonds will be registered in the name of Cede & Co. (DTC's partnership nominee), and will be available to ultimate purchasers (referred to herein as "Beneficial Owners") in Authorized Denominations, under the book-entry system maintained by DTC. Beneficial Owners of Series 2022A Bonds will not receive physical certificates representing their interest in the Series 2022A Bonds. So long as the Series 2022A Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the Beneficial Owners of the Series 2022A Bonds. Payments of the principal of, premium, if any, and interest on the Series 2022A Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Trustee, so long as DTC or Cede & Co. is the registered owner of the Series 2022A Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants. See APPENDIX G – "BOOK-ENTRY SYSTEM" hereto.

THE SERIES 2022B BONDS

Description of the Series 2022B Bonds

The Series 2022B Bonds will be issued as fully registered bonds, Authorized Denominations within a single maturity and will be dated and bear interest from the date of their delivery, at the rates set forth on the second inside cover page hereof. The Series 2022B Bonds will be issued in fully registered form, without coupons. The Series 2022B Bonds will mature on September 1 in the principal amounts and years as shown on the second inside cover page hereof.

The Series 2022B Bonds will bear interest at the rates set forth on the second inside cover page hereof, payable on the Interest Payment Dates in each year. Interest on all Series 2022B Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Series 2022B Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before [February 15, 2023], in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any Series 2022B Bond, interest thereon is in default, such Series 2022B Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Series 2022B Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of Series 2022B Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Series 2022B Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request.

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day. The principal of the Series 2022B Bonds and any premium on the Series 2022B Bonds are payable in lawful money of the United States of America upon surrender of the Series 2022B Bonds at the Principal Office of the Trustee or such other place as designated by the

Trustee. All Series 2022B Bonds redeemed or purchased pursuant to the Housing Indenture shall be canceled and destroyed.

Redemption

Optional Redemption. The Series 2022B Bonds maturing on or before September 1, ____ are not subject to optional redemption prior to their respective stated maturities. The Series 2022B Bonds maturing on and after September 1, ____, are subject to redemption, at the option of the District on any date on or after September 1, ____, as a whole or in part, by such maturities as shall be determined by the District, and by lot within a maturity, from any available source of funds, at the principal amount of the Series 2022B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption without premium, without premium.

Mandatory Sinking Fund Redemption. The Series 2022B Bonds that are Term Housing Bonds and maturing September 1, ____, September 1, ____ and September 1, ___ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, ____, as set forth below, from sinking fund payments made by the District to the Principal Account pursuant to the Housing Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables.

Term Series 2022B Bonds maturing September 1, 20__

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u> \$
---	--

(maturity)

Term Series 2022B Bonds maturing September 1, 20__

Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u> \$
---	--

(maturity)

Term Series 2022B Bonds maturing September 1, 20__

Sinking Fund Redemption Date (September 1)	Principal Amount <u>Subject to Redemption</u> \$
--	--

(maturity)

Provided however, that if some but not all of such Term Series 2022B Bonds of a maturity have been redeemed at the option of the District as described in “Optional Redemption” above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Series 2022B Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of [\$__,000] as determined by the District.

Notice of Redemption. The Trustee shall mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) to the Owners of any Series 2022B Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state that such redemption is conditioned upon the timely delivery of the redemption price by the District to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Series 2022B Bonds to be redeemed, shall state the individual number of each Series 2022B Bond to be redeemed or shall state that all Series 2022B Bonds between two stated numbers (both inclusive) or all of the Series 2022B Bonds Outstanding are to be redeemed, and shall require that such Series 2022B Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Series 2022B Bonds will not accrue from and after the redemption date.

A notice of optional redemption may be conditional, and the District shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2022B Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Housing Indenture. The District and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent.

Selection of Series 2022B Bonds for Redemption. Subject to the Housing Indenture provisions described above under the captions “ – Optional Redemption” and “ – Mandatory Sinking Fund Redemption,” whenever any Series 2022B Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the District thereof to the extent Series 2022B Bonds are no longer held in book-entry form. In the event of redemption by lot of Series 2022B Bonds, the Trustee shall assign to each Series 2022B Bond then

Outstanding a distinctive number for each \$5,000 of the principal amount of each such Series 2022B Bond. The Series 2022B Bonds to be redeemed shall be the Series 2022B Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Series 2022B Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

Purchase of Series 2022B Bonds in Lieu of Redemption. In lieu of redemption of the Term Series 2022B Bonds, amounts on deposit in the Net Available Housing Increment Special Account or in the Principal Account or the Redemption Account may also be used and withdrawn by the District and the Trustee, respectively, at any time, upon the Written Request of the District, for the purchase of the Term Series 2022B Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the District may in its discretion determine. The par amount of any Term Series 2022B Bonds so purchased by the District in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Series 2022B Bonds required to be redeemed; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1.

The Trustee Under the Housing Indenture

[Trustee] has been appointed as the Trustee for all of the Housing Bonds under the Housing Indenture. For a further description of the rights and obligations of the Trustee pursuant to the Housing Indenture, see APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE HOUSING INDENTURE” hereto.

Book-Entry System

DTC will act as securities depository for the Series 2022B Bonds. The Series 2022B Bonds will be registered in the name of Cede & Co. (DTC’s partnership nominee), and will be available to ultimate purchasers (referred to herein as “Beneficial Owners”) in Authorized Denominations, under the book-entry system maintained by DTC. Beneficial Owners of Series 2022B Bonds will not receive physical certificates representing their interest in the Series 2022B Bonds. So long as the Series 2022B Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the Beneficial Owners of the Series 2022B Bonds. Payments of the principal of, premium, if any, and interest on the Series 2022B Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Trustee, so long as DTC or Cede & Co. is the registered owner of the Series 2022B Bonds. Disbursements of such payments to DTC’s Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and Indirect Participants. See APPENDIX G – “BOOK-ENTRY SYSTEM” hereto.

SECURITY AND SOURCES OF PAYMENT

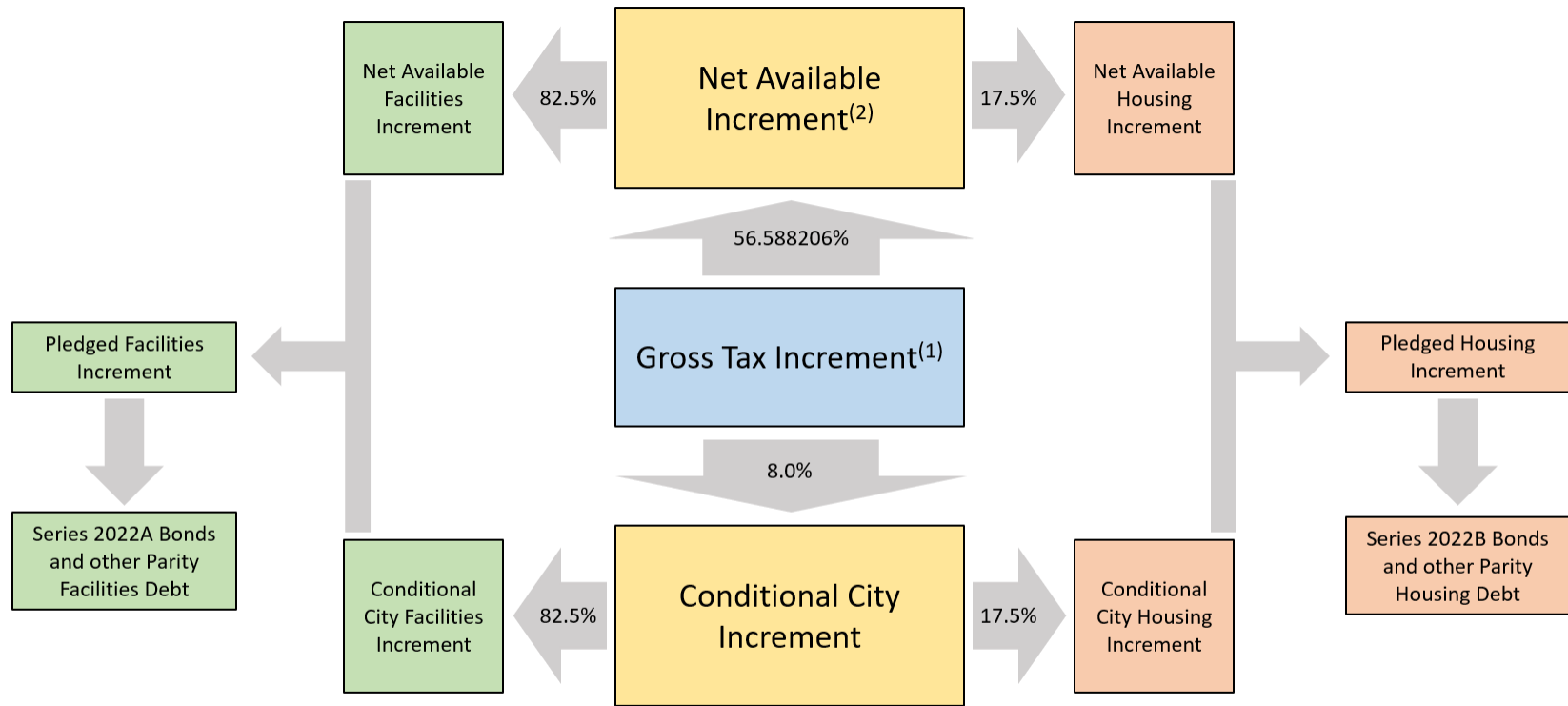
General

The Series 2022A Bonds and any Parity Facilities Debt will be secured primarily by Pledged Facilities Increment, which consists of Net Available Facilities Increment and Conditional City Facilities Increment.

The Series 2022B Bonds and any Parity Housing Debt will be secured primarily by Pledged Housing Increment, which consists of Net Available Housing Increment and the Conditional City Housing Increment.

Net Available Facilities Increment and Net Available Housing Increment are derived from Net Available Increment. Conditional City Facilities Increment and Conditional City Housing Increment are derived from Conditional City Increment. Net Available Increment and Conditional City Increment are derived from Gross Tax Increment. Each of these are described in the diagram and summary below. Additional security for Series 2022A Bonds and the Series 2022B Bonds, respectively, are also described in the summary below.

[Remainder of page intentionally left blank.]



⁽¹⁾ Before allocation to the District, Gross Tax Increment is subject to deductions by the City of certain administrative costs incurred by the City in connection with the division of taxes under the Law.

⁽²⁾ To the extent the administrative costs incurred by the City described in footnote (1) above were not deducted from Gross Tax Increment by the City, the District will first set aside from Net Available Increment such amounts for payment to the City.

Gross Tax Increment, Net Available Increment and Conditional City Increment

Relevant Definitions. The following defined terms are used in this Official Statement to describe the Pledged Facilities Increment pledged to the Series 2022A Bonds and any Parity Facilities Debt, and to describe the Pledged Housing Increment pledged to the Series 2022B Bonds and any Parity Housing Debt. These terms are defined in the Facilities Indenture, the Housing Indenture or the Infrastructure Financing Plan.

“Gross Tax Increment” means, for each of the Project Areas, 100% of the revenue produced by the application of the 1% ad valorem tax rate to the Incremental Assessed Property Value of property within the Project Area. [Gross Tax Increment is subject to deductions for the amounts required to be paid to the City for certain administrative costs incurred by the City in connection with the division of taxes under the Law.]

“Incremental Assessed Property Value” means, in any year, for each Project Area, the difference between the assessed value of the property within such Project Area for that fiscal year and the assessed value of the property within such Project Area in the Base Year (which is fiscal year 2016-17 for the Initial Project Areas and each proposed and future Project Area), to the extent that the difference is a positive number.

“Project Area” means, collectively, each project area established from time to time for the District pursuant to the Law. Currently, the Initial Project Areas are the only Project Areas.

“Commencement Year” means the fiscal year in which tax increment revenues generated in a Project Area will be allocated to the District.

“Base Year” for the Project Areas is defined in the Infrastructure Financing Plan as Fiscal Year 2016-17.

“Net Available Increment” means 56.588206% of the Gross Tax Increment, subject to the Plan Limit, as provided in the Infrastructure Financing Plan. [To the extent the City’s administrative costs incurred in connection with the division of taxes under the Law are not deducted from Gross Tax Increment, the District will first set aside from Net Available Increment such amounts for payment to the City.]

“Plan Limit” means the limitation, if any, contained in the Infrastructure Financing Plan on the number of dollars of taxes which may be divided and allocated to the District pursuant to the Infrastructure Financing Plan and the Law. Under the Infrastructure Financing Plan, the total nominal number of tax increment dollars to be allocated to the Initial Project Areas of the District over the life of the District shall not exceed \$1.53 billion of Net Available Increment and \$216 million of Conditional City Increment. The combined total of Net Available Increment and Conditional City Increment allocated to the Initial Projects Areas of the District shall not exceed \$1.75 billion.

Allocation of Net Available Increment to the District. Under the Law, an infrastructure financing plan may contain a provision that property taxes, if any, levied upon taxable property in the area included within the infrastructure revitalization financing district (or a project area, as applicable) each year by or for the benefit of the State of California, or any affected taxing entity after the effective date of the ordinance adopted to create the district, shall be divided (excluding any property taxes approved by the voters to pay general obligation bonds), as follows:

- (a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the affected taxing entities upon the total sum of the assessed

value of the taxable property in the district (or a project area, as applicable) as shown upon the assessment roll used in connection with the taxation of the property by the affected taxing entity, last equalized prior to the effective date of the ordinance to create the district, shall be allocated to, and when collected shall be paid to, the respective affected taxing entities as taxes by or for the affected taxing entities on all other property are paid.

(b) That portion of the levied taxes each year specified in the adopted infrastructure financing plan for the city and each affected taxing entity which has agreed to allocate taxes to the district in excess of the amount specified in paragraph (a) shall be allocated to, and when collected shall be paid into a special fund of, the district for all lawful purposes of the district. Unless and until the total assessed valuation of the taxable property in a district (or a project area, as applicable) exceeds the total assessed value of the taxable property in the district (or a project area, as applicable) as shown by the last equalized assessment roll referred to in paragraph (a), all of the taxes levied and collected upon the taxable property in the district (or a project area, as applicable) shall be paid to the respective affected taxing entities.

Under the Infrastructure Financing Plan, Net Available Tax Increment generated in each Project Area will be allocated to the District, commencing with the applicable Commencement Year. The Commencement Year for each Initial Project Area is identified in the current Infrastructure Financing Plan. See APPENDIX B – “INFRASTRUCTURE FINANCING PLAN” attached hereto. The Commencement Year for Project Area A was Fiscal Year 2019-20. The Commencement Year for the other Initial Project Areas has not yet occurred but are projected in the Fiscal Consultant Report to be Fiscal Year 2022-23 for Project Area B and Project Area E. See APPENDIX H – “FISCAL CONSULTANT REPORT” attached hereto.

For future Project Areas, the Commencement Year will be determined at the time of the related territory’s annexation to the District. The Commencement Year for each future Project Area will be identified in a supplement to the Infrastructure Financing Plan. See APPENDIX B – “INFRASTRUCTURE FINANCING PLAN” attached hereto.

Net Available Increment Special Fund. As required by the Law, the District will establish a special fund to be held by or on behalf of the District as a separate restricted account, to be known as the “Net Available Increment Special Fund.” The District will establish the following accounts within the Net Available Increment Special Fund to be held by or on behalf of the District as separate restricted accounts: the “Net Available Housing Increment Special Account” and the “Net Available Facilities Increment Special Account.”

Amounts deposited to and held by the District in the Net Available Increment Special Fund and the accounts therein shall be at all times separately accounted for by the District from all other funds or accounts. The Net Available Facilities Increment shall be used and applied solely as set forth in the Facilities Indenture (see “Security for the Series 2022A Bonds and Parity Facilities Debt” below) and the Net Available Housing Increment shall be used and applied solely as set forth in the Housing Indenture (see “Security for the Series 2022B Bonds and Parity Housing Debt” below).

Security for the Series 2022A Bonds and Parity Facilities Debt

The Series 2022A Bonds and any Parity Facilities Debt will equally secured by a pledge of, security interest in and lien on all of the Net Available Facilities Increment (including the Net Available Facilities Increment in the Net Available Facilities Increment Special Account) and the Conditional City Facilities Increment (including the Conditional City Facilities Increment in the Conditional City Facilities Increment Special Account) (subject to compensation, costs and indemnity payable under the Facilities Indenture to

the Trustee, its officers, directors, agents or employees). The Series 2022A Bonds and any Parity Facilities Debt are also secured by certain funds and accounts under the Facilities Indenture described below.

Net Available Facilities Increment. “Net Available Facilities Increment” means 82.5% of the Net Available Increment. Promptly upon receipt thereof, the District will deposit 82.5% of the Net Available Increment received in any Bond Year in the Net Available Facilities Increment Special Account in the Net Available Increment Special Fund (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel). The District may establish separate accounts within the Net Available Increment Special Fund, and separate sub-accounts within the Net Available Facilities Increment Special Account in its discretion.

The Net Available Facilities Increment received in any Bond Year and deposited into the Net Available Facilities Increment Special Account shall be subject to the pledge, security interest and lien set forth in the Facilities Indenture until such time during such Bond Year as the amounts on deposit in the Net Available Facilities Increment Special Account equal the aggregate amounts required to be transferred for deposit in such Bond Year (i) for deposit into the Interest Account the Principal Account in the Facilities Debt Service Fund, the 2022 Facilities Reserve Account, any other reserve account held by the Trustee for Facilities Bonds that are not 2022 Related Facilities Bonds and the Redemption Account in the Facilities Debt Service Fund in such Bond Year pursuant to the Facilities Indenture and, if applicable, (ii) with respect to any Parity Facilities Debt other than Facilities Bonds pursuant to the applicable Parity Facilities Debt Instrument.

All Net Available Facilities Increment received by the District during any Bond Year in excess of the amount required to be deposited in the Net Available Facilities Increment Special Account during such Bond Year pursuant to the preceding paragraph shall be released from the pledge, security interest and lien under the Facilities Indenture for the security of the Facilities Bonds and any additional Parity Facilities Debt and may be applied by the District for any lawful purpose of the District, including but not limited to the repayment of the City for use of Conditional City Facilities Increment to pay debt service on the Series 2022A Bonds or any Parity Facilities Debt, payment of Subordinate Facilities Debt (as defined in the Indenture), or the payment of any amounts in respect of the Facilities Bonds due and owing to the United States of America pursuant to the Internal Revenue Code as provided under the Facilities Indenture.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Facilities Bonds and the payment in full of all other amounts payable under the Facilities Indenture and under any Supplemental Facilities Indenture or Parity Facilities Debt Instrument, the District shall not have any beneficial right or interest in the moneys on deposit in the Net Available Facilities Increment Special Account, except as may be provided in the Facilities Indenture and in any Supplemental Facilities Indenture or Parity Facilities Debt Instrument.

Conditional City Facilities Increment. “Conditional City Facilities Increment” means 82.5% of the Conditional City Increment. Promptly upon receipt thereof, the District will deposit 82.5% of the Conditional City Increment received in any Bond Year in the Conditional City Facilities Increment Special Account (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel). The District may establish separate accounts within the Conditional City Increment Special Fund, and separate sub-accounts within the Conditional City Facilities Increment Special Account in its discretion.

The Conditional City Facilities Increment received in any Bond Year and deposited into the Conditional City Facilities Increment Special Account shall be subject to the pledge, security interest and lien set forth in the Facilities Indenture until such time during such Bond Year as the amount of Net Available Facilities Increment on deposit in the Net Available Facilities Increment Special Account is equal

to the aggregate amounts required to be transferred for deposit in such Bond Year (i) for deposit into the Interest Account and the Principal Account in the Facilities Debt Service Fund, the 2022 Facilities Reserve Account, any debt service reserve account for Facilities Bonds that are not 2022 Related Facilities Bonds and the Redemption Account in the Facilities Debt Service Fund in such Bond Year pursuant to the Facilities Indenture and, if applicable, (ii) with respect to any Parity Facilities Debt other than additional Facilities Bonds pursuant to the applicable Parity Facilities Debt Instrument.

Once the condition set forth in the prior paragraph has been satisfied, all Conditional City Facilities Increment shall be released from the pledge, security interest and lien under the Facilities Indenture for the security of the Facilities Bonds and any additional Parity Facilities Debt and shall be transferred to the City.

If the condition set forth in the second preceding paragraph is not satisfied in a Bond Year, any remaining Conditional City Facilities Increment in the Conditional City Facilities Increment Special Account shall be released from the pledge, security interest and lien under the Facilities Indenture for the security of the Facilities Bonds and any additional Parity Facilities Debt and shall be transferred to the City following payment of the principal or redemption price of and interest on the Facilities Bonds due during such Bond Year and the payment of any amounts due during such Bond Year on any Parity Facilities Debt.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Facilities Bonds and the payment in full of all other amounts payable under the Facilities Indenture and under any Supplemental Facilities Indenture or Parity Facilities Debt Instrument, the District shall not have any beneficial right or interest in the moneys on deposit in the Conditional City Facilities Increment Special Account, except as may be provided in the Facilities Indenture and in any Supplemental Facilities Indenture or Parity Facilities Debt Instrument.

Facilities Debt Service Fund. The Series 2022A Bonds and any additional Facilities Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Facilities Debt Service Fund, and the Interest Account, the Principal Account and the Redemption Account therein without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. See “Facilities Debt Service Fund” below.

2022 Facilities Reserve Account. The 2022A Bonds and all 2022A Related Facilities Bonds shall be secured by a first pledge of all moneys deposited in the 2022 Facilities Reserve Account. See “2022 Facilities Reserve Account” below.

“2022 Related Facilities Bonds” means any series of Parity Facilities Bonds for which (i) the proceeds are deposited into the 2022 Facilities Reserve Account so that the balance therein is equal to the 2022 Facilities Reserve Requirement following issuance of such Parity Facilities Bonds and (ii) the related Supplemental Facilities Indenture specifies that the 2022 Facilities Reserve Account shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Parity Facilities Bonds.

Amounts in the Facilities Project Fund (and the accounts therein) under the Facilities Indenture and the 2022A Costs of Issuance Fund are not pledged to the repayment of the Facilities Bonds.

Except for the Pledged Facilities Increment and such moneys specified above, no funds or properties of the District (including but not limited to the Net Available Housing Increment and Conditional City Increment deposited into the Conditional City Housing Increment Special Account) are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Facilities Bonds.

Facilities Debt Service Fund

The Facilities Debt Service Fund is established under the Facilities Indenture as a separate fund to be held by the Trustee in trust. Moneys in the Net Available Facilities Increment Special Account and the Conditional City Facilities Increment Special Account shall be transferred by the District to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are established in the Facilities Debt Service Fund, and in the following order of priority (provided that, if on the fifth (5th) Business Day prior to the date the District is required to transfer amounts on deposit in the Net Available Facilities Increment Special Account and the Conditional City Facilities Increment Special Account to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Parity Facilities Debt other than Facilities Bonds, the District shall immediately notify the Trustee of the amount of any such insufficiency):

Interest Account. On or before the third (3rd) Business Day preceding each Interest Payment Date, the District shall withdraw from the Net Available Facilities Increment Special Account and the Conditional City Facilities Increment Special Account, in that order, and transfer to the Trustee, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Facilities Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Facilities Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Facilities Bonds as it shall become due and payable (including accrued interest on any Facilities Bonds redeemed prior to maturity pursuant to the Facilities Indenture).

Principal Account. On or before the third (3rd) Business Day preceding September 1 in each year beginning September 1, 20__, the District shall withdraw from the Net Available Facilities Increment Special Account and the Conditional City Facilities Increment Special Account, in that order, and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Facilities Bonds and Outstanding Term Facilities Bonds, including pursuant to mandatory sinking account redemption, on the next September 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next September 1 on all of the Outstanding Serial Facilities Bonds and Term Facilities Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Facilities Bonds and the Term Facilities Bonds, including by mandatory sinking account redemption, as the same shall become due and payable.

Debt Service Reserve Accounts. In the event that (i) the amount on deposit in the 2022 Facilities Reserve Account at any time becomes less than the 2022 Facilities Reserve Requirement or (ii) the amount in any other reserve account that is held by the Trustee for Facilities Bonds that are not 2002 Related Facilities Bonds becomes less than its required amount, the Trustee shall promptly notify the District of such fact. Promptly upon receipt of any such notice, the District shall, without preference or priority and on a pro rata basis based on the outstanding principal amount of such Facilities Bonds or other Parity Facilities Debt, (i) transfer to the Trustee an amount of Net Available Facilities Increment sufficient for the amount on deposit in the 2022 Facilities Reserve Account to equal the 2022 Facilities Reserve Requirement, (ii) transfer to the Trustee an amount of Net Available Facilities Increment sufficient for the amount on deposit in such other reserve account held by the Trustee to equal its required amount and (iii) transfer as necessary to increase the amount in a debt service reserve account for any Parity Facilities Debt that is not held by the Trustee to its required amount. If there shall then not be sufficient Net Available

Facilities Increment to make the transfers described in the preceding sentence, the District shall be obligated to continue making transfers as Net Available Facilities Increment becomes available in the Net Available Facilities Increment Special Account until there is an amount sufficient to make the required transfers. See “2022 Facilities Reserve Account” below.

Redemption Account. On or before the Business Day preceding any date on which the Series 2022A Bonds are to be optionally redeemed pursuant to Facilities Indenture or other series of Facilities Bonds are to be [optionally] redeemed pursuant to a Supplemental Facilities Indenture, the Trustee shall withdraw from the Facilities Debt Service Fund any amount transferred by the District pursuant to the Facilities Indenture for such optional redemption for deposit in the Redemption Account therein, such amount being the amount required to pay the principal of and premium, if any, on the Series 2022A Bonds and on other Facilities Bonds to be redeemed on such date pursuant to the optional redemption provisions of the Facilities Indenture or a similar provision of a Supplemental Facilities Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 2022A Bonds and on such other Facilities Bonds to be optionally redeemed pursuant to the Facilities Indenture or a similar provision of a Supplemental Facilities Indenture on the date set for such redemption. Interest due on the Series 2022A Bonds or such other Facilities Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such Series 2022A Bonds or such other Facilities Bonds, the Trustee may, at the direction of the District, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of the Series 2022A Bonds or such other Facilities Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on such Series 2022A Bonds or such other Facilities Bonds, which is payable from the Interest Account) as shall be directed by the District.

2022 Facilities Reserve Account

The Trustee will establish under the Facilities Indenture a 2022 Facilities Reserve Account. The 2022 Facilities Reserve Account will be established for the benefit of the Series 2022A Bonds and any 2022 Related Facilities Bonds. Under the Facilities Indenture, the 2022 Facilities Reserve Account is to be funded at the 2022 Facilities Reserve Requirement.

“2022 Facilities Reserve Requirement” means the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the Series 2022A Bonds and 2022 Related Facilities Bonds, if any, (b) 125% of average Annual Facilities Debt Service on the Series 2022A Bonds and 2022 Related Facilities Bonds, if any and (c) 10% of the outstanding principal of the Series 2022A Bonds and 2022 Related Facilities Bonds, if any; provided, however:

(A) that with respect to the calculation of clause (c), the issue price of the Series 2022A Bonds or any 2022 Related Facilities Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the Series 2022A Bonds or any 2022 Related Facilities Bonds was less than 98% or more than 102% of the original principal amount of the Series 2022A Bonds or any 2022 Related Facilities Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount;

(B) that in no event shall the amount calculated under the Facilities Indenture exceed the amount on deposit in the 2022 Facilities Reserve Account on the date of issuance of the Series 2022A Bonds (if they are the only Facilities Bonds covered by the 2022 Facilities Reserve Account) or the most recently issued series of 2022 Related Facilities Bonds except in connection with any increase associated with the issuance of 2022 Related Facilities Bonds; and

(C) that in no event shall the amount required to be deposited into the 2022 Facilities Reserve Account in connection with the issuance of a series of 2022 Related Facilities Bonds exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested an unrestricted yield.

Upon issuance of the Series 2022A Bonds, the 2022 Facilities Reserve Requirement is expected to be satisfied from the proceeds of the Series 2022A Bonds.

All money in the 2022 Facilities Reserve Account shall be used and withdrawn by the Trustee for the purpose of (i) making transfers to the Interest Account and the Principal Account in the Facilities Debt Service Fund in such order of priority to pay principal of and interest on the Series 2022A Bonds and any 2022 Related Facilities Bonds, in the event of any deficiency at any time in any of such accounts and (ii) to the extent that such amounts are not required to make a payment to the federal government in respect of the Facilities Bonds due and owing to the United States of America pursuant to the Internal Revenue Code as provided under the Facilities Indenture, for the retirement of all the Series 2022A Bonds and any 2022 Related Facilities Bonds then Outstanding.

The District has the right at any time to direct the Trustee to release funds from the 2022 Facilities Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series Series 2022A Bonds or any 2022 Related Facilities Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE FACILITIES INDENTURE” hereto.

Parity Facilities Debt

The Series 2022A Bonds will be the first series of Facilities Bonds issued under the Facilities Indenture. In addition to the Series 2022A Bonds, the District may issue Parity Facilities Debt to finance and/or refinance activities that are permitted to be financed and/or refinanced by the District with Net Available Facilities Increment in such principal amount as shall be determined by the District. The District may issue Parity Facilities Debt under a Supplemental Facilities Indenture entered into by the District and the Trustee, subject to the conditions set forth in the Facilities Indenture. The District anticipates issuing approximately \$___ million in Parity Facilities Debt over the next five years.

Any Parity Facilities Debt, to the extent provided in the Facilities Indenture, shall be secured by a lien on the Net Available Facilities Increment and Pledge Conditional City Facilities Increment and funds pledged for the payment of the Facilities Bonds under the Facilities Indenture on a parity with all other Facilities Bonds Outstanding under the Facilities Indenture. The District may issue and deliver any such Parity Facilities Debt subject to the following specific conditions all of which are conditions precedent to the issuance and delivery of such Parity Facilities Debt:

(a) No event of default under the Facilities Indenture, under any Parity Facilities Debt Instrument or under any Subordinate Facilities Debt Instrument (as defined in the Facilities Indenture) shall have occurred and be continuing, unless the event of default shall be cured by the issuance of the Parity Facilities Debt, and the District shall otherwise be in compliance with all covenants set forth in the Facilities Indenture.

(b) (i) Except as provided in the Facilities Indenture as described in paragraph (g) below, the sum of (A) Net Available Facilities Increment and (B) the Conditional City Facilities Increment, based on the most recent taxable valuation of property in the District as evidenced by the records of the District,

plus at the option of the District the amount of any Additional Facilities Revenues, shall be at least equal to one hundred twenty five percent (125%) of Annual Facilities Debt Service payable from Net Available Facilities Increment in each of the years that the proposed Parity Facilities Debt will be outstanding, including within such Annual Facilities Debt Service, the amount of Annual Facilities Debt Service on the Parity Facilities Debt then proposed to be issued or incurred.

(ii) The Net Available Facilities Increment, based on the most recent taxable valuation of property in the District as evidenced by the records of the District, plus at the option of the District the amount of any Additional Facilities Revenues that are Net Available Facilities Increment, shall be at least equal to one hundred percent (100%) of Annual Facilities Debt Service payable from Net Available Facilities Increment in each of the years that the proposed Parity Facilities Debt will be outstanding, including within such Annual Facilities Debt Service, the amount of Annual Facilities Debt Service on the Parity Facilities Debt then proposed to be issued or incurred.

(c) In the case of Parity Facilities Debt issued as additional Facilities Bonds under the Facilities Indenture, the Supplemental Facilities Indenture providing for the issuance of such Facilities Bonds shall provide for (i) a deposit to the 2022 Facilities Reserve Account in an amount necessary such that the amount deposited therein shall equal the 2022 Facilities Reserve Requirement following issuance of the additional Bonds, or (ii) a deposit to a reserve account for such additional Facilities Bonds (and such other series of Facilities Bonds identified by the District) in an amount defined in such Supplemental Facilities Indenture, as long as such Supplemental Facilities Indenture expressly declares that the Owners of such additional Facilities Bonds will have no interest in or claim to the 2022 Facilities Reserve Account and that the Owners of the Facilities Bonds covered by the 2022 Facilities Reserve Account will have no interest in or claim to such other reserve account or (iii) no deposit to either the 2022 Facilities Reserve Account or another reserve account as long as such Supplemental Facilities Indenture expressly declares that the Owners of such additional Facilities Bonds will have no interest in or claim to the 2022 Facilities Reserve Account or any other reserve account. The Supplemental Facilities Indenture may provide that the District may satisfy the 2022 Facilities Reserve Requirement for a series of Parity Facilities Debt issued as additional Facilities Bonds under the Facilities Indenture by the deposit into the reserve account established pursuant to such Supplemental Facilities Indenture of an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company as described in the Supplemental Facilities Indenture.

Nothing in the Facilities Indenture establishes a requirement for the District to establish a debt service reserve account for Parity Facilities Debt that is not issued as additional Facilities Bonds under the Indenture.

(d) Principal with respect to such Parity Facilities Debt will be required to be paid on September 1 in any year in which such principal is payable.

(e) The aggregate principal amount of bonds and other debt (as defined in the Law and the Infrastructure Financing Plan) that will have been issued by the District following the issuance of such Parity Facilities Debt shall not exceed the maximum amount of bonds and other debt permitted to be issued by the District. The following Parity Facilities Debt shall not account against the aggregate principal amount of bonds and other debt permitted to be issued by the District: (i) any bonds or other debt issued or incurred for the sole purpose of refunding the Facilities Bonds, funding a reserve fund for such refunding bonds and paying related costs of issuance and (ii) any bonds or other debt issued or incurred for the sole purpose of refunding such refunding bonds, funding a reserve fund and paying related costs of issuance.

(f) The aggregate amount of the principal of and interest on all bonds, loans, advances or indebtedness payable from Net Available Facilities Increment, Net Available Housing Increment and

Conditional City Increment coming due and payable following the issuance of such Parity Facilities Debt shall not exceed the maximum amount of Net Available Facilities Increment, Net Available Housing Increment and Conditional City Increment permitted under the Plan Limit to be allocated and paid to the District following the issuance of such Parity Facilities Debt.

(g) Except as provided in paragraph (h) below, the District shall deliver to the Trustee a Written Certificate of the District certifying that the conditions precedent to the issuance of such Parity Facilities Debt set forth in paragraphs (a) through (f) above have been satisfied.

(h) The condition set forth in paragraph (a) and paragraph (b) clause (i) above shall not apply to the issuance or incurrence of any Parity Facilities Debt the net proceeds of which will be used solely to refund all or any portion of the Series 2022A Bonds or any other outstanding Parity Facilities Debt, provided that debt service payable in each year with respect to the proposed Parity Facilities Debt is less than the debt service otherwise payable in each year with respect to the Series 2022A Bonds or Parity Facilities Debt, or portion thereof, proposed to be refunded.

Subject to the conditions under the Facilities Indenture, the City may incur or issue loans, advances or indebtedness, which are either (a) payable from, but not secured by a pledge of or lien upon, the Net Available Facilities Increment or the Conditional City Facilities Increment; or (b) secured by a pledge of or lien upon the Net Available Facilities Increment or the Conditional City Facilities Increment which is expressly subordinate to the pledge of and lien upon the Net Available Facilities Increment and the Conditional City Facilities Increment under the Facilities Indenture for the security of the Facilities Bonds. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE FACILITIES INDENTURE” hereto.

[Describe existing subordinate debt.]

Security for the Series 2022B Bonds and Parity Housing Debt

The Series 2022B Bonds and any Parity Housing Debt will equally secured by a pledge of, security interest in and lien on all of the Net Available Housing Increment (including the Net Available Housing Increment in the Net Available Housing Increment Special Account) and the Conditional City Housing Increment (including the Conditional City Housing Increment in the Conditional City Housing Increment Special Account) (subject to compensation, costs and indemnity payable under the Housing Indenture to the Trustee, its officers, directors, agents or employees). The Series 2022B Bonds and any Parity Housing Debt are also secured by certain funds and accounts under the Housing Indenture described below.

Net Available Housing Increment. “Net Available Housing Increment” means 17.5% of the Net Available Increment. Promptly upon receipt thereof, the District will deposit 17.5% of the Net Available Increment received in any Bond Year in the Net Available Housing Increment Special Account in the Net Available Increment Special Fund (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel). The District may establish separate accounts within the Net Available Increment Special Fund, and separate sub-accounts within the Net Available Housing Increment Special Account in its discretion.

The Net Available Housing Increment received in any Bond Year and deposited into the Net Available Housing Increment Special Account shall be subject to the pledge, security interest and lien set forth in the Housing Indenture until such time during such Bond Year as the amounts on deposit in the Net Available Housing Increment Special Account equal the aggregate amounts required to be transferred for deposit in such Bond Year (i) for deposit into the Interest Account the Principal Account in the Housing Debt Service Fund, the 2022 Housing Reserve Account, any other reserve account held by the Trustee for

Housing Bonds that are not 2022 Related Housing Bonds and the Redemption Account in the Housing Debt Service Fund in such Bond Year pursuant to the Housing Indenture and, if applicable, (ii) with respect to any Parity Housing Debt other than Housing Bonds pursuant to the applicable Parity Housing Debt Instrument.

All Net Available Housing Increment received by the District during any Bond Year in excess of the amount required to be deposited in the Net Available Housing Increment Special Account during such Bond Year pursuant to the preceding paragraph shall be released from the pledge, security interest and lien under the Housing Indenture for the security of the Housing Bonds and any additional Parity Housing Debt and may be applied by the District for any lawful purpose of the District, including but not limited to the repayment of the City for use of Conditional City Housing Increment to pay debt service on the Series 2022B Bonds or any Parity Housing Debt, payment of Subordinate Housing Debt (as defined in the Indenture), or the payment of any amounts in respect of the Housing Bonds due and owing to the United States of America pursuant to the Internal Revenue Code as provided under the Housing Indenture.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Housing Bonds and the payment in full of all other amounts payable under the Housing Indenture and under any Supplemental Housing Indenture or Parity Housing Debt Instrument, the District shall not have any beneficial right or interest in the moneys on deposit in the Net Available Housing Increment Special Account, except as may be provided in the Housing Indenture and in any Supplemental Housing Indenture or Parity Housing Debt Instrument.

Conditional City Housing Increment. “Conditional City Housing Increment” means 17.5% of the Conditional City Increment. Promptly upon receipt thereof, the District will deposit 17.5% of the Conditional City Increment received in any Bond Year in the Conditional City Housing Increment Special Account (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel). The District may establish separate accounts within the Conditional City Increment Special Fund, and separate sub-accounts within the Conditional City Housing Increment Special Account in its discretion.

The Conditional City Housing Increment received in any Bond Year and deposited into the Conditional City Housing Increment Special Account shall be subject to the pledge, security interest and lien set forth in the Housing Indenture until such time during such Bond Year as the amount of Net Available Housing Increment on deposit in the Net Available Housing Increment Special Account is equal to the aggregate amounts required to be transferred for deposit in such Bond Year (i) for deposit into the Interest Account and the Principal Account in the Housing Debt Service Fund, the 2022 Housing Reserve Account, any debt service reserve account for Housing Bonds that are not 2022 Related Housing Bonds and the Redemption Account in the Housing Debt Service Fund in such Bond Year pursuant to the Housing Indenture and, if applicable, (ii) with respect to any Parity Housing Debt other than additional Housing Bonds pursuant to the applicable Parity Housing Debt Instrument.

Once the condition set forth in the prior paragraph has been satisfied, all Conditional City Housing Increment shall be released from the pledge, security interest and lien under the Housing Indenture for the security of the Housing Bonds and any additional Parity Housing Debt and shall be transferred to the City.

If the condition set forth in the second preceding paragraph is not satisfied in a Bond Year, any remaining Conditional City Housing Increment in the Conditional City Housing Increment Special Account shall be released from the pledge, security interest and lien under the Housing Indenture for the security of the Housing Bonds and any additional Parity Housing Debt and shall be transferred to the City following payment of the principal or redemption price of and interest on the Housing Bonds due during such Bond Year and the payment of any amounts due during such Bond Year on any Parity Housing Debt.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Housing Bonds and the payment in full of all other amounts payable under the Housing Indenture and under any Supplemental Housing Indenture or Parity Housing Debt Instrument, the District shall not have any beneficial right or interest in the moneys on deposit in the Conditional City Housing Increment Special Account, except as may be provided in the Housing Indenture and in any Supplemental Housing Indenture or Parity Housing Debt Instrument.

Housing Debt Service Fund. The Series 2022B Bonds and any additional Housing Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Housing Debt Service Fund, and the Interest Account, the Principal Account and the Redemption Account therein without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. See “Housing Debt Service Fund” below.

2022 Housing Reserve Account. The 2022B Bonds and all 2022B Related Housing Bonds shall be secured by a first pledge of all moneys deposited in the 2022 Housing Reserve Account. See “2022 Housing Reserve Account” below.

“2022 Related Housing Bonds” means any series of Parity Housing Bonds for which (i) the proceeds are deposited into the 2022 Housing Reserve Account so that the balance therein is equal to the 2022 Housing Reserve Requirement following issuance of such Parity Housing Bonds and (ii) the related Supplemental Housing Indenture specifies that the 2022 Housing Reserve Account shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Parity Housing Bonds.

Amounts in the Housing Project Fund (and the accounts therein) under the Housing Indenture and the 2022B Costs of Issuance Fund are not pledged to the repayment of the Housing Bonds.

Except for the Pledged Housing Increment and such moneys specified above, no funds or properties of the District (including but not limited to the Net Available Housing Increment and Conditional City Increment deposited into the Conditional City Housing Increment Special Account) are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Housing Bonds.

Housing Debt Service Fund

The Housing Debt Service Fund is established under the Housing Indenture as a separate fund to be held by the Trustee in trust. Moneys in the Net Available Housing Increment Special Account and the Conditional City Housing Increment Special Account shall be transferred by the District to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are established in the Housing Debt Service Fund, and in the following order of priority (provided that, if on the fifth (5th) Business Day prior to the date the District is required to transfer amounts on deposit in the Net Available Housing Increment Special Account and the Conditional City Housing Increment Special Account to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Parity Housing Debt other than Housing Bonds, the District shall immediately notify the Trustee of the amount of any such insufficiency):

Interest Account. On or before the third (3rd) Business Day preceding each Interest Payment Date, the District shall withdraw from the Net Available Housing Increment Special Account and the Conditional City Housing Increment Special Account, in that order, and transfer to the Trustee, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Housing

Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Housing Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Housing Bonds as it shall become due and payable (including accrued interest on any Housing Bonds redeemed prior to maturity pursuant to the Housing Indenture).

Principal Account. On or before the third (3rd) Business Day preceding September 1 in each year beginning September 1, 20__, the District shall withdraw from the Net Available Housing Increment Special Account and the Conditional City Housing Increment Special Account, in that order, and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Housing Bonds and Outstanding Term Housing Bonds, including pursuant to mandatory sinking account redemption, on the next September 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next September 1 on all of the Outstanding Serial Housing Bonds and Term Housing Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Housing Bonds and the Term Housing Bonds, including by mandatory sinking account redemption, as the same shall become due and payable.

Debt Service Reserve Accounts. In the event that (i) the amount on deposit in the 2022 Housing Reserve Account at any time becomes less than the 2022 Housing Reserve Requirement or (ii) the amount in any other reserve account that is held by the Trustee for Housing Bonds that are not 2002 Related Housing Bonds becomes less than its required amount, the Trustee shall promptly notify the District of such fact. Promptly upon receipt of any such notice, the District shall, without preference or priority and on a pro rata basis based on the outstanding principal amount of such Housing Bonds or other Parity Housing Debt, (i) transfer to the Trustee an amount of Net Available Housing Increment sufficient for the amount on deposit in the 2022 Housing Reserve Account to equal the 2022 Housing Reserve Requirement, (ii) transfer to the Trustee an amount of Net Available Housing Increment sufficient for the amount on deposit in such other reserve account held by the Trustee to equal its required amount and (iii) transfer as necessary to increase the amount in a debt service reserve account for any Parity Housing Debt that is not held by the Trustee to its required amount. If there shall then not be sufficient Net Available Housing Increment to make the transfers described in the preceding sentence, the District shall be obligated to continue making transfers as Net Available Housing Increment becomes available in the Net Available Housing Increment Special Account until there is an amount sufficient to make the required transfers. See “2022 Housing Reserve Account” below.

Redemption Account. On or before the Business Day preceding any date on which the Series 2022B Bonds are to be optionally redeemed pursuant to Housing Indenture or other series of Housing Bonds are to be [optionally] redeemed pursuant to a Supplemental Housing Indenture, the Trustee shall withdraw from the Housing Debt Service Fund any amount transferred by the District pursuant to the Housing Indenture for such optional redemption for deposit in the Redemption Account therein, such amount being the amount required to pay the principal of and premium, if any, on the Series 2022B Bonds and on other Housing Bonds to be redeemed on such date pursuant to the optional redemption provisions of the Housing Indenture or a similar provision of a Supplemental Housing Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 2022B Bonds and on such other Housing Bonds to be optionally redeemed pursuant to the Housing Indenture or a similar provision of a Supplemental Housing Indenture on the date set for such redemption. Interest due on the Series 2022B Bonds or such other Housing Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such Series 2022B

Bonds or such other Housing Bonds, the Trustee may, at the direction of the District, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of the Series 2022B Bonds or such other Housing Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on such Series 2022B Bonds or such other Housing Bonds, which is payable from the Interest Account) as shall be directed by the District.

2022 Housing Reserve Account

The Trustee will establish under the Housing Indenture a 2022 Housing Reserve Account. The 2022 Housing Reserve Account will be established for the benefit of the Series 2022B Bonds and any 2022 Related Housing Bonds. Under the Housing Indenture, the 2022 Housing Reserve Account is to be funded at the 2022 Housing Reserve Requirement.

“2022 Housing Reserve Requirement” means the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the Series 2022B Bonds and 2022 Related Housing Bonds, if any, (b) 125% of average Annual Housing Debt Service on the Series 2022B Bonds and 2022 Related Housing Bonds, if any and (c) 10% of the outstanding principal of the Series 2022B Bonds and 2022 Related Housing Bonds, if any; provided, however:

(A) that with respect to the calculation of clause (c), the issue price of the Series 2022B Bonds or any 2022 Related Housing Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the Series 2022B Bonds or any 2022 Related Housing Bonds was less than 98% or more than 102% of the original principal amount of the Series 2022B Bonds or any 2022 Related Housing Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount;

(B) that in no event shall the amount calculated under the Housing Indenture exceed the amount on deposit in the 2022 Housing Reserve Account on the date of issuance of the Series 2022B Bonds (if they are the only Housing Bonds covered by the 2022 Housing Reserve Account) or the most recently issued series of 2022 Related Housing Bonds except in connection with any increase associated with the issuance of 2022 Related Housing Bonds; and

(C) that in no event shall the amount required to be deposited into the 2022 Housing Reserve Account in connection with the issuance of a series of 2022 Related Housing Bonds exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested an unrestricted yield.

Upon issuance of the Series 2022B Bonds, the 2022 Housing Reserve Requirement is expected to be satisfied from the proceeds of the Series 2022B Bonds.

All money in the 2022 Housing Reserve Account shall be used and withdrawn by the Trustee for the purpose of (i) making transfers to the Interest Account and the Principal Account in the Housing Debt Service Fund in such order of priority to pay principal of and interest on the Series 2022B Bonds and any 2022 Related Housing Bonds, in the event of any deficiency at any time in any of such accounts and (ii) to the extent that such amounts are not required to make a payment to the federal government in respect of the Housing Bonds due and owing to the United States of America pursuant to the Internal Revenue Code as provided under the Housing Indenture, for the retirement of all the Series 2022B Bonds and any 2022 Related Housing Bonds then Outstanding.

The District has the right at any time to direct the Trustee to release funds from the 2022 Housing Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the

acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series 2022B Bonds or any 2022 Related Housing Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE HOUSING INDENTURE” hereto.

Parity Housing Debt

The Series 2022B Bonds will be the first series of Housing Bonds issued under the Housing Indenture. In addition to the Series 2022B Bonds, the District may issue Parity Housing Debt to finance and/or refinance activities that are permitted to be financed and/or refinanced by the District with Net Available Housing Increment in such principal amount as shall be determined by the District. The District may issue Parity Housing Debt under a Supplemental Housing Indenture entered into by the District and the Trustee, subject to the conditions set forth in the Housing Indenture. The District anticipates issuing approximately \$___ million in Parity Housing Debt over the next five years.

Any Parity Housing Debt, to the extent provided in the Housing Indenture, shall be secured by a lien on the Net Available Housing Increment and Pledge Conditional City Housing Increment and funds pledged for the payment of the Housing Bonds under the Housing Indenture on a parity with all other Housing Bonds Outstanding under the Housing Indenture. The District may issue and deliver any such Parity Housing Debt subject to the following specific conditions all of which are conditions precedent to the issuance and delivery of such Parity Housing Debt:

(a) No event of default under the Housing Indenture, under any Parity Housing Debt Instrument or under any Subordinate Housing Debt Instrument (as defined in the Housing Indenture) shall have occurred and be continuing, unless the event of default shall be cured by the issuance of the Parity Housing Debt, and the District shall otherwise be in compliance with all covenants set forth in the Housing Indenture.

(b) (i) Except as provided in the Housing Indenture as described in paragraph (g) below, the sum of (A) Net Available Housing Increment and (B) the Conditional City Housing Increment, based on the most recent taxable valuation of property in the District as evidenced by the records of the District, plus at the option of the District the amount of any Additional Housing Revenues, shall be at least equal to one hundred twenty five percent (125%) of Annual Housing Debt Service payable from Net Available Housing Increment in each of the years that the proposed Parity Housing Debt will be outstanding, including within such Annual Housing Debt Service, the amount of Annual Housing Debt Service on the Parity Housing Debt then proposed to be issued or incurred.

(ii) The Net Available Housing Increment, based on the most recent taxable valuation of property in the District as evidenced by the records of the District, plus at the option of the District the amount of any Additional Housing Revenues that are Net Available Housing Increment, shall be at least equal to one hundred percent (100%) of Annual Housing Debt Service payable from Net Available Housing Increment in each of the years that the proposed Parity Housing Debt will be outstanding, including within such Annual Housing Debt Service, the amount of Annual Housing Debt Service on the Parity Housing Debt then proposed to be issued or incurred.

(c) In the case of Parity Housing Debt issued as additional Housing Bonds under the Housing Indenture, the Supplemental Housing Indenture providing for the issuance of such Housing Bonds shall provide for (i) a deposit to the 2022 Housing Reserve Account in an amount necessary such that the amount deposited therein shall equal the 2022 Housing Reserve Requirement following issuance of the additional Bonds, or (ii) a deposit to a reserve account for such additional Housing Bonds (and such other series of

Housing Bonds identified by the District) in an amount defined in such Supplemental Housing Indenture, as long as such Supplemental Housing Indenture expressly declares that the Owners of such additional Housing Bonds will have no interest in or claim to the 2022 Housing Reserve Account and that the Owners of the Housing Bonds covered by the 2022 Housing Reserve Account will have no interest in or claim to such other reserve account or (iii) no deposit to either the 2022 Housing Reserve Account or another reserve account as long as such Supplemental Housing Indenture expressly declares that the Owners of such additional Housing Bonds will have no interest in or claim to the 2022 Housing Reserve Account or any other reserve account. The Supplemental Housing Indenture may provide that the District may satisfy the 2022 Housing Reserve Requirement for a series of Parity Housing Debt issued as additional Housing Bonds under the Housing Indenture by the deposit into the reserve account established pursuant to such Supplemental Housing Indenture of an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company as described in the Supplemental Housing Indenture.

Nothing in the Housing Indenture establishes a requirement for the District to establish a debt service reserve account for Parity Housing Debt that is not issued as additional Housing Bonds under the Indenture.

(d) Principal with respect to such Parity Housing Debt will be required to be paid on September 1 in any year in which such principal is payable.

(e) The aggregate principal amount of bonds and other debt (as defined in the Law and the Infrastructure Financing Plan) that will have been issued by the District following the issuance of such Parity Housing Debt shall not exceed the maximum amount of bonds and other debt permitted to be issued by the District. The following Parity Housing Debt shall not account against the aggregate principal amount of bonds and other debt permitted to be issued by the District: (i) any bonds or other debt issued or incurred for the sole purpose of refunding the Housing Bonds, funding a reserve fund for such refunding bonds and paying related costs of issuance and (ii) any bonds or other debt issued or incurred for the sole purpose of refunding such refunding bonds, funding a reserve fund and paying related costs of issuance.

(f) The aggregate amount of the principal of and interest on all bonds, loans, advances or indebtedness payable from Net Available Housing Increment, Net Available Housing Increment and Conditional City Increment coming due and payable following the issuance of such Parity Housing Debt shall not exceed the maximum amount of Net Available Housing Increment, Net Available Housing Increment and Conditional City Increment permitted under the Plan Limit to be allocated and paid to the District following the issuance of such Parity Housing Debt.

(g) Except as provided in paragraph (h) below, the District shall deliver to the Trustee a Written Certificate of the District certifying that the conditions precedent to the issuance of such Parity Housing Debt set forth in paragraphs (a) through (f) above have been satisfied.

(h) The condition set forth in paragraph (a) and paragraph (b) clause (i) above shall not apply to the issuance or incurrence of any Parity Housing Debt the net proceeds of which will be used solely to refund all or any portion of the Series 2022B Bonds or any other outstanding Parity Housing Debt, provided that debt service payable in each year with respect to the proposed Parity Housing Debt is less than the debt service otherwise payable in each year with respect to the Series 2022B Bonds or Parity Housing Debt, or portion thereof, proposed to be refunded.

Subject to the conditions under the Housing Indenture, the City may incur or issue loans, advances or indebtedness, which are either (a) payable from, but not secured by a pledge of or lien upon, the Net Available Housing Increment or the Conditional City Housing Increment; or (b) secured by a pledge of or

lien upon the Net Available Housing Increment or the Conditional City Housing Increment which is expressly subordinate to the pledge of and lien upon the Net Available Housing Increment and the Conditional City Housing Increment under the Housing Indenture for the security of the Housing Bonds. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE HOUSING INDENTURE” hereto.

[Describe existing subordinate debt.]

Limited Obligations

The Series 2022A Bonds are limited obligations of the District, secured by and payable solely from the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2022A Bonds are not payable from any other source of funds other than the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2022B Bonds are limited obligations of the District, secured by and payable solely from the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture. The Series 2022B Bonds are not payable from any other source of funds other than the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture. Neither the Series 2022A Bonds nor the Series 2022B Bonds are a debt of the City, the State of California (the “State”) or any of their political subdivisions (other than the District and only to the limited extent set forth in the Facilities Indenture and the Housing Indenture, respectively), and none of the City, the State or any of their political subdivisions other than the District is liable therefor. Neither the Series 2022A Bonds nor the Series 2022B Bonds constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The District has not pledged any other tax revenues or property or its full faith and credit to the payment of debt service on the Series 2022A Bonds or the Series 2022B Bonds. Although the District receives certain tax increment revenues, the District has no taxing power.

Teeter Plan

The City has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 et seq. of the State Revenue and Taxation Code. Generally, under the Teeter Plan, which applies to the property tax revenues, including tax increments, generated in the Project Areas, each participating local agency, including cities, levying property taxes in its county may receive the amount of uncollected taxes credited to its fund in the same manner as if the amount credited had been collected. In return, the county would receive and retain delinquent payments, penalties and interest, as collected, that would have been due to the local agency. However, although a local agency could receive the total levy for its property taxes without regard to actual collections, funded from a reserve established and held by the county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency.

The Teeter Plan remains in effect in the City unless and until the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the City (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the City, in which event, the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the City. There can be no assurance that the Teeter Plan will remain in effect throughout the life of the Series 2022A Bonds and the Series 2022B Bonds. In the event the Teeter Plan within the Project Areas were discontinued, the amount of the levy of property tax revenue that can be allocated to the District would depend upon the actual collections of taxes within the Project

Areas. Substantial delinquencies in the payment of property taxes could then impair the timely receipt by the District of Net Available Facilities Increment and the Conditional City Facilities Increment and the payment of debt service on the Series 2022A Bonds or of Net Available Housing Increment and the Conditional City Housing Increment and the payment of debt service on the Series 2022B Bonds.

FORMATION OF THE DISTRICT AND THE INITIAL PROJECT AREAS; JUDICIAL VALIDATION; RECENT AMENDMENTS; FUTURE ANNEXATIONS TO THE DISTRICT

The District was formed by the City pursuant to the Law. The Law was enacted by the State of California (the “State”) Legislature to establish a long-term permanent program that provides local governments with tools and resources for among other things, public infrastructure, affordable housing, economic development and job creation, and environmental protection and remediation.

A variety of California public agencies, including cities, may establish an infrastructure and revitalization financing district to provide for and finance the cost of eligible public facilities. The legislative body of a city that forms an infrastructure and revitalization financing district acts as the governing legislative body of such district. Accordingly, the Board of Supervisors serves as the legislative body of the District. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Law, an infrastructure and revitalization financing district may issue tax increment revenue bonds.

Pursuant to the Law, the Board of Supervisors adopted the necessary ordinances and resolutions and conducted such proceedings and elections as are necessary under the Law to form the District and the Initial Project Areas, approve an infrastructure financing plan for the District (as amended from time to time, the “Infrastructure Financing Plan”), and authorize issuance from time to time of tax increment revenue bonds or other debt for the purpose of financing certain improvements described in the Infrastructure Financing Plan.

Because the land on Yerba Buena Island and Treasure Island that is currently owned by the Navy will transfer from the Navy to TIDA as environmental remediation is completed, the District formation proceedings also established a process for the annexation of property to the District in the future, as described in “Future Annexation of Property to the District” below.

Initial Formation Proceedings. The proceedings undertaken by the Board of Supervisors to establish the District include the following:

(i) Resolution No. 512-16 adopted by the Board of Supervisors on December 6, 2016, pursuant to which the City (as the only taxing entity allocating tax increment revenue to the District under the proposed Infrastructure Financing Plan) approved the Infrastructure Financing Plan and acknowledged that future project areas may be designated in the District and that territory on Yerba Buena Island and Treasure Island may be annexed to the District in the future;

(ii) Resolution No. 6-17 adopted by the Board of Supervisors on January 24, 2017, pursuant to which the City declared the results of a special election at which the qualified landowner electors, among other things, (A) approved the allocation of tax increment to the District as described in the Infrastructure Financing Plan and (B) authorized the issuance of bonds and other debt in the maximum amount of (1) \$780 million plus (2) the principal amount of bonds and other debt approved by the Board of Supervisors and the qualified electors of territory annexing to the District;

(iii) Resolution No. 7-17 adopted by the Board of Supervisors on January 24, 2017, pursuant to which the City authorized issuance of bonds for the District and project areas therein, in an aggregate

principal amount not to exceed \$780,000,000 (excluding refunding bonds from the calculation of such principal amount) (such resolutions referred to herein as the “Resolutions”); and

(iv) Ordinance No. 21-17 (the “Ordinance”) adopted by the Board of Supervisors on January 31, 2017, forming the District and the Initial Project Areas, adopting the Infrastructure Financing Plan, declaring that the District has the authority to issue bonds and other debt in the maximum amount of (A) \$780 million plus (B) the principal amount of bonds and other debt approved by the Board of Supervisors and the qualified electors of territory annexing to the District, and providing for designation of additional project areas in the future and annexation of territory on Yerba Buena Island and Treasure Island to the District in the future.

Judicial Validation. The Superior Court of the State of California, County of San Francisco, in a judgment entered on May 7, 2018 (Case No. CGC-17-557496) (the “Validation Judgment”), issued a judgment that:

(i) all proceedings by the City and the District in connection with the Infrastructure Financing Plan (under which the City allocated certain tax increment to the District) and related bonds and bond contracts, including the Resolutions and the Ordinance, were in conformity with applicable laws,

(ii) upon execution and delivery thereof, the related bonds and bond contracts described therein (including the Facilities Indenture and the Housing Indenture) will be and are valid, legal and binding obligations of the parties thereto in accordance with their terms,

(iii) the allocation to the District by the Board of Supervisors of specific percentages of incremental property tax revenues from the Initial Project Areas as set forth in the Infrastructure Financing Plan are valid, legal, binding and irrevocable from and after the effect date of the Ordinance, and such incremental property tax revenues are available to be pledged to bonds and other debt, and

(iv) certain other propositions related to the District and the Project Areas.

The Validation Judgment permanently enjoins all persons from challenging the validity of, among other things, the District, the Facilities Bonds, the Housing Bonds, the Facilities Indenture, the Housing Indenture, the Infrastructure Financing Plan, the Resolutions and the Ordinance.

In issuing its approving opinions, Jones Hall, A Professional Law Corporation, Bond Counsel, will rely on the Validation Judgment, among other things.

Recent Amendment Proceedings. Since formation of the District, the California State Board of Equalization notified the District and the City that the boundaries of the District and the Initial Project Areas needed to be revised to reflect the boundaries of the parcels in the District in order for the Board of Equalization to assign tax rate areas to the Initial Project Areas, and the District determined that there might be a future need to further amend the District’s boundaries to conform to final development parcels in the District.

Accordingly, in 2022, the District undertook proceedings, including a landowner election, to add territory to the District, amend the Infrastructure Financing Plan, and establish a procedure by which certain future amendments may be approved by the Board of Supervisors, as legislative body of the District, without further hearings or approvals, as long as the amendments will not adversely affect the owners of bonds issued by or for the District (the “2022 District Amendments”). Pursuant to Ordinance No. 29-22, adopted by the Board of Supervisors on February 15, 2022, the Board of Supervisors, as the legislative body of the District, declared that (i) territory has been added to the District and the boundaries of certain

Initial Project Areas have been amended and (ii) adopted an amended Infrastructure Financing Plan for the District.

In the Validation Judgment, the Superior Court ruled that the Infrastructure Financing Plan, including any amendments of the original Infrastructure Financing Plan that are consistent with the Law, is legal, valid and binding. The Infrastructure Financing Plan, as amended in connection with the 2022 District Amendments, declares that the amendments of the original Infrastructure Financing Plan are consistent with the Law and, therefore, are legal, valid and binding.

As of the date of this Official Statement, there are five project areas in the District: Project Area A, Project Area B, Project Area C, Project Area D and Project Area E. [No assurance is given regarding addition of project areas in the District or the addition of territory to the District.] See “THE INITIAL PROJECT AREAS” herein.

Future Annexation of Property to the District. The Infrastructure Financing Plan describes the procedures for annexation of property to the District, and establishes the following principles:

(i) Annexing property may be added to one of the Initial Project Areas or may be added as a new Project Area with distinct limits on the allocation of tax increment to the District. If a new Project Area is created, it will have its own Commencement Year and termination date.

(ii) The annexation proceeding will provide for an additional principal amount of bonds and other debt that can be issued by the District, to reflect the additional tax increment that may be allocated to the District.

(iii) The Infrastructure Financing Plan will be supplemented to reflect the annexation.

(iv) When property is annexed into the District, a vote will be required of the qualified electors of the territory to be annexed only.

THE CITY

General. The City is the economic and cultural center of the San Francisco Bay Area and northern California. The limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (previously defined as the “Bay”). The City is located at the northern tip of the San Francisco Peninsula, generally bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the Napa and Sonoma “wine country” is about an hour’s drive to the north. The City is among the most populous cities in California as well as the country. As of July 1, 2021, the State estimates the City’s population to be 855,550. See APPENDIX A – “DEMOGRAPHIC INFORMATION REGARDING THE CITY AND COUNTY OF SAN FRANCISCO” hereto.

The City benefits from a broad economic base, anchored by major technology companies. In addition, the City is near Silicon Valley, a region regarded as a global center for technology and innovation. San Francisco has historically ranked among the highest average income counties in the country. The City is served by two major airports: San Francisco International Airport and Oakland International Airport. There are multiple universities located in or near the City, such as University of California, Berkeley, Stanford University, University of San Francisco, San Francisco State University and University of California, San Francisco.

Impact of COVID-19 Pandemic on San Francisco Economy. Beginning in late winter 2020, the City faced significant negative impacts resulting from the global COVID-19 pandemic and efforts to contain it, including the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools throughout the City and the United States. The impacts on the City’s and the region’s economy have been material and adverse. The pandemic has resulted in reductions in tourism and disruption of the regional and local economy, widespread business closures, and significantly higher levels of unemployment. In the City, numerous businesses have closed on a permanent basis and tourism-related economic activity declined substantially, with only a partial recovery to date. The unemployment rate in the City rose to a high of 13.0% in April 2020 from 2.2% in February 2020, before declining to 3.0% in December 2021. Some of the City’s largest private employers instituted remote work policies that may continue for extended periods or indefinitely. A large-scale return to workplaces has yet to materialize, which is also reflected in continued low (though recently rising) transit ridership to workplace centers in the City.

The COVID-19 pandemic has negatively impacted values in certain segments of the real estate market. The City cannot predict how long the current economic conditions will last. While public health restrictions have been loosened or eliminated in response to positive public health data on COVID-19, future developments regarding COVID-19 remain substantially uncertain, particular with the emergence of the latest variant of the virus. The City’s economy may experience similar continuing impacts or additional, different impacts from the COVID-19 pandemic or other public health emergencies, which may be material and adverse. See “RISK FACTORS – Public Health Emergencies” herein.

Impact of California Wildfires. In recent years, California experienced numerous significant wildfires. In addition to their direct impact on health and safety and property damage in California, the smoke from these wildfires has impacted the quality of life in the Bay Area and the City and may have short-term and future impacts on commercial and tourist activity in the City, as well as the desirability of the City and the Bay area as places to live, potentially negatively affecting real estate trends and values. See “RISK FACTORS – Natural Disasters and Other Events” herein.

THE TREASURE ISLAND PROJECT

TI Series 1 has provided the following information with respect to the Treasure Island Project. No assurance can be given by the District that all information is complete. The District has not independently verified this information and assumes no responsibility for its accuracy or completeness. No assurance can be given that development of the property will be completed or that the plans or projections detailed below will actually occur. If planned development of the property is not completed Gross Tax Increment could be comparatively lower than if development is completed as planned. See the section of this Official Statement captioned “RISK FACTORS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating an investment in the Series 2022AB Bonds.

Overview

The Treasure Island Project encompasses approximately 461 acres on Yerba Buena Island and Treasure Island, two adjacent islands (the “Islands”) located in the middle of the San Francisco Bay between downtown San Francisco and the City of Oakland, accessible by automobiles via the San Francisco-Oakland Bay Bridge.

The Treasure Island Project is generally planned to include up to 8,000 residential units, up to approximately 140,000 square feet of new commercial and retail space, adaptive reuse of certain historic buildings with up to 311,000 square feet of commercial/flex space, up to 500 hotel rooms, up to approximately 100,000 square feet of office space, 290 plus acres of open space, 22 miles of walking/biking paths, playing fields, a marina, and a ferry terminal.

The Initial Project Areas include approximately ____ gross acres of the approximately 461 acres of the Treasure Island Project.

Only the property in the Project Areas that is subject to ad valorem property taxes will generate Gross Tax Increment, the Pledged Facilities Increment derived therefrom securing the Series 2022A Bonds and the Pledged Housing Increment derived from Gross Tax Increment securing the Series 2022B Bonds. The information below is intended to provide the overall context of the entire Treasure Island Project, of which the Initial Project Areas are a part.

History

Yerba Buena Island is a naturally occurring island that serves as the midpoint of the San Francisco-Oakland Bay Bridge. Treasure Island is an artificial island that was constructed of bay sand in the years 1936 and 1937. The two Islands are connected via a causeway.

In 1867, the U.S. Army (the “Army”) established a post on the northeastern side of Yerba Buena Island adjacent to present day Clipper Cove. In the 1890s, the Army built a small torpedo station complex on the island; one building, the Torpedo Depot, remains. The Army maintained a small base on the island until 1960. In 1898, the Navy also established a training station on Yerba Buena Island; after 1923, it operated as a receiving station for servicemen returning from overseas assignments.

Treasure Island was intended to become an airport for the City, but with World War II looming, Treasure Island became a U.S. Naval Station in 1941 (previously defined as “Naval Station Treasure Island” or “NSTI”). During World War II, NSTI was used as a center for receiving, training, and dispatching service personnel. After World War II, it was used primarily as a naval training and administrative center.

Base Closure. In 1993, Congress selected NSTI for closure and disposition by the Base Realignment and Closure Commission. The Department of Defense subsequently designated the City, and later TIDA, as the local reuse authority responsible for the conversion of NSTI under the federal disposition process. In July 1996, after an extensive community planning effort, the City’s Mayor, Board of Supervisors, Planning Commission, and the Citizens Reuse Committee unanimously endorsed a Draft Reuse Plan (previously defined as the “Reuse Plan”) for NSTI to serve as the basis for the preliminary redevelopment plan for NSTI. The Board of Supervisors authorized the creation of TIDA in 1997 to serve as the entity responsible for the reuse and development of NSTI, and TIDA was incorporated in January 1998. The Board of Supervisors designated TIDA as a redevelopment agency with powers over NSTI under the Treasure Island Conversion Act of 1997 in Resolution No. 43-98, dated February 6, 1998. After completion of a competitive master developer selection process, TIDA and Treasure Island Community Development, LLC, a California limited liability company (“TICD”) entered into the Exclusive Negotiating Agreement dated as of June 1, 2003, as amended and restated in September 2005, as further amended in July 2006, March 2008, February 2010, and June 2011. The 2006 Development Plan was adopted by all necessary parties and the Development Plan and Term Sheet were updated in 2010 and approved unanimously by the TIDA Board and the Board of Supervisors.

Navy Remediation and Transfer. In 2011, TIDA and the City certified an Environmental Impact Report and approved the Treasure Island Project entitlements, including the Disposition and Development Agreement between TIDA and TICD, dated as of June 28, 2011 (as amended from time to time, the “DDA”), a General Plan Amendment, adoption of Planning Code Section 749.72 that established the Treasure Island/Yerba Buena Island Special Use District (previously defined as the “TI/YBI SUD”), a Design for Development (previously defined as “D4D”) that established design standards and guidelines, and a Development Agreement vesting those entitlements.

In 2014, the United States of America, acting by and through the Navy, and TIDA entered into an Economic Development Conveyance Memorandum of Agreement (as amended and supplemented from time to time and previously defined as the “Conveyance Agreement”) that governs the terms and conditions for the transfer of NSTI from the Navy to TIDA. Under the Conveyance Agreement, the Navy must convey NSTI to TIDA in phases after the Navy has completed environmental remediation and issued a finding of suitability to transfer for specified parcels of NSTI or portions thereof. Several parcels of land on Treasure Island remain under federal ownership to allow completion of environmental remediation activities by the Navy. The Navy is legally required to complete all of its environmental remediation obligations, including radiological cleanup, prior to transferring these remaining parcels to TIDA. The Navy’s environmental remediation program is separate from the Treasure Island Project. The Navy remediates hazardous materials to standards consistent with applicable Federal laws governing base closure prior to transfer to TIDA.

The first conveyance occurred in early 2015 and included all of the Navy’s property on Yerba Buena Island, most of the Navy-owned submerged lands around the Islands, and much of the southern portions of Treasure Island. [As of December 1, 2021, the Navy has made five separate conveyances to TIDA, including all of the property within the Initial Project Areas.] [Confirm.]

Trust Exchange. Treasure Island includes lands subject to the public trust (the “Public Trust”), a common law doctrine that has been developed primarily through case law and interpretations of law by the California State Lands Commission and Attorney General. The Public Trust effectively acts as a type of zoning by limiting the permitted uses of lands subject to the Public Trust. Uses of Public Trust lands are generally limited to waterborne commerce, navigation, fisheries, water-oriented recreation, including commercial facilities that must be located on or adjacent to water, and environmental preservation and recreation, such as natural resource protection, wildlife habitat and study, and facilities for fishing, swimming, and boating. Ancillary or incidental uses that promote Public Trust uses or accommodate public enjoyment of Public Trust lands are also permitted, such as hotels, restaurants and specialty retail. Residential and general office uses are generally not permitted uses on Public Trust lands.

To enable economic redevelopment, the California Legislature authorized a reconfiguration of the Public Trust whereby the Public Trust would be removed from certain portions on Treasure Island and added to certain portions of Yerba Buena Island. This Public Trust reconfiguration was authorized through the Treasure Island Public Trust Exchange Act (the “Exchange Act”) and implemented through a trust exchange agreement (the “Trust Exchange Agreement”) between TIDA and the California State Lands Commission (“SLC”). Pursuant to the Trust Exchange Agreement, in 2015, TIDA and SLC engaged in a series of concurrent quitclaim deed and patent conveyances whereby areas to be impressed with the Public Trust (referred to as “Trust Lands”) were patented to TIDA by SLC subject to the Public Trust, and areas where the Public Trust was to be removed (referred to as “Trust Termination Lands”) were patented to TIDA by SLC free of the Public Trust.

Subdivision Mapping Process. The TICD Developer (as defined herein) has filed and will file additional Tentative Transfer Map applications (“TTM”) encompassing various Sub-Phases within Major Phases (see discussion under “ – Land Transfer and Mapping Parcels” for a description of Major Phase 1), to allow for the processing of multiple phased final transfer maps. The final transfer maps establish transfer parcels within the development blocks of each Sub-Phase, and transfer parcels on Trust Termination or Non-Trust Lands may be transferred by TIDA to the TICD Developer upon Sub-Phase Approval and once these lands have gone through the trust exchange. Phases 1 and 2 of the trust exchange were completed in 2015 and 2020, respectively. Consistent with the Treasure Island/Yerba Buena Island Subdivision Regulations, these transfer parcels may be used for financing purposes, including as collateral to support construction lending, but they do not include any development rights.

As contemplated under the DDA and following the approval of the applicable transfer map, various subdivision maps have been and are being processed to establish development lots on these lands. Lots established on Trust Termination Lands or Non-Trust Lands may be held in fee simple and are available for private residential, commercial, and mixed-use development in accordance with the D4D. In collaboration with TIDA, subdivision lots may also be established on Trust Lands to facilitate arrangements including ground leases to facilitate economic development on such lands and structures (e.g., historic buildings) while maintaining the Public Trust restrictions.

Opportunity Zone. The Opportunity Zones program was established by Congress in the Tax Cut and Jobs Act in 2017 as an innovative approach to spurring long-term private sector investments in low-income urban and rural communities nationwide. The program establishes a mechanism that enables investors with capital gains tax liabilities across the country to receive favorable tax treatment for investing in Opportunity Zones that are certified by the U.S. Treasury Department. Those incentives include temporary deferral of capital gains that are reinvested in qualified opportunity zones, a step up in basis for investments held in qualified opportunity funds, as well as other benefits. The Opportunity Funds use the capital invested to make equity investments in businesses and real estate in Opportunity Zones designated by each state. Treasure Island and Yerba Buena Island are both designated as Opportunity Zones and, although the project has not benefited to date, the project may directly or indirectly benefit from the added incentive the programs offered to investors to invest in future multifamily buildings or businesses.

TICD and the Treasure Island Project

TICD is the master developer of the Treasure Island Project. TICD is a joint venture, the members in which are (i) a joint venture (“TIH”) comprised of a subsidiary of Lennar Corporation (“Lennar”) and a subsidiary of Poly (USA) Real Estate Development Corporation, as a non-managing, third-party member, (ii) an indirect subsidiary of Lennar (“TICD Hold Co”), (iii) a joint venture (“KSWM”) comprised of affiliates of Stockbridge Capital Group, LLC (collectively, “Stockbridge”), Kenwood Investments (“Kenwood”) and Wilson Meany (“Wilson Meany”) and (iv) an affiliate of Stockbridge (“SBTI”). TIH and TICD Hold Co. together own a fifty percent (50%) membership interest in TICD, and KSWM and SBTI together own a fifty percent (50%) membership interest in TICD. The responsibility for establishing the policies and operating procedures with respect to the business and affairs of TICD and for making all decisions as to all matters which TICD has authority to perform is vested in an Executive Committee, which is comprised of representatives of KSWM and of TIH (all of which are Lennar employees), with equal power given to the KSWM and TIH representatives. Wilson Meany, on behalf of KSWM, and Lennar, on behalf of TIH, are co-managing members of TICD, charged with conducting the business of TICD on a day-to-day basis. TICD’s subsidiary, Treasure Island Development Group, LLC (“TIDG”), leads many of the day-to-day activities of the Project under the direction of TICD’s co-managing members (Wilson Meany, on behalf of KSWM, and Lennar, on behalf of TIH).

Treasure Island Project Development Plan

The Treasure Island Project is designed to provide a new, high-density, mixed-use community with a variety of housing types, a retail core, open space and recreation opportunities, on-site infrastructure, and public and community facilities and services. There are expected to be up to approximately 8,000 residential units; up to approximately 140,000 square feet of new commercial and retail space; adaptive reuse of three specified historic buildings with up to 311,000 square feet of commercial/flex space; approximately 100,000 square feet of new office space; up to 500 hotel rooms; approximately 290 acres of parks and open space; bicycle, transit, and pedestrian facilities; a ferry terminal and intermodal transit hub; and new and/or upgraded public services and utilities, including a new or upgraded wastewater treatment plant. In addition to the adaptive reuse of those three historic buildings on Treasure Island there is also an opportunity to adaptively reuse nine other historic buildings and four garages on Yerba Buena Island.

Development Entitlement

The Treasure Island Project is carried out by TICD in accordance with the DDA and the DA, and related Treasure Island Project approvals (including the Mitigation Monitoring and Reporting Program adopted by TIDA and the City in reliance on the Treasure Island/Yerba Buena Island Environmental Impact Report, the D4D, and the TI/YBI SUD). These documents control the overall design, development and construction of the Treasure Island Project and all infrastructure and improvements, including the permitted uses on the Treasure Island Project Site, the required infrastructure and community benefits, the density and intensity of uses, the maximum height and size of buildings, the number of allowable parking spaces and all mitigation measures required in order to eliminate or mitigate any materially adverse environmental impacts of the Treasure Island Project.

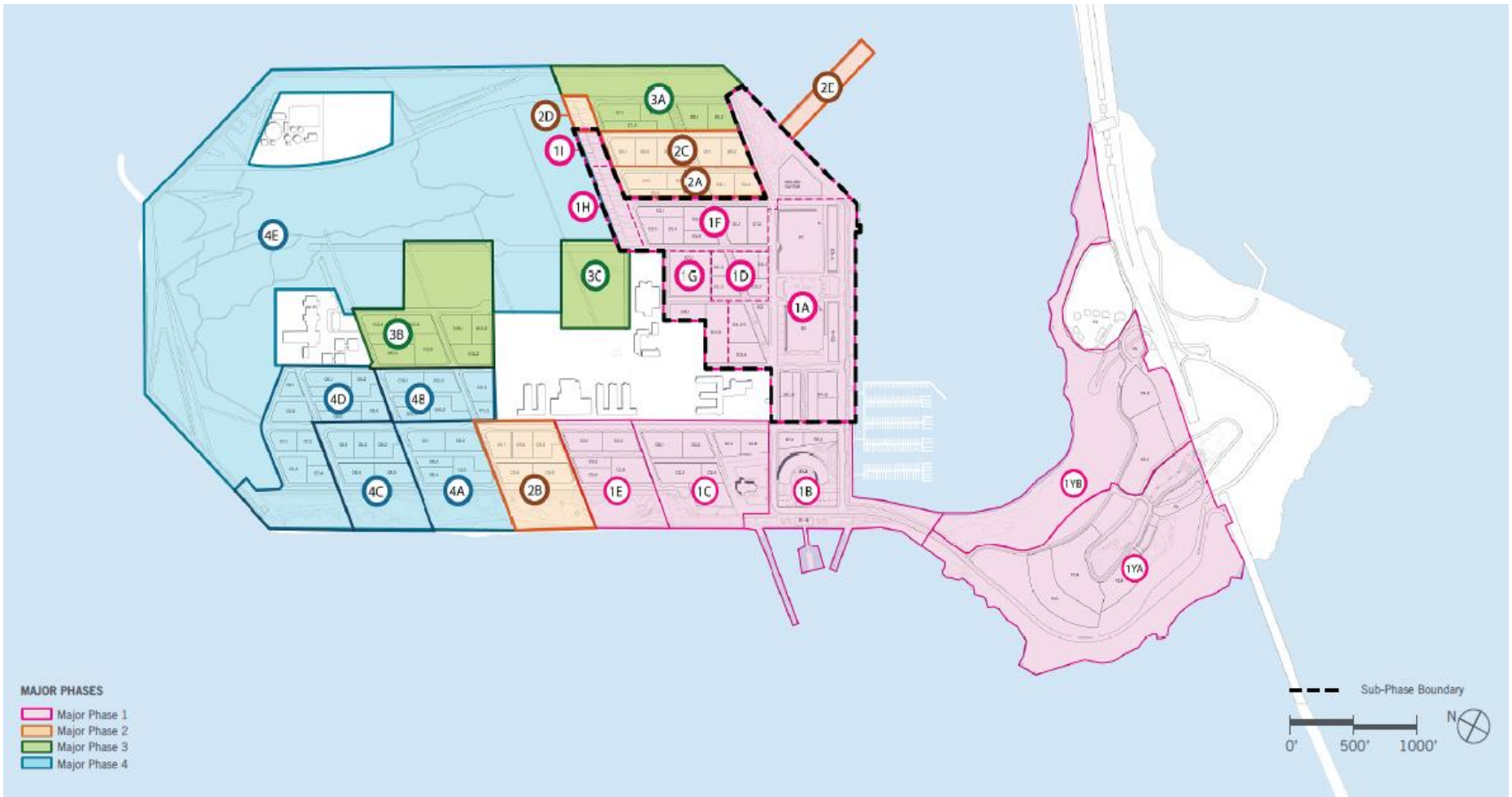
Treasure Island Project Phasing

The Treasure Island Project has been divided into four Major Phases and, within each Major Phase, various Sub-Phases. Subject to the terms and conditions of the DDA, TIDA will convey development blocks within the Treasure Island Project owned or acquired by TIDA from the Navy to TICD or a phase developer selected by TICD (herein, the entity actually developing the property, whether TICD or a phase developer, shall be referred to as the “TICD Developer”).

TIDA’s approval of each Major Phase Application is required before, or concurrently with, its consideration of and grant of a Sub-Phase Approval for any Sub-Phase in that Major Phase. Such approval is based on established development requirements (e.g., development requirements under the DDA, the DA, and Vertical DDAs) and cannot be denied if those requirements are satisfied. Major Phase 1, which is comprised of eight Sub-Phases shown in pink on the diagram below, and the sub-phase applications for Sub-Phases 1YA, 1YB, 1B, 1C, and 1E were approved by TIDA in 2015. Major Phase 1 includes approximately 3,500-plus residential units, approximately 103 acres of parks, and a ferry terminal to support ferry service between Treasure Island and San Francisco.

The following graphic shows the Major Phases and the boundary delineation of the Sub-Phases. The Initial Project Areas are located entirely within Sub-Phase 1YA, Sub-Phase 1YB, Sub-Phase 1B, Sub-Phase 1C and Sub-Phase 1E.

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Initial Phase Approvals and Land Transfers

TIDA approved the Major Phase 1 Application and the Sub-Phase Applications 1 and 2 for Sub-Phases 1YA, 1YB, 1B, 1C, and 1E in 2015. Major Phase 1 includes approximately 3,500-plus residential units, approximately 103 acres of parks, and a ferry terminal to support ferry service between Treasure Island and San Francisco. Horizontal construction work has begun on Treasure Island and Yerba Buena Island.

- Sub-Phases 1YA and 1YB (Yerba Buena Island) encompass all of the Treasure Island Project lands on Yerba Buena Island other than the TIDA-retained historic buildings and garages. On February 22, 2016, TI Series 1 acquired from TIDA Sub-Blocks 1Y, 3Y, and 4Y. Subsequently, Sub-Blocks 1Y, 3Y and 4Y were sold to merchant builders. Sub-Block 2Y is owned by TIDA, subject to the Public Trust. Hilltop Park, Beach Park and open space are part of these Sub-Phases but TIDA retains ownership of these public lands. On July 10, 2020, TIDA transferred two small areas of land on Yerba Buena Island to YBI Phase 1 Investors. This transfer followed a parcel boundary adjustment with the State to remove these areas of land from the trust in order to accommodate redesigned private infrastructure. This transfer included land within Sub-Phase 1YB. The Sub-Blocks located within Sub-Phases 1YA and 1YB are within Project Area A.
- Sub-Phases 1B, 1C and 1E (Treasure Island) encompass much of the southwestern portion of Treasure Island. On February 22, 2016, TIDA conveyed to TI Series 1 certain development blocks within Sub-Phases 1B, 1C and 1E. TIDA retained leasehold and public property that will be developed by TICD Developer within these Sub-Phases including Building 1, the Building 1 Plaza, Marina Plaza, Clipper Cove Promenade 1, Cityside Waterfront Park 1, Cultural Park, Cityside Waterfront Park 2 and various streets within these Sub-Phases. The Sub-Blocks located within Sub-Phases 1B, 1C and 1E are within Project Areas B, C, D and E.
- Sub-Phases 1A, 1D, 1F, 1G, 1H and 1I (Treasure Island) encompass most of the remaining southern-middle portion of Treasure Island. On September 4, 2019, Treasure Island Series 2, LLC (“TI Series 2”) – a wholly-owned subsidiary of TICD – acquired certain development parcels within Sub-Phase 1A. Certain other development parcels within Sub-Phase 1A and the rest of these Sub-Phases are expected to be transferred at a later date. On December 31, 2020, TIDA conveyed to TI Series 2 certain additional lots within Sub-Phase 1A for development.

TICD, through one or more TICD Developers, anticipates developing each phase of the Treasure Island Project following acquisition of the phase from TIDA, as provided in the DDA and DA. If acquired, TICD, through one or more TICD Developers, anticipates developing the property in four Major Phases, as described in the DA.

The infrastructure improvements and fees required for the total development of the Treasure Island Project are estimated to cost approximately \$2.46 billion, as of December 1, 2021. As of December 1, 2021, TICD and TICD Developers have expended approximately \$553 million on such costs, and they expect to spend the remainder of such costs over the next 15 years.

Acquisition Agreement

In connection with the formation of the District, TICD, the City, and TIDA entered into an Acquisition and Reimbursement Agreement (Treasure Island/Yerba Buena Island), dated as of March 8,

2016 (as it may be amended from time-to-time, the “Acquisition Agreement”). Pursuant to the Acquisition Agreement, the City will purchase from TICD certain capital improvements and finance certain development impact fees for the construction of capital improvements (referred to herein as the “Authorized Improvements”). However, the City’s obligation under the Acquisition Agreement will be funded solely from the sources identified in the Acquisition Agreement, which include (but are not limited to) certain special taxes and the net proceeds of community facilities district bonds. See “THE INITIAL PROJECT AREAS – Treasure Island Community Facilities District” herein. Currently available sources are sufficient to fund a portion, but not all, of the Authorized Improvements.

Treasure Island Amenities

The Treasure Island Project includes the development of up to 200,000 square feet of retail space plus 100,000 square feet of commercial space. Most of this space will be in new and rehabilitated historic structures in the “Island Center” neighborhood east of the transportation hub and Administration Building. Treasure Island currently is home to several businesses that will serve residents and their guests, including The Island Market grocery store with two locations, Mersea and Aracely restaurants, Woods Brewery, and Winery SF. However, TICD recognizes that the first residents will desire certain additional amenities to entice them to make the decision to move to the newly developing community. With this in mind, TICD is investing in improvements to existing buildings and available open spaces that can provide space for the most important resident serving businesses. These include expanded grocery offerings, additional restaurants, pharmacy, and an urgent care medical clinic. The Administration Building, Quarters 10, the Chapel/Cultural Park, and the future Hotel Parcel C2-H are all being studied for potential to host commercial space on an interim basis until the Island Center district can be built and occupied. In addition, the residential buildings in Project Area ___ and ___ contain approximately [8,000] square feet of ground floor retail space that can be home to new commercial businesses that will serve residents.

In addition to commercial space noted above, the Community Facilities Plan includes a number of planned community-serving facilities, including a new school, a community center, childcare centers, a police and fire station, new sports fields, an urban farm, an environmental education center, space for the Treasure Island Museum, and a pad for the Treasure Island Sailing Center. The Community Facilities Plan further describes these uses, and the DDA describes the developer’s community facilities funding obligations. No assurance is given that these planned amenities will be constructed as planned.

Transportation Planning

The transportation plan for the Treasure Island Project is integral to the DDA and the project EIR. The relevant document is the Treasure Island Transportation Implementation Program, or “TITIP.” The TITIP goals are to encourage walkability, bikeability, and transit use, while discouraging auto use. The TITIP is overseen by the Treasure Island Mobility Management Agency (“TIMMA”), a transportation agency formed specifically for the Treasure Island Project. The San Francisco County Transportation Agency has been designated to act as the TIMMA.

The Transportation Program consists of new services, including a ferry to downtown San Francisco, new AC Transit bus service to Oakland, enhanced MUNI bus service to San Francisco, and an on-island shuttle. Revenues to support the program will come from fare box recovery, parking charges on Treasure Island, a mandatory transit pass program for new residents, a new auto toll, and subsidies from TICD defined in the TITIP and the DDA. All parking is to be charged, and revenues from public parking meters and future garages (but not resident parking garages) will support the transportation program.

A new “congestion pricing” auto toll will charge drivers for each auto trip to and from Treasure Island, with the highest pricing during the commute peak hours, and minimal cost during less traffic-

impacted hours. The toll is integral to the project EIR. TIMMA is pursuing approval of the pricing structure in early 2022 and plans to install the infrastructure to allow toll collections to commence by late 2023.

Currently, the Treasure Island Project is served by San Francisco MUNI line 25, with stops at the Administration Building/Ferry Terminal, the existing residential neighborhoods, and adjacent to the Job Corps Campus. Service is generally on 15-minute intervals on weekdays and evenings, with 20-30 minute intervals on weekends and overnight hours. In the future, MUNI service will be limited to the transit hub area of Treasure Island with service to new neighborhoods provided by the island shuttle.

TICD is establishing a privately-managed ferry service planned for commencement in early 2022 so that water transportation is available for the first new residents of a 124-unit condominium building called the Bristol on Yerba Buena Island. The service is expected to run from the new Treasure Island ferry terminal to the San Francisco Ferry Building, with approximately 16 daily round-trips. Frequency is expected to be approximately 30-minute intervals during commute hours and hourly in the afternoons and evenings. This service is expected to run until the full TIMMA program is ready to commence with ferry service provided by a public operator such as WETA, which is expected to launch by early 2024.

THE INITIAL PROJECT AREAS

As discussed under “SECURITY AND SOURCES OF PAYMENT,” the Series 2022A Bonds are primarily secured by Pledged Facilities Increment and the Series 2022B Bonds are primarily secured by Pledged Housing Increment, each of which is derived from Gross Tax Increment generated within the Project Areas. The Initial Project Areas consist of Project Area A, Project Area B, Project Area C, Project Area D and Project Area E.

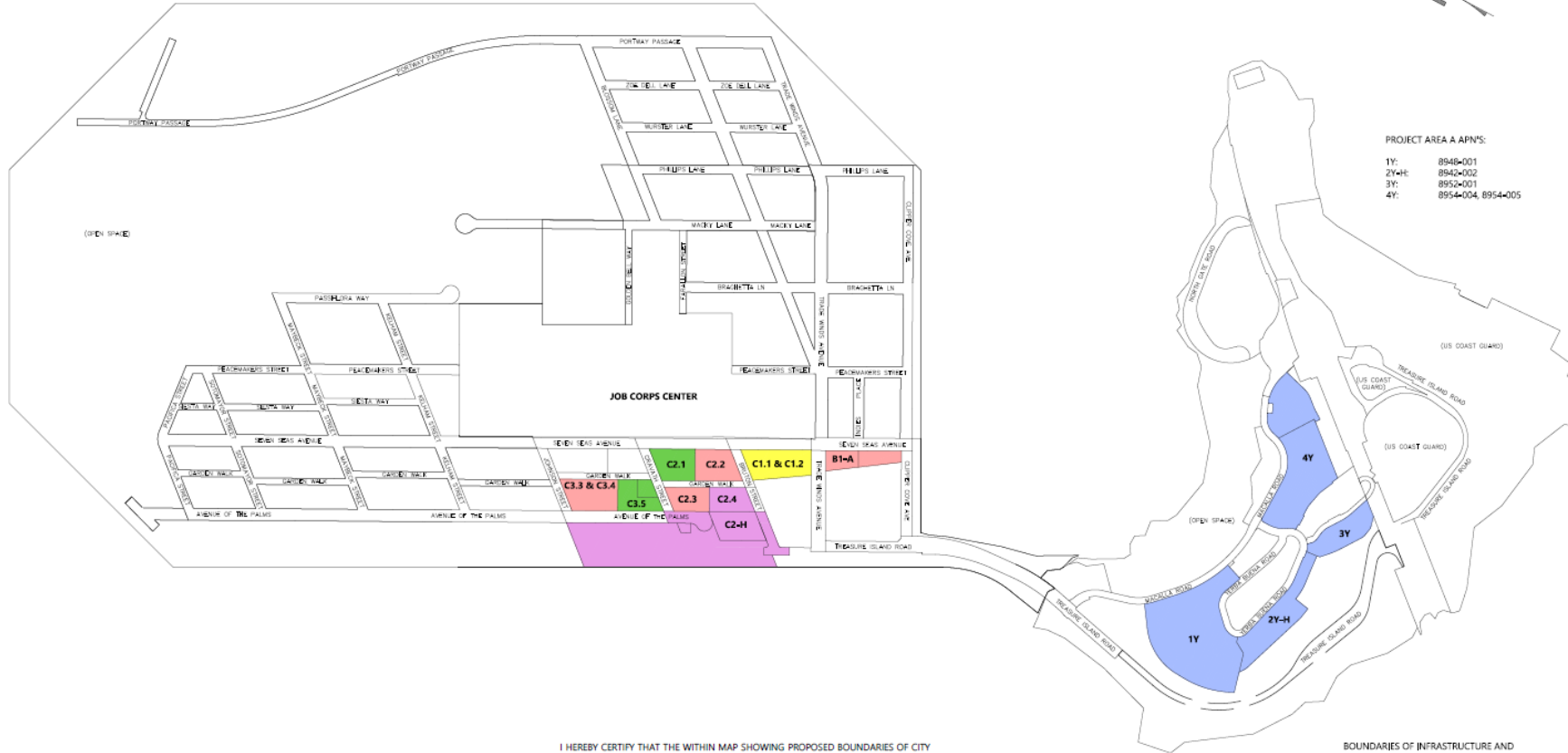
Location

The property in the Initial Project Areas is part of the larger Treasure Island Project. Set forth below is a map showing the Initial Project Areas. While the map below shows other areas on the Islands, only ad valorem property taxes levied on taxable property inside the boundaries of the Initial Project Areas and any future Project Areas can generate Gross Tax Increment, from which the Pledge Facilities Increment will be derived securing the Series 2022A Bonds and from which the Pledged Housing Increment will be derived securing the Series 2022B Bonds.

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[If available, please provide a copy of this map that can be edited.]

**PROPOSED BOUNDARIES OF
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO.1
(TREASURE ISLAND PUBLIC INFRASTRUCTURE)**



PROJECT AREA A APN'S:
 1Y: 8948-001
 2Y-H: 8942-002
 3Y: 8952-001
 4Y: 8954-004, 8954-005

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND PUBLIC INFRASTRUCTURE) WAS APPROVED BY THE BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO, AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF _____, 20____, BY ITS RESOLUTION NO. _____

(CLERK OF THE BOARD OF SUPERVISORS)

BOUNDARIES OF INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1

- BOUNDARIES OF PROJECT AREA A
- BOUNDARIES OF PROJECT AREA B
- BOUNDARIES OF PROJECT AREA C
- BOUNDARIES OF PROJECT AREA D
- BOUNDARIES OF PROJECT AREA E



Geotechnical Mitigation Program

A geotechnical mitigation program was implemented in the Initial Project Areas and elsewhere on Treasure Island in advance of infrastructure improvements and construction of buildings to make the Treasure Island perimeter seismically stable, strengthen the causeway that connects Treasure Island to Yerba Buena Island, densify the sandy fill to minimize seismic settlement within the development footprint, and compress the soft Bay Mud sediments to minimize future settlement from the addition of fill and buildings. See “RISK FACTORS – Climate Change; Risk of Sea Level Rise and Flooding Damage” for a description of Bay Mud. The geotechnical program for the Initial Project Areas and infrastructure serving it was completed and does not require ongoing maintenance work.

The geotechnical plan relied on numerous techniques to achieve the stability needed to support the new development. The plan included densification of the sandy fill throughout the development and the shoreline with direct power compaction vibrocompaction improvement method (“DPC”), preloading new building parcels and City streets with surcharge, and strengthening the causeway and the portions of the shoreline with cement deep soil mixing.

The DPC technique employed combined tamping and direct power compaction, a method widely used in Japan that densifies loose sandy soils by vibration, displacement, and compaction. The equipment to perform this work includes an electrically driven, 50-ton vibratory hammer suspended from a vibration isolation mount, which in turn is suspended from the main cable of a 270-ton crawler crane. The hammer is attached to four H-beam probes, which are modified with steel flaps hinged to the web at the base of the beam. As the beam penetrates the ground, the flaps are deployed to provide more area for compaction. During extraction of the beams, the flaps retract to reduce resistance. Approximately 9,560 DPC compaction elements have been installed and DPC [is complete for the Initial Project Areas].

After completion of the deep power compaction, tamping is employed to compact the upper 10 feet of sandy soil. The tamper has a 35-ton vibratory hammer attached to a 10-foot-by-10- square steel plate. The tamper plate is placed directly on the ground and the vibro-hammer is activated to compact the soil. Then the tamper is relocated to an adjacent position and the process is repeated until all the densification area is tamped. Approximately 16,490 tamping elements have been completed and tamping [is complete for the Initial Project Areas].

Deep soil mixing (“DSM”) was used to strengthen the weak soils that underlie parts of the shoreline and the causeway. DSM is a ground improvement technique that enhances the strength of the soils by mechanically mixing them with a cement slurry, causing the soil to become more like weak rock. In total, about 160,000 cubic yards of deep cement soil mixing was performed for the geotechnical program and DSM [is complete for the Initial Project Areas].

Geotechnical work continues for portions of Treasure Island outside of the Initial Project Areas.

Sea Level Rise and Adaptive Management Strategy

The sea level rise and adaptive management strategy for Treasure Island includes a multi-phased approach to mitigation, with initial infrastructure designs to accommodate reasonable sea level rise scenarios as well as future monitoring and funding mechanisms to implement necessary improvements in the future. As part of the first phase of such strategy, the perimeter shoreline areas near the Initial Project Areas have been adjusted to function as a berm, and finished grades for the inland proposed building areas for [the Initial Project Areas have been raised up to 6.0 feet]. See “RISK FACTORS – Climate Change; Risk of Sea Level Rise and Flood Damage.”

Development Status

Currently, all of the real property in the Initial Project Areas is owned by developers and are in various stages of development. Horizontal infrastructure supporting the first phases of development planned in the Initial Project Areas is well underway. Geotechnical improvement of soil conditions supporting this required infrastructure and development within certain portions of the Initial Project Areas was completed in 2020. [Infrastructure needed to secure certificates of occupancy is expected to be completed by March 2022 for development in Project Area __, and by June 2022 for development within Project Areas __.]

The first residential project in Project Area A on Yerba Buena Island, a five-story, 124-unit condominium building called the Bristol, began construction in June 2019 and is expected to be ready for occupancy in [early 2022]. Four condominium floor plans are planned ranging in size from approximately 700 square feet to 2,100 square feet. Fourteen of the planned units will be restricted for sale at prices below market rate. Residences with bridge-facing views will have acoustic upgrades to reduce bridge noise inside the unit. The following table provides additional information regarding the proposed development of the 110 market rate units of the Bristol as of [June 1, 2021]. [As of December 31, 2021, 15] units at the Bristol have been pre-sold to home buyers.

Table 1
The Bristol
Sub-Block 4Y (Podium)
(Market Rate Units Only)
(as of [June 1, 2021])

Floor Plan	Avg. Approx. Square Footage	Total Number of Planned Market Rate Units⁽¹⁾	Market Rate Units Under Construction⁽²⁾	Completed Market Rate Units Unsold or in Escrow	Market Rate Units Completed, Sold, and Closed	Base Sale Prices for Market Rate Units⁽³⁾
Plan A	700-750	12	12	0	0	\$ 805,000
Plan B	900-1,000	47	47	0	0	1,295,000
Plan C	1,350	41	41	0	0	2,050,000
Plan D	1,850-2,100	<u>10</u>	<u>10</u>	<u>0</u>	<u>0</u>	3,430,000
Totals		110	110	0	0	

⁽¹⁾ Table 5 above excludes the 14 below-market units that are located in each of Plans A-D.

⁽²⁾ As of [June 1, 2021], all of the Bristol's 110 total planned market rate units were under construction, but none were completed. [As of June 1, 2021, eight units were in escrow (two plan A units, two plan B units and four plan C units). Units in escrow do not include reservations taken and there can be no guarantee that such units will close escrow. First closings are anticipated in January 2022.]

⁽³⁾ Reflects average unit pricing from publicly-listed units as of [May 1, 2021]. [Average unit pricing reflects initial release tranche of 18 total units comprised of Studios, 1-BD, 2-BD and 3-BD product types.] The actual base prices may be higher or lower than those shown in Table 1.

Source: [Merchant Builder].

Construction has begun on the first phase of the next residential project in Project Area A, known as the Residences. The Residences is a proposed development of 142 units, including condominiums, townhomes and a few single-family detached homes. Final buildout of the Residences is currently expected in 2025. Construction of the units within the Residences is anticipated to occur on a phased basis, with individual buildings expected to be constructed over approximately fourteen months to sixteen months. The first phase of the Residences is expected to include 31 units. The permits for the initial construction of 31

units (17 townhomes and 14 flats in five buildings) are [anticipated to be issued in the fourth quarter of 2021]. As of [October 1, 2021], only civil permits and no building permits for the construction of units within the Residences have been received. Depending on market conditions, the remaining portion of the Residences is expected in multiple phases in conjunction with market demand and available sources of capital.

The following table provides additional information regarding the proposed development of the 142 units within the Residences as of [June 1, 2021].

Table 2
The Residences
Sub-Blocks 1Y, 3Y, and 4Y (Townhomes and Flats)
(as of [June 1, 2021])

Floor Plan	Avg. Approx. Square Footage	Total Number of Planned Units	Units Under Construction	Completed Units Unsold or in Escrow	Units Completed, Sold, and Closed
Plan A	3,550	24	0	0	0
Plan B	2,900	24	0	0	0
Plan C	2,300	21	0	0	0
Plan D	3,450	11	0	0	0
Plan E	2,700	55	0	0	0
Plan F	1,200	2	0	0	0
Plan G ⁽¹⁾	8,000	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals		142	0	0	0

⁽¹⁾ Estimate; the custom homebuilder on these lots may build a home of up to 8,000 square feet.
Source: [YBI Phase Parent Company.]

The first residential project on Treasure Island ([which project is located outside the Initial Project Areas]), a 105-unit, 100% affordable building developed by Chinatown Community Development Center in partnership with Swords to Plowshares called Maceo May Apartments, broke ground in the fall of 2020 and is scheduled for completion in late 2022. [Is Maceo May taxable and in Initial Project Areas? Consider moving this paragraph if not taxable and not in Initial Project Areas.]

Project Area B and a portion of Project Area E (on Treasure Island) are planned to be developed with five residential buildings located on Sub-Blocks B1, C2.2, C2.3, C2.4 and C3.4. The expected buildings are each summarized in the table below:

<u>Expected Development</u>	<u>Total Number of Planned Units</u>
Residential rental apartments	117
Residential rental apartments	178
For-sale residential condominiums	76
Residential rental apartments	250
For-sale residential condominiums	<u>149</u>
	<u>770</u>

Source: TI Series 1.

The first of such five residential projects is expected to break ground in [March 2022].

Project Area C and Project Area D (on Treasure Island) are planned to be developed with (a) two for-sale residential condominium buildings located on Sub-Blocks C1.2, C1.2 and C2.1 with an aggregate of 551 units expected and (b) one for-sale residential condominium building located on Sub-Block C3.5 with 160 units expected. [Add statement re permitting/development status of these buildings.]

The foregoing residential buildings are in different stages of planning, financing, development and construction. No assurance can be given that development of these properties will be completed, or that it will be completed on the currently-expected timeline.

[Discussion of planned projects that may be exempt from property taxes.]

TAX INCREMENT REVENUE AND DEBT SERVICE

The District has retained the Fiscal Consultant to provide historical information and projections of taxable assessed valuation and tax increment revenue from the Initial Project Areas.

Assessed Valuation and Related Information

The aggregate assessed valuation in the Initial Project Areas for Fiscal Year 2021-22 by land use is set forth on the following Table 3.

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Table 3
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Fiscal Year 2021-22 Taxable Assessed Value by Land Use

Land Uses Composition, Fiscal Year 2021-22	Planned Units	No. of Parcels	All Initial Project Areas		Initial Project Areas Collecting Tax Increment in Fiscal Year 2022-23 (Project Areas A, B, E)		
			Fiscal Year 2021-22 Taxable Value	% of Total	No. of Parcels	Fiscal Year 2021-22 Taxable Value	% of Total
Residential Development Sites							
For-Sale Unit Development Sites							
Under Construction ⁽¹⁾	124	1	\$ 82,790,393	29.4%	1	\$ 82,790,393	29.8%
Site permit issued. ⁽²⁾	149	2	14,900,000	5.3	2	14,900,000	5.4
Site permit not issued ⁽³⁾	929	8	136,552,880	48.4	4	132,170,964	47.6
<i>Subtotal</i>	1,202	11	\$234,243,273	83.1%	7	\$229,861,357	82.8%
Apartment Development Sites							
Site permit not issued	178	1	\$ 13,900,000	4.9%	1	\$ 13,900,000	5.0%
Site permit issued	367	3	33,800,000	12.0	3	33,800,000	12.2
<i>Subtotal</i>	545	4	\$ 47,700,000	16.9%	4	\$ 47,700,000	17.2%
Total Residential Development Sites	1,747	15	\$281,943,273	100.0%	11	\$277,561,357	100.0%
Owned by TIDA and non-taxable		6	\$0	0.0%	6	\$0	0.0%
TOTAL		21	\$281,943,273	100.0%	17	\$277,561,357	100.0%

⁽¹⁾ Estimated completion Spring 2022, currently undergoing pre-final inspection process.

⁽²⁾ Site permit issued in January 2022 for vertical construction of a 149-unit condo development that includes seven below market rate affordable units.

⁽³⁾ Includes one parcel planned for use as a park.

⁽⁴⁾ Site permits issued in late 2021 for vertical construction of a 250-unit high-rise rental development that includes 24 below market rate affordable units and a 117-unit mid-rise rental development that includes six below market rate affordable units.

Sources: City and County of San Francisco Office of the Assessor-Recorder, TICD, City and County of San Francisco Department of Building Inspection.

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The top taxpayers by assessed valuation in the Initial Project Areas, in aggregate, in Fiscal Year 2021-22 are set forth below in Table 4. Ownership concentration for these top taxpayers is [100%] of assessed value in the Initial Project Areas. See “RISK FACTORS – Concentration of Property Ownership.”

Table 4
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Top Taxpayers for Fiscal Year 2021-22

Top Taxpayers Fiscal Year 2021-22	Description	Planned No. of Res. Units	No. of Parcels	Project Area	Assessed Value Fiscal Year 2021-22 ⁽⁵⁾		% of Total and Incremental Assessed Value ⁽⁶⁾	
					All Project Areas	Active Areas ⁽¹¹⁾	All	Active Areas ⁽¹¹⁾
1 Stockbridge and Wilson Meany⁽¹⁾								
YBI Phase 1 Investors LLC	Bristol condos near complete (Block 4Y (Podium)) ⁽⁸⁾	124	1	A	\$ 82,790,393	\$ 82,790,393	29.4%	29.8%
YBI Phase 4 Investors LLC	Site planned for condos, townhomes, single-family homes (Block 1Y)	78	1	A	78,784,000	78,784,000	27.9	28.4
TI Lot 10 LLC	Site planned for apartment tower (Block C2.4) ⁽⁸⁾	250	1	E	25,900,000	25,900,000	9.2	9.3
YBI Phase 3 Investors LLC	Site planned for townhomes and flats (Block 4Y (Townhomes and Flats))	53	1	A	23,720,462	23,720,462	8.4	8.5
YBI Phase 2 Investors LLC	Site planned for townhomes (Block 3Y)	11	1	A	18,666,502	18,666,502	6.6	6.7
TI Lots 3-4 LLC ⁽⁹⁾	Site planned for condos (Block C3.4) ⁽⁸⁾	149	2	B	14,900,000	14,900,000	5.3	5.4
TI Lots 5-6, LLC ⁽²⁾⁽⁹⁾	Site planned for condo tower (Block C3.5) and park	160	2	D	1,262,368	N/A	0.4	N/A
<i>Subtotal</i>		825	9		\$246,023,725	\$244,761,357	87.3%	88.2%
2 Poly USA⁽³⁾								
B1 Treasure Island 048 Holdings, LLC	Site planned for apartments (Block B1) ⁽⁸⁾	117	2	B	\$ 7,900,000	\$ 7,900,000	2.8%	2.8%
C23 Treasure Island 048 Holdings, LLC	Site planned for condos (Block C2.3)	76	1	B	11,000,000	11,000,000	3.9	4.0
<i>Subtotal</i>		193	3		\$ 18,900,000	\$ 18,900,000	6.7%	6.8%
3 Lennar⁽⁴⁾	Site planned for apartments (Block C2.2)	178	1	B	\$ 13,900,000	\$ 13,900,000	4.9%	5.0%
4 TICD⁽⁷⁾	Sites planned for two condo towers (Block C1.1/C1.2, C2.1)	551	2	C & D	\$ 3,119,548	N/A	1.1%	N/A
TOTAL TOP TAXPAYERS⁽¹⁰⁾		1,747	15		\$281,943,273	\$277,561,357	100.0%	100.0%

⁽¹⁾ Includes separate legal entities affiliated with Wilson Meany and the Stockbridge Capital Group, LLC, as listed. Stockbridge and Wilson Meany have an ownership interest in TICD, number 4 on the list of top taxpayers.

⁽²⁾ Owner purchased parcels in May 2021, after the lien date for the Fiscal Year 2021-22 roll, for \$29.6 million, resulting in an estimated increase of \$28.3 million in assessed value for this property from the Fiscal Year 21-22 assessed value information identified.

⁽³⁾ Includes separate legal entities affiliated with developer Poly (USA) Real Estate Development Corporation, as listed. Poly USA has an ownership interest in TICD, number 4 on the list of top taxpayers.

⁽⁴⁾ Represents a parcel owned by subsidiary TI Lot 8, LLC. In addition, Lennar has an interest in two properties listed under the ownership of Stockbridge and Wilson Meany (TI Lots 3-4 LLC and TI Lots 5-6 LLC) being developed as a joint venture. Lennar has an ownership interest in TICD, number 4 on the list of top taxpayers.

⁽⁵⁾ All assessed value consists of secured property (land and improvements).

⁽⁶⁾ Percentages calculated based upon Fiscal Year 2021-22 assessed value and incremental assessed value of \$281,943,273 (base year assessed value is zero).

⁽⁷⁾ Includes property owned by Treasure Island Series 1, LLC a wholly-owned subsidiary of TICD, master developer for the Treasure Island Project. The top three taxpayers each have an ownership interest in TICD.

⁽⁸⁾ Denotes projects for which a site permit has been issued.

⁽⁹⁾ TI Lots 3-4 LLC and TI Lots 5-6 LLC are joint ventures between Stockbridge, Wilson Meany, and Lennar (number 3 on the list of top taxpayers).

⁽¹⁰⁾ In addition to the top taxpayers listed, TIDA owns six parcels which are exempt from property taxes and planned for two hotels, right of way, parks, and open space.

⁽¹¹⁾ Includes Project Areas A, B, and E, which are projected to collect tax increment in Fiscal Year 2022-23.

Based on the records included within the Assessment Appeals Board database, no assessment appeals have been filed within the District since its formation.

Historical Allocation of Tax Increment to District

A summary of actual historic allocations of tax increment for the initial two years of tax increment collection (Fiscal Years 2019-20 and 2020-21) is presented below in Table 5. As shown, the District was allocated 100% of its calculated levy in Fiscal Year 2019-20 and 98.9% of its calculated levy in Fiscal Year 2020-21. Only Project Area A was eligible to be allocated tax increment during the period

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Table 5
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Historic Allocations of Tax Increment to District

		Actual 2019-20 ⁽¹⁾	Actual 2020-21	Estimated 2021-22
Assessed Value Increment, Project Area A ⁽²⁾		\$70,090,194	\$102,085,597	\$203,961,357
Calculated 1% Tax Increment	1% levy	700,902	1,020,856	2,039,614
District Tax Increment (Net Available Increment + Conditional City Increment)	64.588206%	452,700	659,353	1,317,350
Actual Amount Allocated by Controller ⁽³⁾		452,700	651,974	TBD
Collections as % of Computed Levy		100%	98.9%	TBD

⁽¹⁾ Note: Fiscal Year 2019-20 was the initial year of tax increment collection for the District.

⁽²⁾ Only Project Area A was eligible to collect tax increment during the period. The base year assessed value is zero.

⁽³⁾ Amount allocated included Conditional City Increment that is available to the extent required for debt service. Funds have been reserved by the Controller for allocation to District but not yet disbursed.

Source: Controller, Fiscal Consultant.

According to the Controller, due to implementation of a new property tax software system, property tax allocation procedures for Fiscal Year 2020-21 varied on a one-time-basis and reflected allocation of taxes on a jurisdiction basis rather than the tax rate area-specific allocation process expected for Fiscal Year 2021-22 and future years. Had the Controller’s allocation procedures in Fiscal Year 2020-21 conformed to existing practice, it is expected that 100% of the calculated levy would have been allocated rather than 98.9% because all Fiscal Year 2020-21 assessed value was part of the secured assessment roll subject to the City’s Teeter policy. See “SECURITY AND SOURCES OF PAYMENT – Teeter Plan” above.

Although no debt had yet been issued, the Controller allocated Conditional City Increment to accounts held for the benefit of the District in Fiscal Year 2019-20 and Fiscal Year 2020-21. The allocation of Conditional City Increment was made to ensure the Conditional City Increment was available if required and to conform to the Controller’s existing processes for allocation of property taxes. Release of these previously allocated Conditional City Increment funds not needed for District debt service to the applicable City taxing agencies is expected

Assessed Value Projections

Projected Fiscal Year 2022-23 assessed values are shown below in Table 6 and include the following increases from Assessor-reported Fiscal Year 2021-22 assessed values: (a) application of the State Board of Equalization reported 2% real property inflation factor under Proposition 13 for the Fiscal Year 2022-23 assessment roll; (b) an estimated \$55.2 million in assessed value projected to be added to Project Area A in Fiscal Year 2022-23 from construction progress during calendar year 2021 on the Bristol and Parcel 4Y (the location of the Residences), as described in the Fiscal Consultant Report and (c) \$28.3 million in assessed value to be added within Project Area D from the sale of Sub-Block C3.5. (As tax increment collection has not commenced in Project Area D, the additional assessed value is not projected to generate tax increment in any year in the projection presented in Table 7 and Table 8 below.)

Table 6
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Projected Fiscal Year 2022-23 Assessed Values

	Assessed Value by Project Area					Total for Project Areas A, B, E Collecting TI in FY 22-23	Total for All Project Areas
	Area A	Area B	Area C	Area D	Area E		
Projected TI Collection Status, FY 2022-23	Collecting	Collecting	Not Collecting	Not Collecting	Collecting		
Assessed Value, FY 2021-22	\$203,961,357	\$47,700,000	\$1,858,868	\$ 2,523,048	\$ 25,900,000	\$277,561,357	\$281,943,273
<u>Additions to AV</u>							
(1) Reported Prop 13 Inflation (2%)	\$ 4,079,227	\$ 954,000	\$ 37,177	\$ 50,461	\$ 518,000	\$ 5,551,227	\$ 5,638,865
(2) Bristol / 4Y Construction in 2021	55,281,211	0	0	0	0	55,281,211	55,281,211
(3) Transfers of Ownership in 2021	0	0	0	28,337,632	0	0	28,337,632
Total Additions	\$ 59,360,438	\$ 954,000	\$ 37,177	\$28,388,093	\$ 518,000	\$ 60,832,438	\$ 89,257,708
Projected FY 2022-23 Assessed Values	\$263,321,795	\$48,654,000	\$1,896,045	\$30,911,141	\$26,418,000	\$338,393,795	\$371,200,981

Revenue Projections

Projected tax increment revenues are shown below in Table 7 and Table 8. Table 7 assumes that the respective assessed values for Fiscal Year 2022-23 for Project Areas A, B and E (the Project Areas projected to be allocated tax increment in Fiscal Year 2022-23) remain unchanged during the 40-year period following their respective Commencement Years, totaling \$338,393,795 in each year through fiscal year 2058-59 and \$75,072 in each of Fiscal Years 2059-60 through 2061-62). See Table 6 above. Table 8 assumes that the respective assessed values for Fiscal Year 2022-23 for Project Areas A, B and E (the Project Areas projected to be allocated tax increment in Fiscal Year 2022-23) increase by the 2% maximum allowable inflationary increase under Proposition 13 in each year during the 40-year period following their respective Commencement Years. See APPENDIX H – “FISCAL CONSULTANT REPORT” attached hereto.

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Table 7
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Projection of Tax Increment (\$ Thousands) (Based on Fiscal Year 2022-23 Assessed Value Without Increase Projection)

	A	B	C	D	E	F	G	H	I	J	K
Fiscal Year	Gross Tax Increment = 1% x Table 17 Incremental Assessed Value for areas Collecting TI	Net Available Facilities Increment				Net Available Housing Increment					
		Total	Prop Tax Admin Cost	After Prop Tax Admin	Conditional City Facilities Increment	Total	Prop Tax Admin Cost	After Prop Tax Admin	Conditional City Housing Increment	Pledged Facilities Increment	Pledged Housing Increment
		46.68527%	0.50%	=B.+C.	6.60000%	=D.+E.	9.90294%	0.50%	=G.+H.	1.40000%	=I.+J.
21-22	\$2,040	\$952	(\$5)	\$947	\$135	\$1,082	\$202	(\$1)	\$201	\$29	\$230
22-23	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
23-24	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
24-25	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
25-26	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
26-27	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
27-28	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
28-29	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
29-30	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
30-31	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
31-32	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
32-33	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
33-34	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
34-35	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
35-36	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
36-37	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
37-38	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
38-39	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
39-40	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
40-41	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
41-42	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
42-43	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
43-44	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
44-45	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
45-46	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
46-47	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
47-48	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
48-49	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
49-50	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
50-51	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
51-52	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
52-53	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
53-54	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
54-55	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
55-56	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
56-57	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
57-58	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
58-59	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
59-60	751	350	(2)	349	50	398	74	(0)	74	11	84
60-61	751	350	(2)	349	50	398	74	(0)	74	11	84
61-62	751	350	(2)	349	50	398	74	(0)	74	11	84

Table 8
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Projection of Tax Increment (\$Thousands) (Based on 2% Growth of Fiscal Year 2022-23 Assessed Value)

A	B	C	D	E	F	G	H	I	J	K	
Fiscal Year	Gross Tax Increment = 1% x Table 18 Incremental Assessed Value for areas Collecting TI	Net Available Facilities Increment			Conditional City Facilities Increment	Pledged Facilities Increment	Net Available Housing Increment			Conditional City Housing Increment	Pledged Housing Increment
		Total	Prop Tax Admin Cost	After Prop Tax Admin			Total	Prop Tax Admin Cost	After Prop Tax Admin		
		46.68527%	0.50%	=B.+C.	6.60000%	=D.+E.	9.90294%	0.50%	=G.+H.	1.40000%	=I.+J.
21-22	\$2,040	\$952	(\$5)	\$947	\$135	\$1,082	\$202	(\$1)	\$201	\$29	\$230
22-23	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
23-24	3,452	1,611	(8)	1,603	228	1,831	342	(2)	340	48	388
24-25	3,521	1,644	(8)	1,635	232	1,868	349	(2)	347	49	396
25-26	3,591	1,676	(8)	1,668	237	1,905	356	(2)	354	50	404
26-27	3,663	1,710	(9)	1,701	242	1,943	363	(2)	361	51	412
27-28	3,736	1,744	(9)	1,736	247	1,982	370	(2)	368	52	420
28-29	3,811	1,779	(9)	1,770	252	2,022	377	(2)	376	53	429
29-30	3,887	1,815	(9)	1,806	257	2,062	385	(2)	383	54	437
30-31	3,965	1,851	(9)	1,842	262	2,103	393	(2)	391	56	446
31-32	4,044	1,888	(9)	1,879	267	2,145	400	(2)	398	57	455
32-33	4,125	1,926	(10)	1,916	272	2,188	408	(2)	406	58	464
33-34	4,208	1,964	(10)	1,954	278	2,232	417	(2)	415	59	473
34-35	4,292	2,004	(10)	1,994	283	2,277	425	(2)	423	60	483
35-36	4,377	2,044	(10)	2,033	289	2,322	433	(2)	431	61	493
36-37	4,465	2,085	(10)	2,074	295	2,369	442	(2)	440	63	502
37-38	4,554	2,126	(11)	2,116	301	2,416	451	(2)	449	64	513
38-39	4,645	2,169	(11)	2,158	307	2,464	460	(2)	458	65	523
39-40	4,738	2,212	(11)	2,201	313	2,514	469	(2)	467	66	533
40-41	4,833	2,256	(11)	2,245	319	2,564	479	(2)	476	68	544
41-42	4,930	2,301	(12)	2,290	325	2,615	488	(2)	486	69	555
42-43	5,028	2,348	(12)	2,336	332	2,668	498	(2)	495	70	566
43-44	5,129	2,394	(12)	2,382	339	2,721	508	(3)	505	72	577
44-45	5,709	2,665	(13)	2,652	377	3,029	565	(3)	563	80	643
45-46	5,824	2,719	(14)	2,705	384	3,090	577	(3)	574	82	655
46-47	5,940	2,773	(14)	2,759	392	3,151	588	(3)	585	83	668
47-48	6,059	2,829	(14)	2,814	400	3,214	600	(3)	597	85	682
48-49	6,180	2,885	(14)	2,871	408	3,279	612	(3)	609	87	695
49-50	6,304	2,943	(15)	2,928	416	3,344	624	(3)	621	88	709
50-51	6,430	3,002	(15)	2,987	424	3,411	637	(3)	634	90	724
51-52	6,558	3,062	(15)	3,046	433	3,479	649	(3)	646	92	738
52-53	6,689	3,123	(16)	3,107	442	3,549	662	(3)	659	94	753
53-54	6,823	3,185	(16)	3,170	450	3,620	676	(3)	672	96	768
54-55	6,960	3,249	(16)	3,233	459	3,692	689	(3)	686	97	783
55-56	7,099	3,314	(17)	3,298	469	3,766	703	(4)	699	99	799
56-57	7,241	3,380	(17)	3,364	478	3,841	717	(4)	713	101	815
57-58	7,386	3,448	(17)	3,431	487	3,918	731	(4)	728	103	831
58-59	7,533	3,517	(18)	3,499	497	3,997	746	(4)	742	105	848
59-60	2,205	1,029	(5)	1,024	146	1,170	218	(1)	217	31	248
60-61	2,249	1,050	(5)	1,045	148	1,193	223	(1)	222	31	253
61-62	2,294	1,071	(5)	1,066	151	1,217	227	(1)	226	32	258

Debt Service and Coverage

The following is the debt service schedule for the Series 2022A Bonds, assuming no redemptions other than mandatory sinking fund redemptions, as well as projections of Pledged Facilities Increment and related coverage. The table does not present any Parity Facilities Debt that could be issued or incurred. See “SECURITY AND SOURCES OF PAYMENT” herein.

Year Ending ⁽¹⁾	Series 2022A Bonds			Pledged Facilities Increment Assuming No Assessed Value Growth ⁽³⁾	Debt Service Coverage Assuming No Assessed Value Growth ⁽⁴⁾	Pledged Facilities Increment Assuming 2% Assessed Value Growth ⁽⁵⁾	Debt Service Coverage Assuming 2% Assessed Value Growth ⁽⁴⁾
	Principal	Interest ⁽²⁾	Total				
	\$	\$	\$	\$	%	\$	%
Total	\$	\$	\$	\$		\$	

(1) Debt service presented on a bond year ending on September 1, revenues presented on a fiscal year basis ending on June 30.

(2) Interest on the Series 2022A Bonds will be capitalized through _____ 20__.

(3) Projected. Assumes no assessed value growth. Rounded to thousands. Based on Fiscal Consultant Report projection. See Table 7 above.

(4) Reflects Pledged Facilities Increment divided by Annual Facilities Debt Service.

(5) Projected. Assumes 2% maximum allowable inflationary increase under Proposition 13 in each year. See Table 8 above.

The following is the debt service schedule for the Series 2022B Bonds, assuming no redemptions other than mandatory sinking fund redemptions, as well as projections of Pledged Housing Increment and related coverage. The table does not present any Parity Housing Debt that could be issued or incurred. See “SECURITY AND SOURCES OF PAYMENT” herein.

Year Ending ⁽¹⁾	Series 2022B Bonds			Pledged Housing Increment Assuming No Assessed Value Growth ⁽³⁾	Debt Service Coverage Assuming No Assessed Value Growth ⁽⁴⁾	Pledged Housing Increment Assuming 2% Assessed Value Growth ⁽⁵⁾	Debt Service Coverage Assuming 2% Assessed Value Growth ⁽⁴⁾
	Principal	Interest ⁽²⁾	Total	\$	%	\$	%

Total	\$	\$	\$	\$		\$	
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- (1) Debt service presented on a bond year ending on September 1, revenues presented on a fiscal year basis ending on June 30.
- (2) Interest on the Series 2022B Bonds will be capitalized through _____ 20__.
- (3) Projected. Assumes no assessed value growth. Rounded to thousands. Based on Fiscal Consultant Report projection. See Table 7 above.
- (4) Reflects Pledged Housing Increment divided by Annual Housing Debt Service.
- (5) Projected. Assumes 2% maximum allowable inflationary increase under Proposition 13 in each year. See Table 8 above.

Treasure Island Community Facilities District

The Initial Project Areas substantially overlap geographically with Improvement Area Nos. 1, 2 and 3 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (the “Treasure Island Community Facilities District”) established pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (section 53311 et seq. of the California Government Code). In October 2020 and August 2021, the City on behalf of the Treasure Island Community Facilities District issued approximately \$17 million and \$14 million, respectively, aggregate principal amount of bonds secured by a special tax levied upon all taxable parcels in Improvement Area No. 1 of the Treasure Island Community Facilities District to provide funds to finance construction of infrastructure within Improvement Area No. 1. In February 2022, the City of on behalf of the Treasure Island Community Facilities District issued approximately \$25 million aggregate principal amount of bonds secured by a special tax levied upon all taxable parcels in Improvement Area No. 2 of the Treasure Island Community Facilities District to provide funds to finance construction of infrastructure within Improvement Area No. 2. No Treasure Island Community Facilities District bonds have yet been issues in respect of Improvement Area No. 3.

RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2022AB Bonds. This discussion does not purport to be comprehensive or definitive, and other risk factors could arise in the future that could have a bearing on the Series 2022AB Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the Initial Project Areas to pay their property taxes when due. Such failures to pay property taxes could result in the inability of the District to make full and punctual payments of debt service on the Series 2022AB Bonds, or could otherwise affect the market price and liquidity of the Series 2022AB Bonds in the secondary market. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the Initial Project Areas.

Reduction in Taxable Value

The amounts of Pledged Facilities Increment available to pay principal and interest on the Series 2022A Bonds and the amount of Pledged Housing Increment available to pay principal and interest on the Series 2022B Bonds are based primarily on Gross Tax Increment (less certain administrative costs). The amount of Gross Tax Increment is determined by the amount of Incremental Assessed Property Value of property within the Project Areas and is allocated only after the related Commencement Year. The reduction of taxable values of property in the Initial Project Areas caused by economic factors beyond the City’s or the District’s control, such as sale at a reduced price by one or more major property owners in the Project Areas, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Gross Tax Increment from which Pledged Facilities Increment and Pledged Housing Increment, the respective repayment and security sources for the Series 2022A Bonds and the Series 2022B Bonds, are derived. Such reduction of Gross Tax Increment could have an adverse effect on the District’s ability to make timely payments of principal of and interest on the Series 2022AB Bonds.

Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by

damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Series 2022AB Bonds could reduce available Gross Tax Increment and, in turn, Pledged Facilities Increment and Pledged Housing Increment. See “LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIII A of California Constitution.”

[Consider what to say about Prop 8 and appeals.]

The State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing available Gross Tax Increment from which the, respective, repayment and security sources for the Series 2022AB Bonds are derived. Although the federal and State Constitutions include clauses generally prohibiting the Legislature’s impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Gross Tax Increment and adversely affect the Pledged Facilities Increment and Pledged Housing Increment securing the Series 2022A Bonds and the Series 2022B Bonds, respectively.

Projections of Pledged Facilities Increment and Pledged Housing Increment

To project Pledged Facilities Increment and Pledged Housing Increment, the Fiscal Consultant Report has made certain assumptions with regard to the present and future assessed valuation of taxable property in the Project Areas (including assuming that the Project Areas will be limited to the Initial Project Areas), no growth or, alternatively, 2% growth in tax revenues over time, continuation of the Teeter plan, and assessed value to be added to the assessment roll as a result of new construction and transfers of ownership. See APPENDIX H – “FISCAL CONSULTANT REPORT” attached hereto. The District believes these assumptions to be reasonable, but there is no assurance that these assumptions will be realized. To the extent that actual assessed valuation or percentages collected are less than these assumptions, the Pledged Facilities Increment and Pledged Housing Increment would be less than that projected and might not generate sufficient amounts of such respective sources of payment to pay debt service on the related Series 2022AB Bonds.

Real Estate Investment Risks

Generally. The Bondowners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the District, the supply of or demand for competitive properties in such area, and the market value of properties and/or sites in the event of sale or foreclosure, (ii) changes in real estate tax rates and other operating expenses, government rules (including, without limitation, zoning laws and restrictions relating to threatened and endangered species) and fiscal policies (iii) natural disasters (including, without limitation, earthquakes, subsidence, floods and fires), which may result in uninsured losses, or natural disasters elsewhere in the country or other parts of the world affecting supply of building materials that may cause delays in construction, and (iv) the impacts of a public health emergency, such as the COVID-19 pandemic, on construction and sales activity, the national and regional economy and financial circumstances of property owners in the District.

The occurrence of one or more of the events discussed under “RISK FACTORS” herein could adversely affect the assessed values of property in the Project Areas, the ability or willingness of property owners in the Project Areas to pay their property taxes when due or prompt property owners to petition for reduced assessed valuation, in each case causing a reduction, or a delay or interruption in the receipt of, Gross Tax Increment from the Project Areas, and correspondingly the Pledged Facilities Increment and the

Pledged Housing Increment. Such factors could also induce or exacerbate the risks described in “RISK FACTORS – Levy and Collection of Taxes,” and “– Bankruptcy and Foreclosure.”

Concentration of Property Ownership. The Initial Project Areas have a significant concentration of ownership. Currently all of the Sub-Blocks in the Initial Project Areas that are subject to property taxes are owned by TICD or the Merchant Builders. See “THE INITIAL PROJECT AREAS” for information regarding property ownership and the status of development in the Initial Project Areas. Failure of any significant owner of property in the Project Areas to pay the annual property taxes when due could result in the rapid, total depletion of the 2022 Facilities Reserve Account and the 2022 Housing Reserve Account prior to replenishment from the resale of the property upon a foreclosure or otherwise or prior to delinquency redemption after a foreclosure sale, if any. In that event, there could be a default in payments of the principal of and interest on the Series 2022AB Bonds. The City has adopted the Teeter Plan and provides one hundred percent (100%) of tax revenues to the District regardless of delinquencies. See “SECURITY FOR THE BONDS – Teeter Plan.” However, such plan may be discontinued at any time.

The property taxes are not a personal obligation of the owners of property in the District on which such property taxes are levied, and no assurances can be given that the holder of the taxed property will be financially able to pay the property taxes levied on such property or that they will choose to pay even if financially able to do so. Such risk is greater and its consequence more severe where ownership of property in the District is concentrated and may be expected to decrease when ownership of the property in the District is diversified. At present, all of the property subject to property tax in the District are owned by TICD or the Merchant Builders.

Failure to Develop Properties. No buildings in the Initial Project Areas are fully-constructed. Many parcels are in the very early stages of development and building construction has not begun on some parcels. Unimproved or partially improved land is inherently less valuable than land with improvements on it, especially if there are restrictions on development, and provides less security to the Owners. Any delays in developing unimproved property, or the decision not to construct improvements on such property, may affect the willingness and ability of the owners of property within the Project Areas to pay property taxes when due. See “SECURITY FOR THE BONDS – Teeter Plan.”

Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or to satisfy such governmental requirements could adversely affect planned land development. In addition, there is a risk that future governmental restrictions, including, but not limited to, governmental policies restricting or controlling development within the Project Areas, will be enacted, and a risk that future voter approved land use initiatives could add more restrictions and requirements on development within the Project Areas.

Moreover, there can be no assurance that the means and incentive to conduct land development operations within the Project Areas will not be adversely affected by a deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, the national economy, or natural disasters that impact ferry or automobile access to the Project Areas.

Continued financing will be needed to complete the development of the property within the Project Areas. Additional public bond financing is needed to compete infrastructure serving the planned development in the Initial Project Areas. Issuance of future bonds for the Treasure Island Community Facilities District or by the District will depend upon future property values, interest rates and market access

and other factors; any delays may affect timing and pace of planned development. [Except for construction contracts for _____, construction contracts for vertical development within the Initial Project Areas have not been executed. Design development of certain buildings is ongoing. Projected costs may increase. Construction loans have not been acquired and equity commitments have not been fully drawn.] No assurance can be given that the required funding will be secured or that the proposed horizontal infrastructure and/or planned vertical development will be partially or fully completed. It is possible that cost overruns will be incurred that will require additional funding beyond what that currently projected, which may or may not be available or that development may not proceed as planned.

The projections in the Fiscal Consultant Report assume certain levels of development in the Initial Project Areas. See “TAX INCREMENT REVENUE AND DEBT SERVICE – Assessed Value Projections” herein and APPENDIX H – “FISCAL CONSULTANT REPORT” attached hereto. No assurance is given that the development assumed in the Fiscal Consultant Report or currently planned in the Initial Project Areas will be completed, or that it will be completed on the currently-expected timeline. If planned development of the property is not completed Gross Tax Increment could be comparatively lower than if development is completed as planned.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization (“WHO”) announced the official name for the outbreak of a new disease (“COVID-19”), an upper respiratory tract illness caused by infection by a transmissible, novel coronavirus. COVID-19 has since spread across the globe. The WHO has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Mayor of the City, the Governor of the State and the President of the United States.

From time to time since the onset of the pandemic, all counties in the Bay Area (including the City) have implemented and revised restrictions on mass gatherings and widespread closings or other limitations of the operations of government, commercial, educational, and other institutions. While significant portions of the population of the State of California (including the City) have been vaccinated, COVID-19 variants have resulted in increased infection rates and the imposition of certain restrictions on commercial and other activities. Although COVID-19 case rates had been relatively stable through October, November and early December 2021, case rates increased substantially in late December 2021 and early January 2022, including among the vaccinated. Case rates declined substantially by February 2022. As of March 2, 2022, the cumulative COVID-19 case count in San Francisco was 122,079 and the total death count was 806.

The spread of COVID-19 is having significant adverse health and financial impacts throughout the world, including the City. Existing and potential impacts to the City associated with the COVID--19 outbreak include, but are not limited to, increasing costs and challenges to the City’s public health system, reductions in tourism and disruption of the regional and local economy, widespread business closures, worker migration out of the City due to permissive remote work policies and significantly higher levels of unemployment. See “THE CITY - Impact of COVID-19 Pandemic on San Francisco Economy” herein.

The COVID-19 outbreak is ongoing, and its duration and severity and economic effects are uncertain in many respects. Uncertain too are the actions that may be taken by federal and State governmental authorities to contain or mitigate the effects of the outbreak. The ultimate impact of COVID-19 on the operations and finances of the City, the District, TICD or the Merchant Builders is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the operations and finances of the City, the District, TICD, TI Series 1 or the Merchant Builders. Adverse impacts to the development within the District as a whole could include,

without limitation, one or more of the following: (i) potential supply chain slowdowns or shutdowns resulting from the unavailability of workers in locations producing construction materials; (ii) slowdowns or shutdowns by local governmental agencies in providing governmental permits, inspections, title and document recordation, and other services and activities associated with real estate development; (iii) delays in construction; (iv) extreme fluctuations in financial markets and contraction in available liquidity; (v) extensive job losses and declines in business activity across important sectors of the economy; (vi) declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession, (vii) reduced demand for development projects; (viii) delinquencies in payment of property taxes and (ix) the failure of government measures to stabilize the financial sector and introduce fiscal stimulus sufficient to counteract economic impacts of the public health emergency.

The Series 2022A Bonds are limited obligations of the District, secured by and payable solely from the revenues and the funds pledged therefor under the Facilities Indenture. The Series 2022B Bonds are limited obligations of the District, secured by and payable solely from the revenues and the funds pledged therefor under the Housing Indenture. Information in this section about the potential impact of COVID-19 or other public health emergencies on the City's finances does not suggest that the City has an obligation to pay debt service on the Series 2022AB Bonds. See "SECURITY AND SOURCES OF PAYMENT – Limited Obligation" herein.

None of the District, the City, the Underwriter, TICD, DI Series 1 nor the Merchant Builders can predict the ultimate effects of the COVID-19 outbreak or other public health emergencies or whether any such effects will not have material adverse effect on the ability to develop the Treasure Island Project, including the Initial Project Areas, as planned and described herein, or the availability of Pledged Facilities Increment and Pledged Housing Increment in amounts sufficient to support, respectively, payment of debt service on the Series 2022A Bonds and the Series 2022B Bonds, respectively.

Levy and Collection of Taxes

The District has no independent power to levy or collect property taxes. The implementation of any constitutional or legislative property tax decrease could reduce the Pledged Facilities Increment and Pledged Housing Increment, and accordingly, could have an adverse impact on the security for and the ability of the District to repay the Series 2022AB Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Initial Project Areas, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the District's ability to make timely payments on the Series 2022AB Bonds. Any reduction in Pledged Facilities Increment and Pledged Housing Increment, whether for any of these reasons or any other reasons, could have an adverse effect on the District's ability to pay the principal of and interest on the Series 2022AB Bonds. See "SECURITY AND SOURCE OF PAYMENT – Teeter Plan."

Exempt Property

The total assessed value in the Project Areas can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes, such as non-profit housing).

If a substantial portion of land within the Project Areas became exempt from property taxes, the Pledged Facilities Increment and Pledged Housing Increment might not be sufficient to support payment

of principal of and interest on the Series 2022A Bonds and the Series 2022B Bonds, respectively, when due and a default could occur with respect to the payment of such principal and interest.

Seismic Risks

General. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area. Seismic events may cause damage, or temporary or permanent loss of occupancy to buildings in the Project Areas, as well as to transportation infrastructure that serves the Project Areas. These faults include the San Andreas Fault, which passes within about three miles of the City's border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away, as well as a number of other significant faults in the region. Significant seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and surrounding areas. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City and the only automobile access to the Project Areas, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed. On August 24, 2014, the San Francisco Bay Area experienced a 6.0 earthquake centered near Napa along the West Napa Fault. The City did not suffer any material damage as a result of this earthquake.

California Earthquake Probabilities Study. In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more earthquakes of magnitude 6.7 (the magnitude of the 1994 Northridge earthquake) or larger will occur in the San Francisco Bay Area before the year 2045. In addition, the U.S.G.S. released a report in April 2017 entitled The HayWired Earthquake Scenario, which estimates that property damage and direct business disruption losses from a magnitude 7.0 earthquake on the Hayward Fault would be more than \$82 billion (in 2016 dollars). Most of the losses are expected to be attributable to shaking damage, liquefaction, and landslides (in that order). Eighty percent of shaking damage is expected to be caused by the magnitude 7.0 mainshock, with the rest of the damage resulting from aftershocks occurring over a 2-year period thereafter. Such earthquakes could be very destructive. In addition to the potential damage to buildings subject to property tax, due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly long-term harm to the City's economy, tax receipts, infrastructure and residential and business real property values, including in the Project Areas.

A separate City report dated March 2020 cited to liquefaction maps by the United States Geological Survey for large past earthquakes. These maps show that Treasure Island and small portions of Yerba Buena Island had very high liquefaction susceptibility in connection with those earthquakes.

Earthquake Safety Implementation Plan ("ESIP"). ESIP began in early 2012, evolving out of the key recommendations of the Community Action Plan for Seismic Safety ("CAPSS"), a 10-year-long study evaluating the seismic vulnerabilities the City faces. The CAPSS Study prepared by the Applied Technology Council looked at the impact to all of the City's buildings and recommended a 30-year plan for action. As a result of this plan, San Francisco has mandated the retrofit of nearly 5,000 soft-story buildings housing over 111,000 residents by September 2021. The deadline was extended from the original deadline of September 2020 in light of the COVID-19 pandemic. [As of July 6, 2021, improvements have been permitted or completed on approximately 88% of the buildings; however, the City currently does not expect full compliance by the September 2021 completion deadline due to the timing of construction on the various improvements.] Future tasks will address the seismic vulnerability of older nonductile concrete buildings, which are at high risk of severe damage or collapse in an earthquake.

Climate Change; Risk of Sea Level Rise and Flooding Damage

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution.

The *Fourth National Climate Assessment*, published by the U.S. Global Change Research Program in November 2018 (“NCA4”), finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. NCA4 states that rising temperatures, sea level rise, and changes in extreme events are expected to increasingly disrupt and damage critical infrastructure and property and regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. NCA4 states that the continued increase in the frequency and extent of high-tide flooding due to sea level rise threatens coastal public infrastructure. NCA4 also states that expected increases in the severity and frequency of heavy precipitation events will affect inland infrastructure, including access to roads, the viability of bridges and the safety of pipelines.

Sea levels are expected to continue to rise in the future due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting into the oceans. Between 1854 and 2016, sea level rose about nine inches according to the tidal gauge at Fort Point, a location underneath the Golden Gate Bridge. Weather and tidal patterns, including 100-year or more storms and king tides, may exacerbate the effects of climate related sea level rise. Coastal areas like the City are at risk of substantial flood damage over time, affecting private development and public infrastructure, including roads, utilities, emergency services, schools, and parks. As a result, the City could lose considerable tax revenues and many residents, businesses, and governmental operations along the waterfront could be displaced, and the City could be required to mitigate these effects at a potentially material cost.

Adapting to sea level rise is a key component of the City’s policies. The City and its enterprise departments have been preparing for future sea level rise for many years and have issued a number of public reports. For example, in March 2016, the City released a report entitled “Sea Level Rise Action Plan,” identifying geographic zones at risk of sea level rise and providing a framework for adaptation strategies to confront these risks. That study shows an upper range of end-of-century projections for permanent sea level rise, including the effects of temporary flooding due to a 100-year storm, of up to 108 inches above the 2015 average high tide. To implement this Plan, the Mayor’s Sea Level Rise Coordinating Committee, co-chaired by the Planning Department and Office of Resilience and Capital Planning, joined the Port, the Public Utilities Commission and other public agencies in moving several initiatives forward. This included a Citywide Sea Level Rise Vulnerability and Consequences Assessment to identify and evaluate sea level rise impacts across the City and in various neighborhoods that was released in February 2020.

In April 2017, the Working Group of the California Ocean Protection Council Science Advisory Team (in collaboration with several state agencies, including the California Natural Resources Agency, the Governor’s Office of Planning and Research, and the California Energy Commission) published a report, that was formally adopted in March 2018, entitled “Rising Seas in California: An Update on Sea Level Rise Science” (the “Sea Level Rise Report”) to provide a new synthesis of the state of science regarding sea level rise. The Sea Level Rise Report provides the basis for State guidance to state and local agencies for incorporating sea level rise into design, planning, permitting, construction, investment and other decisions. Among many findings, the Sea Level Rise Report indicates that the effects of sea level rise are already being felt in coastal California with more extensive coastal flooding during storms, exacerbated

tidal flooding, and increased coastal erosion. In addition, the report notes that the rate of ice sheet loss from Greenland and Antarctic ice sheets poses a particular risk of sea level rise for the California coastline. The City has incorporated the projections from the 2018 report into its Guidance for Incorporating Sea Level Rise Guidance into ongoing Capital Planning. The Guidance requires that City projects over \$5 million consider mitigation and/or adaptation measures.

In March 2020, a consortium of State and local agencies, led by the Bay Area Conservation and Development Commission, released a detailed study entitled, “Adapting to Rising Tides Bay Area: Regional Sea Level Rise Vulnerability and Adaptation Study,” on how sea level rise could alter the Bay Area. The study states that a 48-inch increase in the bay’s water level in coming decades could cause more than 100,000 Bay Area jobs to be relocated, nearly 30,000 lower-income residents to be displaced, and 68,000 acres of ecologically valuable shoreline habitat to be lost. The study further argues that without a far-sighted, nine county response, the region’s economic and transportation systems could be undermined along with the environment.

Portions of the San Francisco Bay Area, including the Project Areas, are built on fill that was placed over saturated silty clay known as “Bay Mud.” This Bay Mud is soft and compressible, and the consolidation of the Bay Mud under the weight of the existing fill is ongoing. A report issued in March 2018 by researchers at UC Berkeley and the University of Arizona suggests that flooding risk from climate change could be exacerbated in the San Francisco Bay Area due to the sinking or settling of the ground surface, known as subsidence. The study claims that the risk of subsidence is more significant for certain parts of the City built on fill.

Projections of the effects of global climate change on the City are complex and depend on many factors that are outside the City’s control. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. In particular, the City cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the City and the local economy during the term of the Series 2022AB Bonds. While the effects of climate change may be mitigated by the City’s past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures. If necessary, such additional measures could require significant capital resources.

[Update as needed.] In September 2017, the City filed a lawsuit against the five largest investor-owned oil companies seeking to have the companies pay into an equitable abatement fund to help fund investment in sea level rise adaptation infrastructure. In July 2018, the United States District Court, Northern District of California denied the plaintiffs’ motion for remand to state court, and then dismissed the lawsuit. The City appealed these decisions to the United States Court of Appeals for the Ninth Circuit, which is pending. While the City believes that its claims are meritorious, the City can give no assurance regarding whether it will be successful and obtain the requested relief from the courts, or contributions to the abatement fund from the defendant oil companies.

Treasure Island and Yerba Buena Island may be particularly susceptible to the impacts of sea level rise or other impacts of climate change or flooding because of their location and topography. An assessment and strategy report related to sea-level rise was issued in connection with the current permit issued by the San Francisco Bay Conservation and Development Commission (“BCDC”) for the Treasure Island Project. The BCDC permit, issued in 2016, requires an update on sea level rise every five years. The first such

update was prepared for TIDG by an outside consultant and issued in October 2021. The update looked at changes in sea-level-rise policy and projections since the commencement of the Treasure Island Project and evaluated if the adopted sea-level-rise policy projections and adaptation measures remain applicable or need revision. The update also looked at (i) the amount of sea level rise that has occurred since the start of the project and (ii) whether the amount of sea level rise would draw into consideration any documented impacts to public access areas in the form of flooding and settlement. The update concluded that the 2016 assessment and strategy report remains consistent with the most recent sea-level rise projections. The update did not call for a change to the adopted approach to sea-level rise adaptation.

[With respect to the Treasure Island Project, the rate and method of apportionment of special taxes in the Treasure Island Community Facilities District requires the establishment of reserves for the Treasure Island Project as a whole for public improvements necessary to ensure that shoreline, public facilities, and public access improvements will be protected due to sea level rise at the perimeters of Treasure Island and Yerba Buena Island. However, the City can provide no assurances that the special taxes levied in the Treasure Island Community Facilities District's improvement areas will be available to fund such reserves or whether such reserves would be sufficient to protect the Islands from sea level rise.]

The City is unable to predict whether sea level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the City, the local economy or, in particular, the taxable property in the Project Areas and the ability of a property owner in the Project Areas to pay property taxes levied.

Other Natural Disasters and Other Events

In addition to earthquake and sea-level rise (discussed above), other natural or man-made disasters, such as flood, wildfire, tsunamis, toxic dumping, international conflicts, civil unrest or acts of terrorism, could also adversely impact persons and property within the City generally and/or specifically in the Project Areas, damage City and District infrastructure and adversely impact the City's ability to provide municipal services.

In September 2010, a PG&E high pressure natural gas transmission pipeline exploded in San Bruno, California, with catastrophic results. PG&E owns, operates and maintains numerous gas transmission and distribution pipelines throughout the City. In August 2013, a massive wildfire in Tuolumne County and the Stanislaus National Forest burned over 257,135 acres (the "Rim Fire"), which area included portions of the City's Hetch Hetchy Project. The Hetch Hetchy Project is comprised of dams (including O'Shaughnessy Dam), reservoirs (including Hetch Hetchy Reservoir which supplies 85% of San Francisco's drinking water), hydroelectric generation and transmission facilities and water transmission facilities. Hetch Hetchy facilities affected by the Rim Fire included two power generating stations and the southern edge of the Hetch Hetchy Reservoir. There was no impact to drinking water quality. The City's hydroelectric power generation system was interrupted by the fire, forcing the San Francisco Public Utilities Commission to spend approximately \$1.6 million buying power on the open market and using existing banked energy with PG&E. The Rim Fire inflicted approximately \$40 million in damage to parts of the City's water and power infrastructure located in the region. Certain portions of the Hetch Hetchy Project are old and deteriorating, and outages at critical points of the project could disrupt water delivery to significant portions of the region and/or cause significant costs and liabilities to the City.

Many areas of northern California have suffered from wildfires in more recent years, including the Tubbs fire which burned across several counties north of the Bay Area in October 2017 (part of a series of fires covering approximately 245,000 acres and causing 44 deaths and approximately \$14 billion in damage), the Camp fire which burned across Butte County, California in November 2018 (covering almost

240 square miles and resulting in numerous deaths and over \$16 billion in property damage) and Kincade Fire which burned across Sonoma County, California in late 2019 (covering over 77,000 acres). Spurred by findings that these fires were caused, in part, by faulty powerlines owned by PG&E, the power company subsequently adopted mitigation strategies which results in pre-emptive distribution circuit and high power transmission line shut offs during periods of extreme fire danger (i.e., high winds, high temperatures and low humidity) to portions of the Bay Area, including the City. In recent years, parts of the City experienced black out days as a result of PG&E's wildfire prevention strategy. Future shut offs are expected to continue and it is uncertain what effects future PG&E shut offs will have on the local economy.

In recent years, California experienced numerous significant wildfires. In addition to their direct impact on health and safety and property damage in California, the smoke from these wildfires has impacted the quality of life in the Bay Area and the City and may have short-term and future impacts on commercial and tourist activity in the City, as well as the desirability of the City and the Bay Area as places to live, potentially negatively affecting real estate trends and values.

The California Geological Survey ("CGS"), in concert with the California Emergency Management Agency and the Tsunami Research Center at the University of Southern California, produced new statewide tsunami hazard zone maps in July 2021. CGS has identified much of the District and all of Treasure Island as being located in the San Francisco tsunami hazard zone.

As a result of the occurrence of events like those described above, a substantial portion of the property owners in the Project Areas may be unable or unwilling to pay property taxes when due, and the 2022 Facilities Reserve Account for the Series 2022A Bonds and the 2022 Housing Reserve Account for the Series 2022B Bonds may become depleted. See "SECURITY AND SOURCES OF PAYMENT – Teeter Plan."

Hazardous Substances

A serious risk in terms of the potential reduction in the value of a parcel within the Project Areas would be the discovery of a hazardous substance that was not discovered prior to the transfer of the parcels forming the Project Areas. See "THE TREASURE ISLAND PROJECT – History – *Navy Remediation and Transfer* herein. In general, the owners and operators of a parcel within the Project Areas may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but other California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of the property whether or not the owner or operator had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the Project Areas be affected by a hazardous substance, would be to reduce the marketability and value of such parcel by the costs of remedying the condition. Any prospective purchaser would become obligated to remedy the condition.

Further it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the current existence on the parcel of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly affect the value of a parcel within the Project Areas that is realizable upon a delinquency.

The City is aware of a Complaint relating to environmental conditions with respect to the Treasure Island Project. For a description of the Complaint, see “– Treasure Island Related Complaint” below.

Bankruptcy and Foreclosure

The payment of the property taxes from which Pledged Facilities Increment and Pledged Housing Increment are derived and the ability of the City to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure.

Foreclosures primarily affect assessed valuations at the point at which the property foreclosed upon is sold to a third party, with the often significantly lower sale price determining the property’s new assessed value. As available foreclosure data does not track properties through to the point of sale to third parties, the actual impact on assessed valuation cannot be reasonably determined.

The various legal opinions to be delivered concurrently with the delivery of the Series 2022AB Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases. Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Series 2022AB Bonds.

Investment Risk

As provided in the Indenture, moneys in the funds and accounts under the Facilities Indenture and the Housing Indenture may be invested in Permitted Investments and moneys in the [the account(s) which will hold increment] into which Pledged Facilities Increment and Pledged Housing Increment are deposited may be invested by the District in any obligations in which the District is legally authorized to invest its funds. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Facilities Indenture or the Housing Indenture could have a material adverse effect on the security for the Series 2022AB Bonds.

Treasure Island Related Complaint

[To be reviewed for updates.] On January 23, 2020, a complaint (“Complaint”) was filed by certain former and current residents of Treasure Island (i.e., a purported class of individuals who have been living, working, attending school or had substantial contact with Treasure Island from 2006 to the present) (collectively, the “Plaintiffs”) in the Superior Court of the State of California, County of San Francisco (Case No. 20-cv-01328-JD), against TIDA (“Defendant 1”), Treasure Island Homeless Development Initiative (“Defendant 2”), Shaw Environmental (“Defendant 3”), U.S. Navy Treasure Island Clean Up Director Jim Sullivan, in his individual capacity (“Defendant 4”), U.S. Navy Treasure Island Clean Up Lead Project Manager David Clark, in his individual capacity (“Defendant 5”), U.S. Navy Representative Keith Forman, in his individual capacity (“Defendant 6”), Tetra Tech EC, Inc. (“Defendant 7”), Dan L. Batrack, in his individual and official capacity (“Defendant 8”), State Department of Toxic Substances Control (“Defendant 9”), San Francisco Department of Public Health (“Defendant 10”), Lennar Inc. (“Defendant 11”), Five Point Holdings, LLC (“Defendant 12”), John Stewart Company (“Defendant 13”)

and Does 1-100 inclusive (“Defendant 14” and, together with Defendants 1 through 13, the “Defendants”). On February 21, 2020, the U.S. Navy Defendants (Defendants, 4, 5, and 6) removed the case to the United States District Court for the Northern District of California.

The Complaint generally alleged that Treasure Island was contaminated with certain radioactive and chemical contaminants at levels higher than were disclosed to the public by the U.S. Navy. The Complaint further alleged that the Defendants had knowledge of the alleged elevated contaminant levels on Treasure Island and failed to disclose such information to the Plaintiffs.

The Complaint seeks the following relief: (1) a preliminary injunction, requiring the Defendants to take “anticipatory action” to prevent harm and, through exploration of current toxicity and careful analysis of courses of action in order, to present the least threat to residents to Treasure Island, as well as conduct an immediate health and safety assessment for residents, workers and students on Treasure Island; (2) a permanent injunction (available only if Plaintiffs prevail on the merits), requiring Defendants stop all development, construction, building, digging, erecting, disturbing the soil, dirt, earth, buildings, structures, pipes and all activity at Treasure Island until independent verified reports can be obtained showing complete and total remediation of all toxic substances, including all radioactive materials from Treasure Island; (4) monetary damages in the amount of \$2 billion; (5) costs incurred bringing the action and (6) such other relief as the Court deems proper, including payment for immediate early-detection medical screenings for Plaintiffs.

On August 4, 2020, the court in response to various motions to dismiss by defendants entered an order granting Plaintiffs leave to amend their Complaint indicating, “The amended complaint also does not say anything about the point in time at which defendants might have had a duty to disclose this information [relating to levels of radiation on Treasure Island] to plaintiffs, in what context, and why, or how defendants failed. In short, plaintiffs’ current allegations are so vague and perfunctory that they give defendants ‘little idea where to begin’ in preparing a response to the complaint.” . . . “Plaintiffs are advised to focus and clarify their allegations and claims, and ensure that they state factual allegations against each named defendant. Otherwise, they are likely to face further, and potentially fatal, plausibility problems.” The entity identified as Lennar, Inc. (Defendant 11) was named in connection with each of the eight causes of action.

On September 9, 2020, the Plaintiffs filed an amended Complaint, but the amendment did not make any material changes to the allegations set forth in the original Complaint. The City, the U.S. Department of Justice, One Treasure Island, John Stewart Company, Five Point Holdings, LLC and Lennar Inc. have each filed motions to dismiss on the basis that Plaintiffs failed to follow the court’s instructions with respect to amending the Complaint. The hearing on the motion to dismiss was scheduled for November 5, 2020. The Court took the motions to dismiss under submission and did not initially issue a ruling. On February 16, 2021, Plaintiffs filed a motion seeking leave to file an amended complaint. Defendants filed opposition to this motion. On June 21, 2021, the Court granted Plaintiffs’ motion to file their third amended complaint and denied all pending motions to dismiss as moot. On June 27, 2021, Plaintiffs filed their third amended complaint naming the City and adding as defendants two City employees and the California Department of Public Health, and dismissing Defendants 9, 11 (Lennar Inc.), 12, and 13. The third amended complaint contains the same allegations as were alleged in the Complaint and seeks the same relief. The City has filed a motion to dismiss the third amended complaint. The Court vacated a November 4, 2021 hearing, and will decide the motion to dismiss without oral argument. The City is awaiting a decision. If the matter proceeds to trial on Plaintiffs’ third amended complaint, the City and TIDA believe that there are strong defenses available against each alleged cause of action relating to the City, TIDA and the individual City employees, which they intend to diligently pursue.

The parcels at issue in the Complaint are located on Treasure Island. [However, apparently none of the parcels at issue in the Complaint are located in the Project Areas [to be confirmed].] Certain utility infrastructure that will service parcels located in the Project Areas is being constructed on Treasure Island. If injunctive relief is granted and development on Treasure Island is delayed or prohibited, the delivery of utility services to the parcels located in the Project Areas may be delayed until alternative utility infrastructure is put into place or the injunction is lifted. Further, if development on Treasure Island is enjoined, the delivery of certain elements of the overall Treasure Island Project may be delayed. If the development of the property is not completed, or is not completed in a timely manner, there could be an adverse effect on the payment of property taxes, which, in turn, could result in the inability of the District to make full and punctual payments of debt service on the Series 2022AB Bonds.

The District, the City and TIDA can give no assurance regarding the outcome of this litigation, and if the Plaintiffs succeed in their lawsuit, it could have an adverse impact on the TIDA development and the collection of property taxes in the District.

Ballot Initiatives and Legislative Measures

Measures qualified for the ballot pursuant to California's constitutional initiative process and the State Legislature have in the past altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the Legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, the District or other local districts to increase revenues or to increase appropriations or on the ability of a landowner to complete the development of property.

Acceleration

If the District defaults on its respective obligations under the Facilities Indenture or the Housing Indenture, the Trustee has the right to accelerate the Series 2022A Bonds or the Series 2022B Bonds, as the case may be, under certain circumstances. However, in the event of a default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of such accelerated Series 2022AB Bonds.

Limitations on Remedies

Remedies available to the owners of Series 2022A Bonds and Series 2022B Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Series 2022AB Bonds. Bond Counsel has limited its opinions as to the enforceability of the Series 2022AB Bonds and of the Facilities Indenture and the Housing Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of the rights and remedies of the Owners of Series 2022A Bonds and Series 2022B Bonds, and the obligations incurred by the District, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the

interest of serving a significant and legitimate public purpose and the applicable limitations on remedies against public agencies in the State. See “RISK FACTORS – Bankruptcy and Foreclosure” herein.

Limited Secondary Market

As stated herein, investment in the Series 2022AB Bonds poses certain financial risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand and appreciate the risk of such investments should consider investment in the Series 2022AB Bonds. [The Series 2022AB Bonds have not been rated by any national rating agency, and the City has not undertaken to obtain a rating. See “NO RATING” herein.] There can be no guarantee that there will be a secondary market for purchase or sale of the Series 2022AB Bonds or, if a secondary market exists, that the Series 2022AB Bonds can or could be sold for any particular price.

Cybersecurity

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, “Systems Technology”). As a recipient and provider of personal, private, or sensitive information, the City has been the subject of cybersecurity incidents which have resulted in or could have resulted in adverse consequences to the City’s Systems Technology and required a response action to mitigate the consequences. For example, in November 2016, the San Francisco Municipal Transportation Agency (“SFMTA”) was subject to a ransomware attack which disrupted some of the SFMTA’s internal computer systems. Although the attack neither interrupted Muni train services nor compromised customer privacy or transaction information, SFMTA took the precaution of turning off the ticket machines and fare gates in the Muni Metro subway stations from Friday, November 25 until the morning of Sunday, November 27.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City’s Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City invests in multiple forms of cybersecurity and operational safeguards. In November 2016, the City adopted a City-wide Cyber Security Policy (“Cyber Policy”) to support, maintain, and secure critical infrastructure and data systems. The objectives of the Cyber Policy include the protection of critical infrastructure and information, manage risk, improve cyber security event detection and remediation, and facilitate cyber awareness across all City departments. The City’s Department of Technology has established a cybersecurity team to work across all City departments to implement the Cyber Policy. The City’s Cyber Policy is reviewed periodically.

The City has also appointed a City Chief Information Security Officer (“CCISO”), who is directly responsible for understanding the business and related cybersecurity needs of the City’s 54 departments. The CCISO is responsible for identifying, evaluating, responding, and reporting on information security risks in a manner that meets compliance and regulatory requirements, and aligns with and supports the risk posture of the City.

While City cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the City’s Systems Technology and cause material disruption to the City’s operations and the provision of City services. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the City to

material litigation and other legal risks, which could cause the City to incur material costs related to such legal claims or proceedings.

LIMITATIONS ON TAX INCREMENT REVENUES

The Series 2022A Bonds and the Series 2022B Bonds are secured by pledges of Pledged Facilities Increment and Pledged Housing Increment respectively as described in this Official Statement. The District does not have any independent power to levy and collect property taxes; accordingly, the amount of Pledged Facilities Increment and Pledged Housing Increment available to the District for payment of the principal of and interest on the Series 2022A Bonds and the Series 2022B Bonds, respectively, is affected by several factors, including but not limited to those discussed below. See also “RISK FACTORS.”

Property Tax Collection Procedure

Classifications. In California, property that is subject to ad valorem taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by a county becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against the unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax that becomes a lien on secured property has priority over all other liens arising pursuant to State law on the secured property, regardless of the time of creation of the other liens.

Generally, ad valorem taxes are collected by a county (the “Taxing Authority”) for the benefit of the various entities (cities, school districts and special districts) that share in the ad valorem tax (each, a taxing entity) and redevelopment agencies eligible to receive tax increment revenues.

Collections. Secured property and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The Taxing Authority has four (4) ways of collecting unsecured personal property taxes in the case of delinquency: (i) initiating a civil action against the taxpayer; (ii) filing a certificate in the office of the clerk of the court specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (iii) filing a certificate of delinquency for record in the county recorder’s office to obtain a lien on certain property of the taxpayer; and (iv) seizing and selling the personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes that are delinquent.

Delinquencies. The valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent after the following December 10 and April 10. Taxes on unsecured property are due March 1. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 and are subject to penalty; unsecured taxes added to the roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

Penalty. A ten percent (10%) penalty is added to delinquent taxes that have been levied with respect to property on the secured roll. In addition, on or about June 30 of the fiscal year, property on the secured roll on which taxes are delinquent is declared to be in default by operation of law and declaration of the tax collector. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of one and one-half percent (1.5%) per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county tax collector. A ten percent (10%) penalty also applies to the delinquent taxes on property on the unsecured

roll, and further, an additional penalty of one and one-half percent (1.5%) per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction occurring subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Areas, Gross Tax Increment may increase.

Property Tax Administrative Costs. State law allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. [All costs incurred by a county in connection with the division of taxes pursuant to the Law for an infrastructure and revitalization financing district shall be paid by that district.]

Taxation of Unitary Property

In California, certain properties are known as unitary property [or operating nonunitary property]. Such properties are properties of an assessee that are operated as a unit (consisting mostly of operational property owned by utility companies). Property tax revenue derived from assessed value attributable to unitary and operating nonunitary property that is assessed by the State Board of Equalization is to be allocated county-wide as follows: (i) each jurisdiction, including redevelopment project areas, will receive a percentage up to one hundred two percent (102%) of its prior year unitary and operating nonunitary revenue; (ii) if the amount of property tax revenue available for allocation is insufficient to make the allocation required by clause (i), above, the amount of revenue to be allocated to each jurisdiction will be prorated; and (iii) if county-wide revenues generated for unitary and operating nonunitary property are greater than one hundred two percent (102%) of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue based on such jurisdiction's share of the county's total ad valorem tax levies for the secured roll for the prior year.

No tax revenue derived from unitary property [or operating nonunitary property] is included in the projections of Pledged Facilities Increment and Pledged Housing Increment.

Tax Limitations – Article XIII A of California Constitution

Article XIII A of the State Constitution, known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum ad valorem tax on real property to one percent (1%) of "full cash value," and provides that such tax will be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIII A provides that the one percent (1%) limitation does not apply to ad valorem taxes levied to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, and (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975-76 Fiscal Year tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent (2%) per year, or to reflect a reduction in the consumer price index or comparable data for the taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that

each county will levy the maximum tax permitted by Article XIII A, which is \$1.00 per \$100 of assessed market value. The legislation further establishes the method for allocating the taxes collected by each county among the taxing agencies in the county.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age fifty-five (55) and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in property tax revenues.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the no more than two percent (2%) annual adjustment ([_____]%) for Fiscal Year 2022-23) are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

The District cannot predict whether there will be any future challenges or changes to California’s present system of property tax assessment or the effect of any such challenge or change on the District’s receipt of Net Tax Increment.

Article XIII B of California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. Article XIII B has been subsequently amended several times. The principal effect of Article XIII B is to limit certain annual appropriations of the State and any local government, which includes any city, county, special district, or other political subdivision of or within the State, to the level of appropriations for the prior fiscal year, subject to certain permitted annual adjustments. Appropriations of local government subject to Article XIII B is defined to mean generally any authorization to expend the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Permitted adjustments to the annual appropriations limit include adjustments for changes in the cost of living, population and services rendered by the government entity.

Articles XIII C and XIII D of California Constitution

On November 5, 1996, California voters approved Proposition 218. Proposition 218 added Articles XIII C and XIII D to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26 amended Article XIII C of the California Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the California Constitution. The Series 2022AB Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218 and are outside of the scope of taxes that are limited by Proposition 26.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the State Constitution and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures or other legislation could be adopted, further affecting the availability of tax increment revenues or the District’s ability to expend tax increment revenue.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Certificate relating to the Series 2022A Bonds (the “2022A Disclosure Certificate”), the District has covenanted for the benefit of owners of the Series 2022A Bonds to provide certain financial information and operating data relating to the District (the “2022A Annual Report”) on an annual basis, and to provide notices of the occurrences of certain enumerated events. Pursuant to a Continuing Disclosure Certificate, relating to the Series 2022B Bonds (the “2022B Disclosure Certificate,” and together with the 2022A Disclosure Certificate, the “Disclosure Certificates”), the District has covenanted for the benefit of owners of the Series 2022A Bonds to provide certain financial information and operating data relating to the District (the “2022A Annual Report”) on an annual basis, and to provide notices of the occurrences of certain enumerated events. The Annual Report and the notices of enumerated events will be filed with the MSRB on EMMA. Each Annual Report is to be filed not later than nine months after the end of the City’s fiscal year (which date shall be June 30 of each year), commencing with the report for the 2021-22 Fiscal Year (which is due not later than March 31, 2023). The specific nature of information to be contained in the 2022A Annual Report or the notice of events is summarized in APPENDIX E-1 – “FORM OF SERIES 2022A CONTINUING DISCLOSURE CERTIFICATE.” The specific nature of information to be contained in the 2022A Annual Report or the notice of events is summarized in APPENDIX E-2 – “FORM OF SERIES 2022B CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made by the District in order to assist the Underwriter in complying with the Rule.

[The City has conducted a review of the compliance of the City, with their respective previous continuing disclosure undertakings pursuant to Rule 15c2-12.

On March 6, 2018, Moody’s Investors Service, Inc. (“Moody’s”) upgraded certain of the City and County of San Francisco Finance Corporation lease-backed obligations to “Aa1” from “Aa2.” The City timely filed notice of the upgrade with EMMA, but inadvertently did not link the notice to all relevant CUSIP numbers. The City has taken action to link such information to the applicable CUSIP numbers.

The Annual Report for fiscal year 2016-17, which was timely prepared, provided investors a link to the City’s 2016-17 audited financial statements (“2016-17 Audited Financial Statements”) on the City’s website. However, the 2016-17 Audited Financial Statements were not posted on EMMA. The City subsequently filed the 2016-17 Audited Financial Statements and a notice of such late filing on EMMA.

As of May 6, 2021, the City was a party to certain continuing disclosure undertakings relating to municipal securities which require the City to file notice filings on EMMA within ten days in the event of the incurrence of financial obligations and certain other events, if material. On May 6, 2021, the City extended for two years certain liquidity facilities relating to series 1 and 1-T and series 2 and 2-T of its commercial paper program. On July 1, 2021, the City filed on EMMA an event notice relating to these extensions.]

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series 2022AB Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Tax Code”) that must be

satisfied subsequent to the issuance of the Series 2022AB Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Series 2022AB Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Series 2022AB Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Series 2022AB Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “bond premium” for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Series 2022AB Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Series 2022AB Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Series 2022AB Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Series 2022AB Bonds who purchase the Series 2022AB Bonds after the initial offering of a substantial amount of such maturity. Owners of such Series 2022AB Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2022AB Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Series 2022AB Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Series 2022AB Bond (said term being the shorter of the Series 2022AB Bond’s maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Series 2022AB Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Series 2022AB Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Series 2022AB Bond premium is not deductible for federal income tax purposes. Owners of premium Series 2022AB Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Series 2022AB Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Series 2022AB Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Series 2022AB Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Series 2022AB Bonds. It

cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Series 2022AB Bonds, or as to the consequences of owning or receiving interest on the Series 2022AB Bonds, as of any future date. Prospective purchasers of the Series 2022AB Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Series 2022AB Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series 2022AB Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Series 2022AB Bonds, the ownership, sale or disposition of the Series 2022AB Bonds, or the amount, accrual or receipt of interest on the Series 2022AB Bonds.

Form of Opinion. The forms of opinions of Bond Counsel are set forth as Appendix F-1 and Appendix F-2 hereto.

UNDERWRITING

The District has sold the Series 2022AB Bonds to the California Statewide Communities Development Authority (“CSCDA”) Stifel, Nicolaus & Co. Incorporated (the “Underwriter”) simultaneously purchased the Series 2022A Bonds from CSCDA at a purchase price of \$_____, representing the principal amount of the Series 2022A Bonds less an Underwriter’s discount of \$_____ and plus original issue premium of \$_____ and the Series 2022B Bonds at a purchase price of \$_____, representing the principal amount of the Series 2022B Bonds less an Underwriter’s discount of \$_____ and plus original issue premium of \$_____. The Underwriter intends to offer the Series 2022AB Bonds to the public initially at the prices set forth on the inside cover pages of this Official Statement, which prices may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2022AB Bonds to the public. The Underwriter may offer and sell the Series 2022AB Bonds to certain dealers (including dealers depositing Series 2022AB Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

LEGAL OPINIONS AND OTHER LEGAL MATTERS

The legal opinions of Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel, approving the validity of the Series 2022A Bonds and the Series 2022B Bonds, in substantially the respective forms set forth in Appendix F-1 and Appendix F-2 hereto, will be made available to purchasers of the Series 2022AB Bonds at the time of original delivery. Bond Counsel has not undertaken on behalf of the Owners or the Beneficial Owners of the Series 2022AB Bonds to review the Official Statement and assumes no responsibility to such Owners and Beneficial Owners for the accuracy of the information contained herein. Certain legal matters will be passed upon for the District by the City Attorney, and by Norton Rose Fulbright US LLP, Los Angeles, California, Disclosure Counsel, with respect to the issuance of the Series 2022AB Bonds.

Compensation paid to Jones Hall, A Professional Law Corporation, as Bond Counsel, and Norton Rose Fulbright US LLP, as Disclosure Counsel, is contingent on the issuance of the Series 2022AB Bonds.

Norton Rose Fulbright (US) LLP, Los Angeles, California has served as Disclosure Counsel to the District, and in such capacity has advised District staff with respect to applicable securities laws and participated with responsible District officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Disclosure Counsel is not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and has not undertaken to independently verify any of such statements or information. The District is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon issuance and delivery of the Series 2022AB Bonds, Disclosure Counsel will deliver a letter to the District, and the Underwriter and its affiliates to the effect that, subject to the assumptions, exclusions, qualifications and limitations set forth therein (including without limitation exclusion of any information relating to The Depository Trust Company, Cede & Co., the book-entry system, the CUSIP numbers, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included herein, and information in Appendices B and G hereof, as to all of which Disclosure Counsel will express no view), no facts have come to the attention of the personnel with Norton Rose Fulbright (US) LLP directly involved in rendering legal advice and assistance to the City which caused them to believe that this Official Statement as of its date and as of the date of delivery of the Series 2022AB Bonds contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No purchaser or holder, other than the addressee of the letter, or other person or party, will be entitled to or may rely on such letter of Disclosure Counsel.

[TRANSFER RESTRICTIONS

Under the Facilities Indenture and the Housing Indenture, the Series 2022AB Bonds are only to be sold (including in secondary market transactions) to “Qualified Purchasers,” which is defined in the Indenture to include Qualified Institutional Buyers as defined in Rule 144A promulgated under the Securities Act of 1933 and institutional Accredited Investors (which consists of Accredited Investors within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933).

Neither the Underwriter nor any Holder or Beneficial Owner of the Series 2022AB Bonds shall deposit the Series 2022AB Bonds in any trust or account under its control and sell any shares, participatory interest or certificates in such trust and account, and neither the Underwriter nor any Holder or Beneficial Owner shall deposit the Series 2022AB Bonds in any trust or account under its control the majority of the assets of which constitute the Series 2022AB Bonds, and sell shares, participatory interest or certificates in

such trust or account except to Qualified Purchasers; provided that none of the Underwriter, Holders or Beneficial Owners shall have an obligation to independently establish or confirm that any transferee of a Series 2022AB Bond is Qualified Purchaser, however any actual transfer of a Series 2022AB Bond to any entity that is not a Qualified Purchaser shall be deemed null and void as provided in the Indenture.

Under the Facilities Indenture and the Housing Indenture, no transfer, sale or other disposition of any Series 2022AB Bond, or any beneficial interest therein, may be made except to an entity that is a Qualified Purchaser that is purchasing such Series 2022AB Bond for its own account for investment purposes and not with a view to distributing such Series 2022AB Bond. Each purchaser of any Series 2022AB Bond or ownership interest therein will be deemed to have acknowledged, represented, warranted, and agreed with and to the District, the Underwriter and the Trustee as follows:

1. Respectively, that the Series 2022A Bonds are payable solely from Pledged Facilities Increment and from certain funds and accounts established and maintained pursuant to the Facilities Indenture or that the Series 2022B Bonds are payable solely from Pledged Housing Increment and from certain funds and accounts established and maintained pursuant to the Housing Indenture;

2. That it is a Qualified Purchaser and that it is purchasing the Series 2022AB Bonds for its own account and not with a view to, or for offer or sale in connection with any distribution thereof in violation of the Securities Act of 1933 or other applicable securities laws;

3. That such purchaser acknowledges that the Series 2022AB Bonds and beneficial ownership interests therein may only be transferred to Qualified Purchasers;

4. That the District, the Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements; and

If a holder of the Series 2022AB Bonds makes an assignment of its beneficial ownership interest in the Series 2022AB Bonds, the assignor will notify the assignee of the restrictions on purchase and transfer described herein.]

NO LITIGATION REGARDING SERIES 2022AB BONDS

A certificate of the District to the effect that no litigation is pending (for which service of process has been received) concerning the validity of the Series 2022AB Bonds will be furnished to the Underwriter and its affiliates at the time of the original delivery of the Series 2022AB Bonds. The District is not aware of any litigation pending or threatened which questions the existence of the District or contests the authority of the District to issue the Series 2022AB Bonds.

The District is aware of a Complaint relating to Treasure Island. See “RISK FACTORS - Treasure Island Related Complaint” for a description thereof. The District and TIDA can give no assurance regarding the outcome of this litigation, and if the Plaintiffs succeed in their lawsuit it could have an adverse impact on the TIDA development in the District.

Ongoing Investigations. [Subject to update.] On January 28, 2020, the City’s former Director of Public Works Mohammad Nuru was indicted on federal criminal charges of public corruption, including honest services wire fraud and lying to Federal Bureau of Investigation officials. The allegations contained in the complaint involve various schemes, including an attempt by Mr. Nuru and Mr. Nick Bovis, a local restaurateur who was also indicted by the federal government, to bribe an Airport Commissioner to influence the award of lease of space at the San Francisco International Airport, Mr. Nuru using his official

position to benefit a developer of a mixed-use project in San Francisco in exchange for personal gifts and benefits; Mr. Nuru attempting to use his former position as the chair of the Transbay Joint Powers Authority to secure a lease for Mr. Bovis in the Salesforce Transit Center, in exchange for personal benefits provided by the restaurateur; Mr. Nuru providing Mr. Bovis with inside information on City projects regarding contracts for portable bathroom trailers and small container-like housing units for use by the homeless, so that Mr. Bovis could win the contracts for those projects; and Mr. Nuru obtaining free and discounted labor and construction equipment from contractors to help him build a personal vacation home while those contractors were also engaging in business with the City. Mr. Nuru resigned from employment with the City two weeks after his arrest. On February 4, 2020, the City Attorney and Controller announced a joint investigation that was underway, stemming from federal criminal charges filed against Mr. Nuru and Mr. Bovis.

The City Attorney's Office, in conjunction with the Controller's Office, is seeking to identify officials, employees and contractors involved in these schemes or other related conduct, and to identify contracts, grants, gifts, and other government decisions possibly tainted by conflicts of interest and other legal or policy violations. The Controller's Office, in conjunction with the City Attorney's Office, has put into place interim controls to review Public Works contracts for red flags and process failures. The Controller's Office is also working with the City Attorney's Office to identify whether stop payments, cancellations or other terminations are justified on any open contracts, purchase orders or bids. Also, the Controller, in coordination with the City Attorney's Office, intends to produce periodic public reports setting forth assessments of patterns and practices to help prevent fraud and corruption and recommendations about best practices, including possible changes in City law and policy.

On March 10, 2020, the City Attorney transmitted to the Mayor its preliminary report of investigations of alleged misconduct by the City's Director of the Department of Building Inspections ("DBI"). The allegations involve violations of the City Campaign and Conduct Code and DBI's Code of Professional Conduct by the Director by (i) providing intentional and preferential treatment to certain permit expeditors, (ii) accepting gifts and dinners in violation of DBI's professional code of conduct, and (iii) otherwise violating City laws and policies by abusing his position to seek positions for his son and son's girlfriend. The Mayor placed the Director of Building Inspection on administrative leave, and he resigned shortly thereafter.

On June 29, 2020, the Controller released its preliminary assessment of Citywide procurement practices, with an emphasis on the Public Works Department. The report is subject to public comment and review and could be revised in the future. The preliminary assessment focused on City laws, practices and policies and made recommendations to make improvements on such City laws and policies to improve transparency, reduce the risk of loss and abuse in City contracting in the future. The Controller expects to issue additional reports in the future. Reviews of the City internal controls will be released in a subsequent report. Finally, the City Attorney investigation continues with respect to the review certain contracts and payments made to outside vendors. To date, the City Attorney's investigation has led to the release of four city employees (including the Director of Public Works and the Director of Building Inspections, as described above) or officials from their City positions.

On September 24, 2020, the Controller issued an additional report noting that Mr. Nuru also solicited donations from private sources and directed those donations to a non-profit supporting the Department of Public Works. Such arrangements, which were neither accepted or disclosed by the City, created a perceived risk of "pay-to-play" relationships. The report made recommendations to the Board of Supervisions that, among other things, would restrict the ability of department heads from soliciting donations from interested parties in the future and would increase transparency surrounding gifts made to benefit City departments.

On November 30, 2020, Harlan L. Kelly, Jr., the General Manager of the San Francisco Public Utilities Commission (“PUC”), was charged in a federal criminal complaint with one count of honest services wire fraud. The complaint alleges that Mr. Kelly engaged in a long-running bribery scheme and corrupt partnership with Walter Wong, a San Francisco construction company executive and permit expediting consultant, who ran or controlled multiple entities doing business with the City. The complaint further alleges that as part of the scheme, Mr. Wong provided items of value to Mr. Kelly in exchange for official acts by Mr. Kelly that benefited or attempted to benefit Mr. Wong’s business ventures. Earlier criminal charges filed against Walter Wong alleged that Mr. Wong conspired with multiple City officials, including Mr. Nuru, in a conspiracy and money laundering scheme. Mr. Wong pled guilty in July 2021 and is cooperating with the ongoing federal investigation.

Mr. Kelly resigned on December 1, 2020 and the PUC’s Commission acted on his resignation on December 8, 2020. Dennis J. Herrera is currently serving as the General Manager for the PUC.

In addition to the joint investigation by the City Attorney’s Office and the Controller’s Office, the City’s Board of Supervisors has initiated a series of public hearings before its Government Audit and Oversight Committee to examine issues raised by the federal complaints. That committee will also consider the Controller’s periodic reports. The full Board of Supervisors is considering retaining additional independent services relating to the matters that were the subject of the federal indictment. The City can give no assurance regarding when the City’s investigation will be completed or what the outcome will be.

On March 4, 2021, the City Attorney announced an approximately \$100 million settlement with Recology San Francisco (“Recology”), the contractor handling the City’s waste and recycling collection. The settlement arose from overcharges that were uncovered as part of the continuing public integrity investigation tied to Mr. Nuru and others. As part of the Settlement, Recology will be required to lower commercial and residential rates starting April 1, 2021, and make a \$7 million settlement payment to the City under the California Unfair Competition Law and the San Francisco Campaign and Governmental Conduct Code. In addition, Recology will be enjoined for four years from making any gift to any City employee or any contribution to a nonprofit at the behest of a City employee. The comprehensive settlement agreement with Recology is subject to approval by the Board of Supervisors. The bribery and corruption public integrity investigation related to the Nuru matter is ongoing. On July 8, 2021 the San Francisco District Attorney announced the arrest of former Department of Public Works bureau manager Gerald “Jerry” Sanguinetti. Mr. Sanguinetti was charged with five felony counts of perjury and two misdemeanor charges arising from his failure to report income and file financial disclosure statements associated with the sale to the Public Works Department of merchandise by a company owned by his wife. The charges arise out of the continuing investigation into public corruption involving the Public Works Department. The Public Works Department investigation is ongoing.

On January 6, 2022, Mr. Nuru entered a guilty plea on one count of fraud as part of a plea agreement with prosecutors.

The criminal investigation by the Federal Bureau of Investigation and the United States Attorney’s office is ongoing. The City Attorney, together with the City’s Controller, continues to undertake an internal investigation of City contracting and policies and procedures arising from the federal charges.

[NO RATING]

The District has not made, and does not intend to make, any application to any rating agency for the assignment of a rating on the Series 2022AB Bonds. Ratings are obtained as a matter of convenience for prospective investors, and the assignment of a rating is based upon the independent investigations, studies, and assumptions of rating agencies. The determination by the District not to obtain a rating does

not, directly or indirectly, express any view by the District of the credit quality of the Series 2022AB Bonds. The lack of a bond rating could impact the market price or liquidity for the Series 2022AB Bonds in the secondary market. See “RISK FACTORS - Limited Secondary Market.”]

MUNICIPAL ADVISOR

The District has retained CSG Advisors Incorporated, as Municipal Advisor in connection with the issuance of the Series 2022AB Bonds. The Municipal Advisor has assisted in the District’s review and preparation of this Official Statement and in other matters relating to the planning, structuring, and sale of the Series 2022AB Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing the Series 2022AB Bonds.

Compensation paid to the Municipal Advisor is contingent upon the successful issuance of the Series 2022AB Bonds.

[Remainder of page intentionally left blank.]

MISCELLANEOUS

All of the preceding summaries of the Facilities Indenture, the Housing Indenture, other applicable legislation, agreements and other documents are made subject to the provisions of such documents and do not purport to be complete documents of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Series 2022AB Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been authorized by the Board of Supervisors.

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1

By: _____
[Director of the Office of Public Finance]

APPENDIX A

**DEMOGRAPHIC INFORMATION REGARDING THE
CITY AND COUNTY OF SAN FRANCISCO**

APPENDIX B
INFRASTRUCTURE FINANCING PLAN

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FACILITIES INDENTURE

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE HOUSING INDENTURE

APPENDIX E-1

FORM OF SERIES 2022A CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

**§[PAR AMOUNT]
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022A
(FACILITIES INCREMENT)**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “District”) in connection with the issuance of the above captioned Bonds (the “Bonds”). The Bonds are issued pursuant to chapter 2.6 of part 1 of division 2 of title 5 (section 53369 et seq.) of the Government Code of the State of California, as amended (the “Law”), Resolution No. 7-17, adopted by the Board of Supervisors as the legislative body of the District on January 24, 2017, and signed by the Mayor on February 3, 2017 (“Original Resolution of Issuance”), approving the issuance and sale of tax increment revenue bonds in one or more series, in an aggregate principal amount not to exceed \$780 million (excluding refunding bonds), and Resolution No. 22-___, adopted by the Board of Supervisors as the legislative body of the District on _____, 2022, and signed by the Mayor on _____, 2022 (the “2022 Bond Resolution,” and together with the Original Resolution of Issuance, the “Resolution”), and the provisions of an Indenture of Trust, dated as of June 1, 2022 (the “Indenture”), by and between the District and [Trustee], as trustee (the “Trustee”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean Goodwin Consulting Group, Inc., acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“Holder” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Listed Events” shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean the original underwriter or purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Indenture.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (which date shall be June 30 of each year), commencing with the report for the 2021-22 Fiscal Year (which is due not later than March 31, 2023), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the District, the District shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to such date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that if the audited financial statements of the District are not available by the date required above for the filing of the Annual Report, the District shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the District’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send a notice to the MSRB as required by Section 5(c).

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the District), file a report with the District certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

(a) the audited general purpose financial statements of the City and County of San Francisco (the “City”) prepared in accordance with generally accepted accounting principles

applicable to governmental entities. The financial statements required by this subsection (a) shall be accompanied by the following statement:

The City's annual financial statement is provided solely to comply with the Securities Exchange Commission staff's interpretation of rule 15c2-12. The bonds are limited obligations of the District, secured by and payable solely from the Pledge Facilities Increment and the funds pledged therefor under the Indenture. The Bonds are not payable from any other source of funds other than Pledged Facilities Increment and the funds pledged therefor under the Indenture. The General Fund of the City is not liable for the payment of the principal of or interest on the Bonds, and neither the credit nor the taxing power of the City or of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

(b) (1) the principal amount of the outstanding Parity Bonds as of September 2 preceding the date of the Annual Report and total debt service of the outstanding Parity Bonds that was due in the Bond Year preceding the date of the Annual Report, and (2) the debt service of the outstanding Parity Bonds by series and in total that was due or is scheduled to be due in the then-current Bond Year, and in each Bond Year thereafter through the final maturity date of the outstanding Parity Bonds.

(c) the balance in the Facilities Project Fund as of June 30 preceding the date of the Annual Report (until such fund has been closed).

(d) the balance in the 2022 Facilities Reserve Account and any reserve for any Facilities Bonds other than the 2022 Facilities Reserve Account and the then-current reserve requirement amount for the Bonds and any other Facilities Bonds as of June 30 preceding the date of the Annual Report.

(e) the top ten taxpayers by assessed valuation in the Project Areas for the fiscal year to which the Annual Report pertains in a form substantially similar to Table __ of the Official Statement;

(f) assessed valuations and tax increment for the fiscal year to which the Annual Report pertains, by means of an update to Table ___ of the Official Statement;

(g) estimated all-in debt service coverage for Facilities Debt for the fiscal year to which the Annual Report pertains by means of an update to Table __ of the Official Statement.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-10 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the District; or
10. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events numbered 11-18 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

11. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
12. Modifications to rights of Bond holders;
13. Unscheduled or contingent Bond calls;
14. Release, substitution, or sale of property securing repayment of the Bonds;
15. Non-payment related defaults;
16. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
17. Appointment of a successor or additional trustee or the change of name of a trustee; or
18. Incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights or similar terms of Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice (substantially in the form of Exhibit A) of a failure to provide the annual financial information on or before the date specified in Section 3.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(13) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the District Attorney or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the District Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event

under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Remedies. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Participating Underwriter, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or state court located in the District and County of San Francisco, State of California, and that the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

[Remainder of page intentionally left blank.]

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2022

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT
NO. 1 (TREASURE ISLAND)

[Anna Van Degna
Director of the Office of Public Finance]

Approved as to form:

DAVID CHIU
CITY ATTORNEY

By: _____
Deputy City Attorney

AGREED AND ACCEPTED:

GOODWIN CONSULTING GROUP, INC., as Dissemination Agent

By: _____
Name: _____
Title: _____

CONTINUING DISCLOSURE CERTIFICATE EXHIBIT A

**FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of District: CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND)

Name of Bond Issue: City and County of San Francisco Infrastructure and Revitalization Financing
District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022A
(Facilities Increment)

Date of Issuance: _____, 2022

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the District and County of San Francisco, dated _____, 2022. The District anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT
NO. 1 (TREASURE ISLAND)

By: _____ [to be signed only if filed]
Title: _____

stop

APPENDIX E-2

FORM OF SERIES 2022B CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

**§[PAR AMOUNT]
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2022B
(HOUSING INCREMENT)**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “District”) in connection with the issuance of the above captioned Bonds (the “Bonds”). The Bonds are issued pursuant to chapter 2.6 of part 1 of division 2 of title 5 (section 53369 et seq.) of the Government Code of the State of California, as amended (the “Law”), Resolution No. 7-17, adopted by the Board of Supervisors as the legislative body of the District on January 24, 2017, and signed by the Mayor on February 3, 2017 (“Original Resolution of Issuance”), approving the issuance and sale of tax increment revenue bonds in one or more series, in an aggregate principal amount not to exceed \$780 million (excluding refunding bonds), and Resolution No. 22-___, adopted by the Board of Supervisors as the legislative body of the District on _____, 2022, and signed by the Mayor on _____, 2022 (the “2022 Bond Resolution,” and together with the Original Resolution of Issuance, the “Resolution”), and the provisions of an Indenture of Trust, dated as of June 1, 2022 (the “Indenture”), by and between the District and [Trustee], as trustee (the “Trustee”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean Goodwin Consulting Group, Inc., acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“Holder” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Listed Events” shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean the original underwriter or purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Indenture.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (which date shall be June 30 of each year), commencing with the report for the 2021-22 Fiscal Year (which is due not later than March 31, 2023), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the District, the District shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to such date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that if the audited financial statements of the District are not available by the date required above for the filing of the Annual Report, the District shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the District’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send a notice to the MSRB as required by Section 5(c).

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the District), file a report with the District certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

(a) the audited general purpose financial statements of the City and County of San Francisco (the “City”) prepared in accordance with generally accepted accounting principles

applicable to governmental entities. The financial statements required by this subsection (a) shall be accompanied by the following statement:

The City's annual financial statement is provided solely to comply with the Securities Exchange Commission staff's interpretation of rule 15c2-12. The bonds are limited obligations of the District, secured by and payable solely from the Pledge Housing Increment and the funds pledged therefor under the Indenture. The Bonds are not payable from any other source of funds other than Pledged Housing Increment and the funds pledged therefor under the Indenture. The General Fund of the City is not liable for the payment of the principal of or interest on the Bonds, and neither the credit nor the taxing power of the City or of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

(b) (1) the principal amount of the outstanding Parity Bonds as of September 2 preceding the date of the Annual Report and total debt service of the outstanding Parity Bonds that was due in the Bond Year preceding the date of the Annual Report, and (2) the debt service of the outstanding Parity Bonds by series and in total that was due or is scheduled to be due in the then-current Bond Year, and in each Bond Year thereafter through the final maturity date of the outstanding Parity Bonds.

(c) the balance in the Housing Project Fund as of June 30 preceding the date of the Annual Report (until such fund has been closed).

(d) the balance in the 2022 Housing Reserve Account and any reserve for any Housing Bonds other than the 2022 Housing Reserve Account and the then-current reserve requirement amount for the Bonds and any other Housing Bonds as of June 30 preceding the date of the Annual Report.

(e) the top ten taxpayers by assessed valuation in the Project Areas for the fiscal year to which the Annual Report pertains in a form substantially similar to Table __ of the Official Statement;

(f) assessed valuations and tax increment for the fiscal year to which the Annual Report pertains, by means of an update to Table ___ of the Official Statement;

(g) estimated all-in debt service coverage for Housing Debt for the fiscal year to which the Annual Report pertains by means of an update to Table __ of the Official Statement.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-10 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the District; or
10. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events numbered 11-18 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

11. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
12. Modifications to rights of Bond holders;
13. Unscheduled or contingent Bond calls;
14. Release, substitution, or sale of property securing repayment of the Bonds;
15. Non-payment related defaults;
16. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
17. Appointment of a successor or additional trustee or the change of name of a trustee; or
18. Incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights or similar terms of Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice (substantially in the form of Exhibit A) of a failure to provide the annual financial information on or before the date specified in Section 3.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(13) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the District Attorney or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the District Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event

under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Remedies. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Participating Underwriter, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or state court located in the District and County of San Francisco, State of California, and that the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

[Remainder of page intentionally left blank.]

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2022

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT
NO. 1 (TREASURE ISLAND)

[Anna Van Degna
Director of the Office of Public Finance]

Approved as to form:

DAVID CHIU
CITY ATTORNEY

By: _____
Deputy City Attorney

AGREED AND ACCEPTED:

GOODWIN CONSULTING GROUP, INC., as Dissemination Agent

By: _____
Name: _____
Title: _____

CONTINUING DISCLOSURE CERTIFICATE EXHIBIT A

**FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of District: CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND)

Name of Bond Issue: City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022B (Housing Increment)

Date of Issuance: _____, 2022

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the District and County of San Francisco, dated _____, 2022. The District anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT
NO. 1 (TREASURE ISLAND)

By: _____ [to be signed only if filed]
Title: _____

stop

APPENDIX F-1

FORM OF SERIES 2022A BOND COUNSEL OPINION

APPENDIX F-2

FORM OF SERIES 2022B BOND COUNSEL OPINION

APPENDIX G

BOOK-ENTRY SYSTEM

The information in this section concerning DTC; and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2022AB Bonds. The Series 2022AB Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the each issue of the Series 2022AB Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *Information on such website is not incorporated by reference herein.*

Purchases of Series 2022AB Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022AB Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022AB Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022AB Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022AB Bonds, except in the event that use of the book-entry system for the Series 2022AB Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022AB Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022AB Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022AB Bonds: DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022AB Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2022AB Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022AB Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2022AB Bond documents. For example, Beneficial Owners of Series 2022AB Bonds may wish to ascertain that the nominee holding the Series 2022AB Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2022AB Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2022AB Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2022AB Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2022AB Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Trustee, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2022AB Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

APPENDIX H
FISCAL CONSULTANT REPORT



KEYSER MARSTON ASSOCIATES

DRAFT

FISCAL CONSULTANT REPORT

Prepared for:

**CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION FINANCING
DISTRICT NO. 1 (TREASURE ISLAND)**

Prepared by:

Keyser Marston Associates, Inc.

March 4, 2022

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1.0 INTRODUCTION

Keyser Marston Associates, Inc. (“KMA”) has been retained as fiscal consultant to the City and County of San Francisco (“City”) to prepare a review of assessed values and a projection of revenues available for payment of debt service on bonds proposed to be issued by the Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (“IRFD No. 1”), including the proposed:

- City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022A (Facilities Increment) (“Series A Bonds”); and the
- City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022B (Housing Increment) (“Series B Bonds”).

Together the Series A Bonds and Series B Bonds are referred to as the “Bonds.”

Treasure Island and Yerba Buena Islands are located in the San Francisco Bay and are connected by a causeway. The islands are accessible to San Francisco and the greater San Francisco Bay Area via the San Francisco-Oakland Bay Bridge, which passes through Yerba Buena Island, and by ferry to Downtown San Francisco.

Treasure Island was previously the site of a United States Naval Station (“Naval Station Treasure Island” or “NSTI”). In 1993, Congress selected NSTI for closure and disposition by the Base Realignment and Closure Commission. In 1997, the San Francisco Board of Supervisors authorized the creation of the Treasure Island Development Authority (“TIDA”) to serve as the entity responsible for the reuse and development of the NSTI. TIDA is a California non-profit public benefit corporation, public benefit agency and instrumentality and authority of the City and/or the State of California. TIDA’s board members are appointed by the Mayor of San Francisco. The United States of America, acting through the Department of the Navy (the “Navy”), and TIDA entered into an Economic Development Conveyance Memorandum of Agreement (“Navy MOA”) that provides for transfer of NSTI from the Navy to TIDA in phases as the Navy completes environmental remediation. To date, the Navy has made five separate conveyances to TIDA, including the property within IRFD No. 1.

In 2003, TIDA selected Treasure Island Community Development LLC (“TICD”), a California limited liability company to serve as master developer for the “Treasure Island Project.” The Treasure Island Project encompasses portions of both Treasure Island and Yerba Buena Island and will create a new mixed use neighborhood of up to 8,000 homes, hotels, restaurants, retail, arts and entertainment, parks, and open space. In 2011, TIDA entered into the Disposition and Development Agreement (Treasure Island / Yerba Buena Island) by and between the Treasure

Island Development Authority and Treasure Island Community Development LLC (“DDA”), which provides for the phased transfer of properties planned for private development from TIDA to TICD for development of the Treasure Island Project.

Map 1. Vicinity Map of Treasure and Yerba Buena Islands



Exhibit EE to the DDA establishes a financing plan (“DDA Financing Plan”) that calls for the formation of infrastructure financing districts to finance the facilities and affordable housing costs of the Treasure Island Project. Pursuant to the DDA Financing Plan, IRFD No. 1 was formed by the City in 2017. IRFD No. 1 receives an allocation of property tax revenues that are generated from growth in the taxable assessed values of properties within its boundaries. The existing boundaries of IRFD No. 1 include private development parcels within the initial sub-phases of the Treasure Island Project, as further described below. The boundaries of IRFD No. 1 are expected to be expanded in the future through annexation of territory (“Annexation Territory”), such that the ultimate boundaries of the IRFD would encompass all of the private development parcels within the Treasure Island Project, except certain parcels planned for affordable housing and expected to be exempt from property taxes, as contemplated by the DDA Financing Plan.

The DDA Financing Plan provides that TICD may request issuance of debt by the IRFD from time to time. Pursuant to a request by TICD under the DDA Financing Plan, IRFD No. 1 is proposing to issue its Series A Bonds to finance facilities costs and its Series B Bonds to finance affordable housing costs of the Treasure Island Project.

This Fiscal Consultant Report provides a projection of tax increment revenues available for payment of debt service on the Series A Bonds and Series B Bonds. Projections reflect reported fiscal year (“FY”) 2021-22 assessed values, transfers of ownership that were recorded subsequent to the January 1, 2021 lien date applicable to the FY 2021-22 assessment roll, and

assessed value added by new construction completed subsequent to the January 1, 2021 lien date for the FY 2021-22 assessment roll. This report also provides information regarding the IRFD No.1 historic assessed values, distribution of assessed values by land use types, top property taxpayers, assessment appeals, a history of tax increment revenues allocated to IRFD No. 1, and a summary of planned future development.

1.1 Infrastructure Finance and Revitalization Districts

Establishment of Infrastructure and Revitalization Financing Districts (IRFDs) is authorized by Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53369) (“IRFD Law”). IRFDs are authorized to receive an allocation of property taxes calculated based on growth in assessed values over a base year assessed value established at the time of IRFD adoption (“tax increment”). IRFDs may receive the percentage share of tax increment that is attributable to taxing agencies that agree to participate in financing the IRFD, as specified in an adopted Infrastructure Financing Plan (“IFP”).

1.2 IRFD No. 1

IRFD No. 1 was formed and the IFP for IRFD No. 1 was approved by adoption of Ordinance 21-17 of the Board of Supervisors of the City (“Board of Supervisors”), which was signed by the Mayor on February 9, 2017. The Board of Supervisors had previously approved the IFP by adoption of Resolution No. 512-16, which was signed by the Mayor on December 16, 2016.

In a judicial validation action brought by TIDA and the City under California Code of Civil Procedure 860 et seq (Case No. CGC-17-557496), the Superior Court issued a judgment on May 9, 2018, that the IRFD had been properly formed, the IFP and future amendments of the IFP consistent with the IRFD Law were valid, the City’s allocation of tax increment to IRFD No. 1 under the IFP was legal, valid and binding, and the bonds to be issued by IRFD No. 1 were valid.

The IFP for IRFD No. 1 and the boundaries of IRFD No. 1 were amended by Ordinance 29-22 of the Board of Supervisors, as legislative body of the IRFD, which was signed by the Mayor on February 25, 2022. Under Ordinance 29-22, territory was added to the IRFD, certain project area boundaries were modified to conform to assessor’s parcels, and the percentage allocation of tax increment was adjusted to conform to existing law.

Tax increment funds allocated by the City to IRFD No. 1 are available to fund the facilities and affordable housing costs specified in the IFP for IRFD No. 1 and to pay debt service on bonds issued to finance these costs.

IRFD No. 1 encompasses portions of the first phase of development of the Treasure Island Project. IRFD No. 1 is currently comprised of five component project areas: Project Area A,

Project Area B, Project Area C, Project Area D, and Project Area E. The five project areas have a combined land area of approximately 34 acres.

Project Area A encompasses development parcels of the Treasure Island Project that are located on Yerba Buena Island.

Project Areas B, C, D, and E encompass a portion of the development parcels of the Treasure Island Project that are located on Treasure Island within the first phase of development along the waterfront nearest to Downtown San Francisco and the causeway connection to Yerba Buena Island.

Map 2 shows the IRFD No. 1 Project Area boundaries.

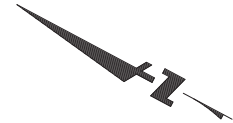
As described above, it is anticipated that territory will be added to IRFD No. 1 in the future as property transfers from the Navy to TIDA and development of subsequent phases and subphases of the Treasure Island Project proceeds. It is anticipated that additional territory will be added as additional IRFD No. 1 project areas.

IRFD No. 1 contains parcels within the City and County of San Francisco Community Facilities District 2016-1 (Treasure Island) (“the CFD”), as follows:

- Project Area A contains parcels within Improvement Area No. 1 of the CFD;
- Project Areas B and E contain parcels within Improvement Area No. 2 of the CFD; and
- Project Areas C and D contain parcels within Improvement Area No. 3 of the CFD.

Certain parcels within IRFD No. 1 planned for a hotel, right of way and open space are not within either Improvement Area No. 1, 2 or 3 of the CFD.

MAP 2. BOUNDARIES OF CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO.1 (TREASURE ISLAND PUBLIC INFRASTRUCTURE)



PROJECT AREA A APN'S:
 1Y: 8948-001
 2Y-H: 8942-002
 3Y: 8952-001
 4Y: 8954-004, 8954-005

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND PUBLIC INFRASTRUCTURE) WAS APPROVED BY THE BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO, AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF _____, 20____, BY ITS RESOLUTION NO. _____.

(CLERK OF THE BOARD OF SUPERVISORS)

BOUNDARIES OF INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1

- BOUNDARIES OF PROJECT AREA A
- BOUNDARIES OF PROJECT AREA B
- BOUNDARIES OF PROJECT AREA C
- BOUNDARIES OF PROJECT AREA D
- BOUNDARIES OF PROJECT AREA E





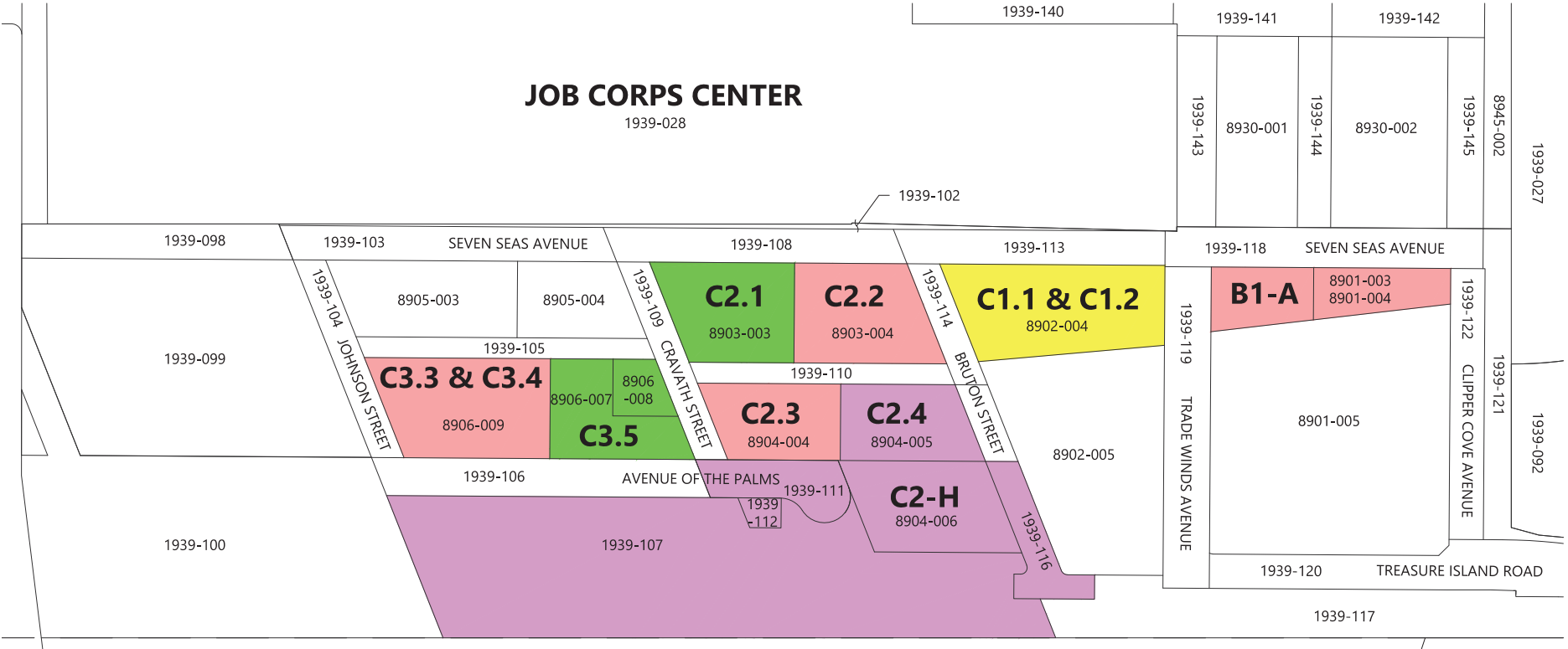
TREASURE ISLAND
REVITALIZATION FINANCING DISTRICT NO. 1
CITY AND COUNTY OF SAN FRANCISCO

Revisions	
No.	Description

Date: 2021-09-14
 Scale: 1" = 200'
 Design: SM
 Drawn: SM
 Approved: SM
 Job No: 200150
 Drawing Number:
200150
 1 of 1

JOB CORPS CENTER

1939-028



BOUNDARIES OF INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1

- BOUNDARIES OF PROJECT AREA A
- BOUNDARIES OF PROJECT AREA B
- BOUNDARIES OF PROJECT AREA C
- BOUNDARIES OF PROJECT AREA D
- BOUNDARIES OF PROJECT AREA E

DRAWING NAME: K:\30414\200150\MapInfo\California\2021-09-14_Art_Enhanced.dwg
 PLOT DATE: 09-14-21 10:02:58 AM

1.3 Treasure Island Project

The Treasure Island Project consists of 461 acres and encompasses much of Treasure and Yerba Buena Islands. The Treasure Island Project is planned for development of 5,827 market rate residential units, 2,173 below market rate affordable units, 551,000 square feet of commercial space, 500 hotel rooms, and approximately 290 acres of parks and open space.

The Treasure Island Project is being developed by TICD, master developer for the project, pursuant to the DDA and a Development Agreement with the City. TICD is a joint venture incorporated as a California limited liability company and comprised of various affiliates of Lennar Corporation (“Lennar”), Stockbridge Capital Group, LLC (“Stockbridge”), Kenwood Investments (“Kenwood”), Wilson Meany, LP (“Wilson Meany”), and Poly USA Real Estate Development Corporation (“Poly USA”). TICD, and its subsidiaries including Treasure Island Series 1, LLC and Treasure Island Series 2, LLC, are completing the backbone infrastructure improvements of the Treasure Island Project and then selling development pads to vertical builders for construction of residential and commercial development. Of the development pads sold to vertical builders to date, all were sold to entities that are affiliated with one or more members of the TICD joint venture, including Stockbridge, Wilson Meany, Lennar, and Poly USA.

The Treasure Island Project is divided into four major phases. Major Phase 1 has been approved by TIDA and includes plans for approximately 2,800 market rate residential homes, 770 below market rate units, 551,000 square feet of commercial space, and 500 hotel rooms. Major Phase 1 includes eight sub-phases. IRFD No. 1 currently encompasses development parcels within five of the eight sub-phases of Major Phase 1 including 1YA, 1YB, 1B, 1C, and 1E, shown on Map 3.

Portions of the Treasure Island Project that are within the boundaries of IRFD No. 1 are planned for development of 1,747 residential units and two hotels. Of the total number of residential units, 1,675 are market rate units and 72 are below market rate inclusionary units. Substantial infrastructure and site improvements have been made throughout IRFD No. 1 in preparation for vertical construction. Vertical construction of the Bristol, which will include 124 for-sale residential units, is expected to be completed in spring 2022. Site permits for vertical construction of three additional residential developments within IRFD No. 1 were issued in November 2021 through January 2022 and include a combined 516 residential units.

Table 1 provides a summary of the Treasure Island Project, Major Phase 1 of the Treasure Island Project, and the portions of Major Phase 1 that are within IRFD No. 1. Table 2 identifies the planned development by IRFD No. 1 Project Area and identifies the development blocks within each. A map of the Treasure Island Project is provided on the subsequent page.

Table 1. Treasure Island Project and Portions Within Major Phase 1 and IRFD No. 1

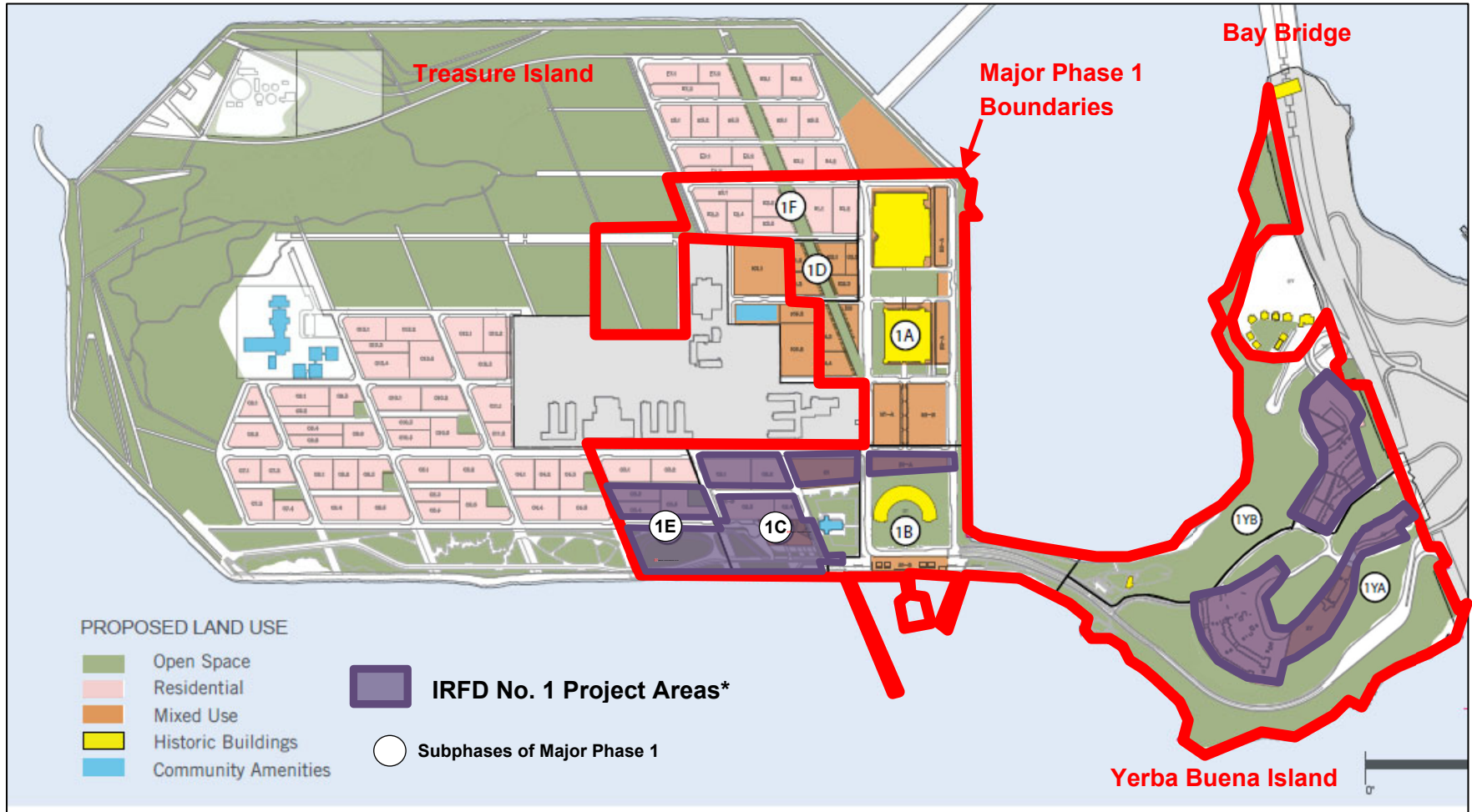
	Treasure Island Project	Portion of Treasure Island Project within Major Phase 1	Portion of Major Phase 1 within IRFD No. 1
Description	Total project	First of four major phases of the Treasure Island Project	Portions of five out of eight subphases of Major Phase 1 are included within IRFD No. 1
Planned Residential Units (up to)	8,000 total units with 5,827 market rate and 2,173 below market rate	3,570 total units with 2,800 market rate and 770 below market rate	1,747 total units with 1,675 market rate and 72 below market rate
Planned Non-Residential Development (up to)	551,000 sq. ft. 500 hotel rooms	551,000 sq. ft. 500 hotel rooms	approx. 10,000 sq. ft. 350 hotel rooms

Table 2. Planned Development by IRFD No. 1 Project Area

Project Area	Location	Development Blocks	Applicable Major Phase 1 Subphases	CFD Improvement Area*	Planned Residential and Hotel Development
A	Yerba Buena Island	1Y, 2Y-H, 3Y, 4Y	1YA, 1YB	No. 1	266 units, 50-room hotel
B	Treasure Island	B1, C2.2, C2.3, C3.3/C3.4	1B, 1C, 1E	No. 2	520 units
C		C1.1/C1.2		No. 3	286 units
D		C2.1, C3.5		No. 3	425 units
E		C2.4, C2-H		No. 2*	250 units, 300-room hotel
Total:					1,747 units and 350 hotel rooms

* IRFD No. 1 includes additional parcels not within Improvement Areas No. 1, 2 or 3, including development parcel C2-H and parcels planned for right of way and open space.

Map 3. Proposed Land Use for Treasure Island Project, Boundaries of Major Phase 1, with IRFD No. 1 Project Areas



Source: Treasure Island and Yerba Buena Island Major Phase 1 Application.

*Boundaries are approximate.

2.0 TAX INCREMENT ALLOCATION TO IRFD NO. 1

As described above, the IRFD Law provides for the allocation of incremental property taxes to IRFDs by non-education taxing entities pursuant to an IFP. The IRFD Law requires the IFP to include a financing section that contains, among other things:

- A specification of the maximum portion of the incremental tax revenue of the city and of each affected taxing entity proposed to be committed to the IRFD for each year during which the IRFD will receive incremental tax revenue.
- A limit on the total number of dollars of taxes that may be allocated to the district pursuant to the plan.
- A date on which the district shall cease to exist, by which time all tax allocation to the district will end. The date shall not be more than 40 years from the date on which the ordinance forming the district is adopted pursuant to California Government Code Section 53369.23, or a later date, if specified by the ordinance, on which the allocation of tax increment will begin.

The IFP for IRFD No. 1 provides for the allocation by the City of certain tax increment to IRFD No. 1, as described below.

2.1 Thresholds for Commencement of Tax Increment Allocation to IRFD No. 1

Each IRFD No. 1 project area has its own limitations under the IRFD Law. The base year for each project area within IRFD No. 1 is FY 2016-17, but the tax increment revenues will be allocated to each project area commencing in its own unique commencement year (the "Commencement Year").

The Commencement Year for each project area is the first fiscal year that follows the fiscal year in which a certain amount of tax increment (i.e., the "trigger amount") is generated in the project area and received by the City. Tax increment allocation to the project area ends 40 years thereafter (or such longer period, if permitted by the IRFD Law and approved by the Board of Supervisors). The trigger amounts for the five current project areas are identified in Table 3.

Collection of tax increment in Project Area A commenced in FY 2019-20 because the trigger amount was met in FY 2018-19.

For Project Area B and Project Area E, the \$150,000 trigger amounts for commencement of tax increment collection are projected to be reached in FY 2021-22 based on the tax increment

amounts to be generated by current year assessed values¹, resulting in the projected commencement of tax increment collection in FY 2022-23.

Trigger amounts for commencement of tax increment allocation have not been reached in Project Area C or D.

Table 3 summarizes the tax increment allocation status for each area.

Table 3. IRFD No. 1 Project Areas				
Project Area	Acreage ⁽¹⁾	Trigger Amount for Commencement of Tax Increment Allocation	First Year of Tax Increment Allocation to IRFD No. 1	Last Year of Tax Increment
A	15.62	\$150,000	FY 2019-20	FY 2058-59
B	4.38	\$150,000	FY 2022-23 ⁽²⁾	FY 2061-62
C	1.56	\$300,000	To Be Determined.	To Be Determined ⁽⁴⁾
D	2.33	\$300,000		
E	10.1	\$150,000	FY 2022-23 ⁽³⁾	FY 2061-62
Total:	34.0			

(1) Aggregate land area of included assessors parcels.

(2) Tax increment for Area B to be generated and received by the City in FY 2021-22 is estimated to total \$308,086 based on reported assessed values, which is above the \$150,000 threshold for commencement of tax increment allocation to IRFD No. 1.

(3) Tax increment for Area E to be generated and received by the City in FY 2021-22 is estimated to total \$167,283 based on reported assessed values, which is above the \$150,000 threshold for commencement of tax increment allocation to IRFD No. 1.

(4) Last year for collection of tax increment in Project Areas C and D will be 40 years following the Commencement Year.

Tax increment in each component project area ends after 40 years of collection, which is FY 2058-59 for Project Area A, FY 2061-62 for Project Areas B and D, and a fiscal year that remains to be determined for Project Areas C and D.

For Project Area D, estimated FY 2022-23 assessed values combined with estimated supplemental taxes resulting from a transfer of ownership recorded in May 2021 are potentially sufficient to exceed the \$300,000 threshold that would trigger commencement of tax increment allocation to IRFD No. 1 in FY 2023-24. However, whether the threshold is exceeded will depend on the timing of receipt of supplemental taxes arising from this transfer of ownership². Commencement of tax increment allocation to IRFD No. 1 for Project Area D is not projected in any year for purposes of the FY 2022-23 Revenue Projection included in Table 15 because it is

¹ See notes to Table 3 regarding revenue estimates relative to thresholds. Receipt of revenues sufficient for commencement of tax increment allocation to IRFD No. 1 in areas B and E in FY 2022-23 is projected based on: (a) reported assessed values, (b) the practice of distributing 100% of calculated secured property taxes in accordance with the Teeter plan, as described in Section 7.2, and (c) the absence of assessment appeals, as described in Section 5.

² Estimated tax increment generated in Area D from regular secured taxes for FY 2022-23 totals \$199,324. Estimated supplemental taxes arising from a May 2021 transfer of ownership are estimated to result in an additional tax increment amount for Area D of \$183,028, resulting in a combined amount of \$382,352, which exceeds the \$300,000 threshold for commencement of tax increment allocation in Area D. However, estimated supplemental taxes have not been billed as of January 2022 and the timing of when supplemental taxes will be billed, paid and received by the City is not yet known. Thus, it is not known with certainty that the \$300,000 threshold will be exceeded in FY 2022-23.

uncertain whether the Project Area D threshold will be reached in FY 2022-23. For purposes of the revenue projection scenario provided in Table 16 that includes 2% growth in assessed values per year, commencement of tax increment allocation to IRFD No. 1 in Project Area D is projected in FY 2044-45.

Tax increment funds derived from all component project areas of IRFD No. 1 are aggregated for purposes of financing.

2.2 Tax Increment Allocation to IRFD No. 1

Tax increment allocable to IRFD No. 1 is calculated based upon the growth in assessed value over a FY 2016-17 base year assessed value established at the time the IFP for IRFD No. 1 was adopted. The base year assessed value is \$0 for each of the current IRFD No. 1 project areas. The \$0 base year assessed value was a result of ownership by TIDA, a non-profit exempt from property taxes, as of the January 1, 2016 lien date for the base year assessment roll.

Allocation of tax increment to IRFD No. 1 is determined based on a percentage share of the basic 1% of assessed value property tax levy under Article XIII A of the California Constitution, as specified in the IFP. Percentage shares correspond to amounts that are otherwise allocable to the taxing agencies that have dedicated their property tax shares to IRFD No. 1 pursuant to the IFP. The City is the only taxing agency that has allocated its property tax increment to IRFD No. 1. As both a City and County, the City receives a total of 64.588206% of the property tax revenues and contributes its share to IRFD No. 1 in two district components:

- (1) Net Available Increment** - IRFD No. 1 receives 56.688206% of the 1% tax increment within those project areas for which collection of tax increment to IRFD No. 1 has commenced (“Net Available Increment”). Pursuant to the IFP, Net Available Increment is divided into two components:
 - **“Net Available Housing Increment”** calculated as 17.5% of Net Available Increment (equal to 9.902936% of gross tax increment) and available for affordable housing costs (and other costs detailed in the IFP for IRFD No. 1); and
 - **“Net Available Facilities Increment”** calculated as 82.5% of Net Available Increment (equal to 46.685270% of gross tax increment) and available for facilities costs.

- (2) Conditional City Increment** - IRFD No. 1 is additionally allocated up to 8% of the 1% tax increment to the extent necessary to pay for debt service (“Conditional City Increment”). Conditional City Increment is divided into two components for purposes of the pledge under the Indentures for the Series A and Series B Bonds:

- **“Conditional City Housing Increment,”** calculated as 17.5% of Conditional City Increment (equal to 1.4% of gross tax increment), is available if necessary for debt service related to housing costs authorized under the IFP; and
- **“Conditional City Facilities Increment,”** calculated as 82.5% of Conditional City Increment (equal to 6.6% of gross tax increment), is available if necessary for debt service related to facilities costs.

“Pledged Housing Increment” is equal to the sum of (1) Net Available Housing Increment and (2) Conditional City Housing Increment (representing 11.302936% of gross tax increment), less an allocable share of the administrative costs of allocating taxes to the IRFD described in Section 3.1. Pledged Housing Increment is pledged for payment of debt service on the Series B Bonds.

“Pledged Facilities Increment” is equal to the sum of (1) Net Available Facilities Increment and (2) Conditional City Facilities Increment (representing 53.285270% of gross tax increment), less an allocable share of the administrative costs of allocating taxes to the IRFD described in Section 3.1. Pledged Facilities Increment is pledged for payment of debt service on the Series A Bonds.

Table 4 provides a summary.

Table 4. Percentage Allocation of 1% Property Tax Increment to IRFD No. 1			
	Combined Total	Pledged Housing Increment (17.5% share)	Pledged Facilities Increment (82.5% share)
(1) Net Available Increment allocated to IRFD No. 1	56.588206%	9.902936%	46.685270%
(2) Conditional City Increment allocated to IRFD No. 1 if necessary for debt service	8.000000%	1.400000%	6.600000%
Pledged Increment [= (1) + (2)]	64.588206%	11.302936%	53.285270%
Other 1% Taxing Agencies (not available to IRFD No. 1)	35.411794%		
Total Tax Increment	100.000000%		

2.3 Cumulative Limit on Allocation of Tax Increment Revenue

The IFP for IRFD No. 1 establishes a cumulative limit on receipt of Net Available Increment of \$1.53 billion and cumulative limit on receipt of Conditional City Increment of \$216 million, resulting in a combined \$1.746 billion limit for the existing project areas, as shown in Table 5. Through June 30, 2021, approximately \$968,000 in Net Available Increment and \$137,000 of Conditional City Increment were allocated, representing 0.06% of the respective cumulative limits.

Table 5. Cumulative Limits on Receipt of Tax Increment

	Cumulative Limit on Receipt of Revenue for IRFD No. 1	Cumulative Amount Allocated through June 30, 2021⁽¹⁾
Net Available Increment	\$1,530,000,000	\$967,847
Conditional City Increment	\$216,000,000	\$136,827
Total	\$1,746,000,000	\$1,104,674

(1) Based on the records of the City Office of the Controller regarding the total amount allocated. Allocation between Net Available and Conditional City Increment estimated by KMA for FY 2020-21.

Based upon the growth assumptions incorporated into the Table 16 revenue projections, incorporating the 2% maximum annual inflation increase under Proposition 13, approximately \$82.1 million of Net Available Increment and \$11.6 million of Conditional City Increment will be allocable to IRFD No. 1 from the five existing project areas through the 2052 final maturity for the Bonds, representing 5.4% of the cumulative tax increment limits under the IFP. For the cumulative tax increment limits to be reached prior to the final debt service payment in 2052, it is estimated that assessed values for IRFD No. 1 would need to grow at a compound annual growth rate more than approximately 17% per year. The tax increment projections incorporated into the IFP, which reflect buildout of the development proposed within IRFD No. 1, result in collection of approximately 51% of the respective cumulative tax increment limits through the 2052 final maturity of the Bonds.

As described above, it is expected that additional territory will annex into IRFD No. 1 as property is transferred by the Navy to TIDA, and then from TIDA to TICD. It is expected that any such annexations will result in the allocation of additional tax increment revenue by the City to IRFD No. 1 and corresponding increases to the tax increment revenue limits, or establishment of additional separate limits for the annexation areas, such that the analysis of the cumulative tax increment revenue limit set forth in the previous paragraph will change.

2.4 Maximum Principal Amount of Bonds Issued by IRFD No. 1

The IFP establishes a limit on the maximum principal amount of bonds and other debt that may be issued by IRFD No. 1 of (i) \$780 million plus (ii) the amount approved by the Board Supervisors and the qualified electors of the Annexation Territory in connection with each annexation of Annexation Territory to the IRFD.

As further described in Section 3.2, the IRFD has agreed in a Subordinate Pledge Agreement dated May 29, 2015, to pledge the Net Available Increment as security for TIDA's promise to pay the Navy the purchase price of \$55 million, plus interest, for the property constituting the project site of the Treasure Island Project. According to the Subordinate Pledge Agreement, the IRFD's pledge is subordinate to any bonds issued by the IRFD.

As of the date of this report, the only debt of the IRFD is its obligation under the Subordinate Pledge Agreement.

3.0 IRFD NO. 1 OBLIGATIONS

The following section describes obligations payable from IRFD No. 1 Net Available Increment.

Obligations of IRFD No. 1, other than the statutorily permitted property tax administrative cost described in Section 3.1, are paid on a subordinate basis to the Bonds and are not deducted for purposes of the Table 15 and 16 tax increment revenue projections.

3.1 Administrative Cost for Division of Taxes

Section 53369.31 of the California Government Code provides that costs incurred by a county in connection with the division of taxes to an IRFD are paid by the IRFD. The San Francisco Office of the Controller (“Controller”) has not allocated such costs to IRFD No. 1 to date; however, the Controller expects to allocate costs for the division of taxes to IRFD No. 1 in the future. This property tax-related administrative cost is projected based on 0.5% of Net Available Increment, proportionately allocated to Net Available Facilities Increment and Net Available Housing Increment. This estimate is based on the Controller’s property tax-related administrative costs for allocation of tax increment to the former redevelopment areas in the City, which equated to approximately 0.01% of gross tax increment revenue in FY 2020-21 (based on a total annual administrative cost of \$28,350 and gross tax increment revenues of approximately \$401 million). The Controller’s costs are allocated based on time spent, not based on a percentage of revenue. Therefore, administrative costs for IRFD No. 1 are expected to be greater on a percentage basis than for former redevelopment areas because the existing annual IRFD No. 1 revenues are far less (approximately 0.5% of the FY 2020-21 gross tax increment revenues of the former redevelopment areas). The estimated administrative cost of 0.5% of Net Available Increment equates to an FY 2022-23 cost of approximately \$10,000, which is approximately one third of the total property tax-related administrative costs allocated to the City’s fourteen former redevelopment project areas.

3.2 Subordinate Use of Net Available Increment Under DDA Financing Plan

The DDA Financing Plan for the Treasure Island Project provides for the use of Net Available Increment of IRFD No. 1 to pay IRFD debt issued in accordance with the DDA Financing Plan, including the Bonds, to repay the City for the use of any Conditional City Increment to pay debt service on IRFD debt, and to the extent any Net Available Increment remains, to pay other authorized expenses. This subordinate use of Net Available Increment is not deducted for purposes of the Table 15 and 16 tax increment revenue projections.

3.3 Subordinate Pledge Agreement Securing Payments to Navy

Payments to the United States Navy totaling \$55 million, plus interest, due in connection with the transfer of Treasure and Yerba Buena Islands to TIDA, are secured by a subordinate pledge of Net Available Increment. Payments from Net Available Increment are required only to the

extent required payments to the Navy are not made by TICD, as required under the DDA Financing Plan. This subordinate pledge is established in a Subordinate Pledge Agreement dated May 29, 2015. The pledge of Net Available Increment under the Subordinate Pledge Agreement is expressly subordinate to the Bonds and is not deducted for purposes of the Table 15 and 16 revenue projections.

It is assumed that the Subordinate Pledge Agreement does not constitute indebtedness for purposes of the \$780 million limitation under the IFP because it pledges Net Available Increment only as a secondary source of payment to provide additional security for the Navy.

4.0 ASSESSED VALUES

The assessed values for IRFD No. 1 are prepared annually by the San Francisco Office of the Assessor-Recorder (“Assessor”) and reflect a lien date on the January 1st which precedes the beginning of the applicable fiscal year. Each property assessment is assigned a unique Assessor Parcel Number (“APN”) that corresponds to assessment maps prepared by the Assessor. Each APN is assigned to a Tax Rate Area (“TRA”) which are geographic sub-areas with a common distribution of taxes. Interim TRAs are currently being used to track assessed values for IRFD No. 1, pending the approval of new TRAs by the California State Board of Equalization (“BOE”). Approval of the 2022 amendment to the IFP was a requirement to establish new TRAs, because it allowed the project area boundaries to conform to assessor parcel numbers. The City is currently pursuing the establishment of TRAs by BOE and anticipates the new TRAs to be in place for the FY 2023-24 assessment roll.

The Controller is responsible for aggregation of assessed values assigned by the Assessor to properties within the boundaries of each component project area of IRFD No. 1. This results in the reported total current year assessed value and becomes the basis for determining the tax increment allocated to IRFD No. 1.

4.1 Historic Taxable Values

Aggregated taxable assessed values for IRFD No. 1 from the FY 2016-17 base year through FY 2021-22 are summarized in Table 6. Further detail for current year assessed values, including a breakout between land and improvement assessed values, is provided in Table 7 for current year assessed values and in Table 19 for both current and prior years.

Fiscal Year	Area A	Area B	Area C	Area D	Area E	Total ⁽¹⁾	%Increase
2016-17 (base year)	-	-	-	-	-	-	
2017-18	-	-	-	-	-	-	n/a
2018-19	68,568,818	4,883,740	1,768,367	2,848,093	577,630	78,646,648	n/a
2019-20	70,090,194	5,054,967	1,803,733	2,448,642	972,038	80,369,574	2.2%
2020-21	102,085,597	5,155,625	1,839,808	2,497,179	991,477	112,569,686	40.1%
2021-22 ⁽²⁾	\$203,961,357	\$47,700,000	\$1,858,868	\$2,523,048	\$25,900,000	\$281,943,273	150.5%

(1) All figures in this table represent both total and incremental assessed value, as the base year assessed value is zero.

(2) Includes the escape assessments described in Section 4.2.

FY 2018-19 is the first fiscal year for which taxable assessed value was included on the roll within IRFD No. 1 and was added following the sale of property within Major Phase 1 to master developer TICD, resulting in the properties becoming subject to property taxes. The Assessor established initial assessed values based on an estimated unimproved land value of approximately \$1.1 million per acre, except for three parcels totaling 6.8 acres on Yerba Buena Island assessed based upon the \$61.2 million sale price applicable to a sale by TICD to a vertical builder.

The increase in assessed value from FY 2019-20 to FY 2020-21 was a result of development within Project Area A, primarily construction in progress for the 124-unit Bristol condominium project which is now nearing completion.

The increase in assessed value from FY 2020-21 to FY 2021-22 was primarily due to sale of development pads within Project Areas A, B and E by TICD to separate vertical builders, each of whom have an ownership interest in TICD, which resulted in increases in the assessed values for the applicable parcels to the amount of the sale price.

4.2 Current Year Assessed Values for IRFD No. 1

Table 7 provides additional detail regarding the FY 2021-22 taxable assessed values for IRFD No. 1. Of the \$281,983,273 in aggregate FY 2021-22 taxable assessed value for IRFD No. 1, \$239,261,988 is land assessed value and \$42,681,285 is improvement assessed value. These amounts are net of tax-exempt property³. For Project Areas A, B, and E, for which collection of tax increment is projected to have commenced as of FY 2022-23, aggregate FY 2021-22 taxable assessed value is \$277,561,357.

Secured property includes property for which taxes levied by the County become a lien on that property.

Escape roll assessments occur when a correction is made by the Assessor to reflect a re-assessable event that should have been reflected on the regular assessment roll but was not. IRFD No. 1 escape roll assessments for FY 2021-22 reflect assessed values added by transfers of ownership in calendar year 2020. Assessed values included on the escape roll in FY 2021-22 will become a part of the regular secured roll in FY 2022-23.

Unsecured property typically includes the value of tenant improvements, trade fixtures, and personal property. Unsecured property also includes possessory interests constituting a right to the possession and use of property for a period less than perpetuity. As of FY 2021-22, there is no unsecured property assessed value within IRFD No. 1.

³ Except for the homeowner's exemption which is reimbursed to local governments through a State subvention and is included as part of tax increment revenue.

Table 7. FY 2021-22 Taxable Assessed Values, IRFD No. 1

	Project Area A	Project Area B	Project Area C	Project Area D	Project Area E	Total
Assessed Value						
Secured Roll Land	\$90,225,195	\$28,449,245	\$1,858,868	\$2,523,048	\$1,001,748	\$124,058,104
Secured Roll Improvements	<u>42,681,285</u>	-	-	-	-	<u>42,681,285</u>
Subtotal Secured Roll	132,906,480	28,449,245	1,858,868	2,523,048	1,001,748	166,739,389
Escape Roll (Land AV) ⁽¹⁾	71,054,877	19,250,755	-	-	24,898,252	115,203,884
Unsecured Roll	-	-	-	-	-	-
Total Assessed Value	203,961,357	47,700,000	1,858,868	2,523,048	25,900,000	281,943,273
Total Land	161,280,072	47,700,000	1,858,868	2,523,048	25,900,000	239,261,988
Total Improvements	42,681,285	-	-	-	-	42,681,285
Base Year Assessed Value	-	-	-	-	-	-
Incremental Assessed Value	\$203,961,357	\$47,700,000	\$1,858,868	\$2,523,048	\$25,900,000	\$281,943,273
TI Commencement Threshold						
Max. IRFD TI based on AV ⁽²⁾	\$1,317,350	\$308,086	\$12,006	\$16,296	\$167,283	
TI Commencement Threshold	\$150,000	\$150,000	\$300,000	\$300,000	\$150,000	
Threshold Reached	FY 18-19	FY 21-22 ⁽³⁾	No	No	FY 21-22 ⁽³⁾	
Incr. AV for Areas Receiving TI						
FY 2021-22	\$203,961,357	N/A	N/A	N/A	N/A	\$203,961,357
FY 2022-23	\$203,961,357	47,700,000	N/A	N/A	25,900,000	\$277,561,357

(1) FY 2021-22 escape roll assessments represent assessed values added by transfers of ownership that occurred prior to the January 1, 2021 lien date for the FY 2021-22 assessment roll.

(2) Maximum IRFD Tax Increment calculated as 1% X incremental assessed value X 64.588206%.

(3) Projected based on calculated revenue to be allocated for FY 2021-22 based on reported assessed values.

Source: Assessor.

The volatility ratio applicable to each of the IRFD No. 1 project areas is zero due to the zero base year value for all project areas. The volatility ratio is a metric used to assess sensitivity to changes in assessed value and is computed as base year assessed value divided by current year assessed value. A ratio of zero indicates the least sensitivity and a ratio of 1.0 indicates the greatest sensitivity to assessed value changes.

4.3 Real and Personal Property

Real property assessed value is comprised of land and improvement assessed values on both the secured and unsecured assessment rolls. Annual increases in the assessed value of real property are limited to an annual inflationary increase of up to 2%, as governed by Article XIII A of the California Constitution and known as the Proposition 13 inflation factor. Real property values also increase or decrease as a result of a property's change of ownership or new construction activity. As of FY 2021-22, all taxable assessed value within IRFD No. 1 is real property assessed value.

The Proposition 13 inflation factor is tied to the change in the California Consumer Price Index (“CCPI”) and may be less than 2% if CCPI increases by less than 2%. The CCPI adjustment is based on the change in the CCPI from October to October of the following year. The Proposition 13 inflation factor for FY 2022-23 is 2%. The annual Proposition 13 factor has been less than 2% for four of the last 10 fiscal years. A 10-year history of Proposition 13 inflation factors is provided in Table 8.

2013-14	2.000%
2014-15	0.454%
2015-16	1.998%
2016-17	1.525%
2017-18	2.000%
2018-19	2.000%
2019-20	2.000%
2020-21	2.000%
2021-22	1.036%
2022-23	2.000%

Assessed value of real property may be adjusted downward if market value declines, either through the assessment appeals process described in Section 5 or through an adjustment by the Assessor. In the event of a decline in market value, values are then subject to restoration over time as market values increase, up to the Proposition 13 base year assessed value that is established for the property upon completion of construction or transfer of ownership, as increased for annual inflationary increases under Proposition 13 of up to 2%.

The assessed value of Personal Property is not subject to the maximum 2% inflationary increase and is subject to annual appraisal, either upward or downward. As of FY 2021-22, IRFD No. 1 does not include any personal property assessed value.

4.4 Values by Property Use

A distribution of FY 2021-22 taxable assessed values by land use category is summarized in Table 9, for all Project Areas combined and for Project Areas that will collect tax increment in FY 2022-23. Identification of land uses is based on information provided by the City and TICD regarding property uses. Land use categories identified on the FY 2021-22 assessment roll classify all parcels as vacant. All FY 2021-22 taxable assessed value for IRFD No. 1 is comprised of residential units under construction and land for residential development.

Table 9. FY 2021-22 Taxable Assessed Value by Land Use

Land Uses Composition, FY 2021-22	Planned Units	All IRFD No. 1 Project Areas			Project Areas Collecting Tax Increment in FY 2022-23 (Project Areas A, B, E)		
		No. of Parcels	2021-22 Taxable Value	% of Total	No. of Parcels	2021-22 Taxable Value	% of Total
Residential Development Sites							
For-Sale Unit Development Sites							
Under Construction ⁽¹⁾	124	1	\$82,790,393	29.4%	1	\$82,790,393	29.8%
Site permit issued ⁽²⁾	149	2	\$14,900,000	5.3%	2	\$14,900,000	5.4%
Site permit not issued ⁽³⁾	<u>929</u>	<u>8</u>	<u>\$136,552,880</u>	<u>48.4%</u>	<u>4</u>	<u>\$132,170,964</u>	<u>47.6%</u>
Subtotal	1,202	11	\$234,243,273	83.1%	7	\$229,861,357	82.8%
Apartment Development Sites							
Site permit not issued	178	1	\$13,900,000	4.9%	1	\$13,900,000	5.0%
Site permit issued ⁽⁴⁾	<u>367</u>	<u>3</u>	<u>\$33,800,000</u>	<u>12.0%</u>	<u>3</u>	<u>\$33,800,000</u>	<u>12.2%</u>
Subtotal	545	4	\$47,700,000	16.9%	4	\$47,700,000	17.2%
Total Residential Development Sites	1,747	15	\$281,943,273	100.0%	11	\$277,561,357	100.0%
Owned by TIDA and non-taxable		6	\$0	0.0%	6	\$0	0.0%
Total		21	\$281,943,273	100.0%	17	\$277,561,357	100.0%

Sources: City and County of San Francisco Office of the Assessor-Recorder, TICD, City and County of San Francisco Department of Building Inspection.

(1) Estimated completion Spring 2022, currently undergoing pre-final inspection process.

(2) Site permit issued in January 2022 for vertical construction of a 149-unit condo development that includes seven below market rate affordable units.

(3) Includes one parcel planned for use as a park.

(4) Site permits issued in late 2021 for vertical construction of a 250-unit high-rise rental development that includes 24 below market rate affordable units and a 117-unit mid-rise rental development that includes six below market rate affordable units.

4.5 Largest Taxpayers

The largest taxpayers for IRFD No. 1 are summarized in Table 10 for all project areas and separately for those project areas that are projected to collect tax increment in FY 2022-23. KMA identified the largest taxpayers based upon a review of the FY 2021-22 assessed valuations reported by the Assessor. There are currently four owners within IRFD No. 1 which together represent 100% of the FY 2021-22 total and incremental taxable assessed value. Multiple legal entities affiliated with a single ownership are aggregated; for example, Poly USA Real Estate Development Corporation includes two separate legal entities that are aggregated for purposes of the analysis of top taxpayers. Assessed value and ownership is also separately reported in Table 10 by legal entity. The Table 10 summary of the largest taxpayers includes taxpayer name, property use, parcel count, assessed value, and percentage share of the total reported and incremental assessed value for each of the top taxpayers⁴.

All taxable assessed value within IRFD No. 1 is comprised of property owned by either TICD, master developer for the Treasure Island Project, or affiliates of three separate vertical builders that each have an ownership interest in TICD. In addition to the four top taxpayers, TIDA owns six parcels that are exempt from property taxes.

⁴ Given the base year assessed value for IRFD No. 1 is zero, the percent of total and percent of incremental assessed value are the same.

Table 10. Top Taxpayers for IRFD No. 1, FY 2021-22

Top Taxpayers FY 2021-22	Description	Planned			Assessed Value FY 2021-22 ⁽⁵⁾		% of Total and Incremental AV ⁽⁶⁾		
		Res. Units	No. of Parcels	Project Area	All Project Areas	Active Areas ⁽¹¹⁾	All	Active Areas ⁽¹¹⁾	
1	Stockbridge and Wilson Meany ⁽¹⁾								
	YBI Phase 1 Investors LLC	Bristol condos near complete (por. Block 4Y) ⁽⁸⁾	124	1	A	\$82,790,393	\$82,790,393	29.4%	29.8%
	YBI Phase 4 Investors LLC	Site planned for condos, townhomes, estate homes (Block 1Y)	78	1	A	\$78,784,000	\$78,784,000	27.9%	28.4%
	TI Lot 10 LLC	Site planned for apartment tower (Block C2.4) ⁽⁸⁾	250	1	E	\$25,900,000	\$25,900,000	9.2%	9.3%
	YBI Phase 3 Investors LLC	Site planned for townhomes and flats (portion Block 4Y)	53	1	A	\$23,720,462	\$23,720,462	8.4%	8.5%
	YBI Phase 2 Investors LLC	Site planned for townhomes (Block 3Y)	11	1	A	\$18,666,502	\$18,666,502	6.6%	6.7%
	TI Lots 3-4 LLC ⁽⁹⁾	Site planned for condos (Block C3.3/4) ⁽⁸⁾	149	2	B	\$14,900,000	\$14,900,000	5.3%	5.4%
	TI Lots 5-6, LLC ^{(2) (9)}	Site planned for condo tower (Block C3.5) and park	160	2	D	\$1,262,368	N/A	0.4%	N/A
	Subtotal		825	9		\$246,023,725	\$244,761,357	87.3%	88.2%
2	Poly USA ⁽³⁾								
	B1 Treasure Island 048 Holdings, LLC	Site planned for apartments (Block B1) ⁽⁸⁾	117	2	B	\$7,900,000	\$7,900,000	2.8%	2.8%
	C23 Treasure Island 048 Holdings, LLC	Site planned for condos (Block C2.3)	76	1	B	\$11,000,000	\$11,000,000	3.9%	4.0%
	Subtotal		193	3		\$18,900,000	\$18,900,000	6.7%	6.8%
3	Lennar ⁽⁴⁾	Site planned for apartments (Block C2.2)	178	1	B	\$13,900,000	\$13,900,000	4.9%	5.0%
4	TICD ⁽⁷⁾	Sites planned for two condo towers (Block C1.1/2, C2.1)	551	2	C & D	\$3,119,548	N/A	1.1%	N/A
Total Top Taxpayers ⁽¹⁰⁾			1,747	15		\$281,943,273	\$277,561,357	100%	100%

(1) Includes separate legal entities affiliated with Wilson Meany and the Stockbridge Capital Group, LLC, as listed. Stockbridge and Wilson Meany have an ownership interest in TICD, number 4 on the list of top taxpayers.

(2) Owner purchased parcels in May 2021, after the lien date for the FY 2021-22 roll, for \$29.6 million, resulting in an estimated increase of \$28.3 million in AV for this property from the FY 21-22 assessed value information identified.

(3) Includes separate legal entities affiliated with developer Poly (USA) Real Estate Development Corporation, as listed. Poly USA has an ownership interest in TICD, number 4 on the list of top taxpayers.

(4) Represents a parcel owned by subsidiary TI Lot 8, LLC. In addition, Lennar has an interest in two properties listed under the ownership of Stockbridge and Wilson Meany (TI Lots 3-4 LLC and TI Lots 5-6 LLC) being developed as a joint venture. Lennar has an ownership interest in TICD, number 4 on the list of top taxpayers.

(5) All assessed value consists of secured property (land and improvements).

(6) Percentages calculated based upon FY 2021-22 assessed value and incremental assessed value of \$281,943,273 (base year AV is zero).

(7) Includes property owned by Treasure Island Series 1, LLC a wholly-owned subsidiary of TICD, master developer for the Treasure Island Project. The top three taxpayers each have an ownership interest in TICD.

(8) Denotes projects for which a site permit has been issued.

(9) TI Lots 3-4 LLC and TI Lots 5-6 LLC are joint ventures between Stockbridge, Wilson Meany, and Lennar (number 3 on the list of top taxpayers).

(10) In addition to the top taxpayers listed, TIDA owns six parcels which are exempt from property taxes and planned for two hotels, right of way, parks, and open space.

(11) Includes Project Areas A, B, and E, which are projected to collect tax increment in FY 2022-23.

The following provides a description of each of the top taxpayers for IRFD No. 1.

1. **Stockbridge Capital Group, LLC (“Stockbridge”) and Wilson Meany, LP (“Wilson Meany”)** and their affiliated legal entities listed in Table 10, are vertical developers for nine parcels within IRFD No. 1, which are planned for development of a combined 825 residential units. Of the planned residential units:

- 124 are condominium units nearing construction completion as part of the Bristol project (YBI Phase 1 Investors LLC parcel). The units are currently being marketed for sale.
- 250 are rental units within a 22-story high-rise rental tower (TI Lot 10 LLC parcel) for which a site permit for construction was issued in November 2021. Vertical construction is projected to begin in Spring 2022 with completion anticipated in 2024.
- 149 units are condominium units within a six-story building (TI Lots 3-4 LLC parcels) for which a site permit for construction was issued in January 2022. Vertical construction is projected to begin in Spring 2022 with completion anticipated in 2024.
- 302 are planned future units and include a mix of condominiums, townhomes, flats, and single family home-sites (TI Lots 5-6 LLC, YBI Phase 2 Investors LLC, YBI Phase 3 Investors LLC, YBI Phase 4 Investors LLC). The units have received land use approvals but permits for construction are not yet issued.

Of the properties included as part of the Stockbridge and Wilson Meany ownership, TI Lots 3-4 LLC and TI Lots 4-5 LLC are part of a joint venture that also includes Lennar, identified as number 3 on the list of top taxpayers. Properties that are part of the joint venture with Lennar comprise 5.7% of FY 2021-22 assessed value.

2. **Poly USA Real Estate Development Corporation (“Poly USA”)** is an indirect subsidiary of the Chinese property development company, Poly Developments and Holdings Group Co. Ltd. Poly USA and its affiliated legal entities, listed in Table 10, are vertical developers that own three parcels within IRFD No. 1 which are planned for development of a combined 193 residential units. Of the planned residential units:

- 117 rental units are within a five-story building that will also include three retail shell spaces for which a site permit for construction was issued in December 2021 (B1 Treasure Island 048 Holdings LLC parcels). Vertical construction is projected to begin in Spring 2022 with completion anticipated in 2024.

- 76 condominium units are within a six-story building that has received land use approvals and is currently estimated to receive permits to begin construction in spring 2022 (C23 Treasure Island 048 Holdings, LLC parcels).
3. **Lennar Homes of California, Inc.** (“Lennar”) is a subsidiary of homebuilder Lennar Corporation which is publicly listed on the New York Stock Exchange. Lennar and its wholly owned subsidiary TI Lot 8, LLC is the vertical developer for a parcel planned for 178 rental units in a six-story building currently estimated to receive permits to begin construction in spring 2022.

Lennar also has an interest in TI Lots 3-4, LLC and TI Lots 5-6 LLC as part of a joint venture with Stockbridge and Wilson Meany. These joint venture properties are included under the list of properties owned by top taxpayer Stockbridge and Wilson Meany. Lennar would be number two on the list of top taxpayers if these parcels were instead included under the list of properties under Lennar ownership.

4. **Treasure Island Series 1, LLC** is a subsidiary of TICD, master developer for the Project. The master developer is a joint venture comprised of various affiliates of Lennar Corporation, Stockbridge Capital Group, LLC, Kenwood Investments, and Wilson Meany, LP. TICD retains two parcels planned for sale to vertical developers for development of two separate condominium towers with a combined 551 units. Affiliates of the vertical builders comprising the top three taxpayers are all members of TICD.

Considering only those project areas that will collect tax increment in FY 2022-23, the taxpayers consist of the three vertical builders listed as number one, two and three on the list of top taxpayers. TICD is not a taxpayer within the three project areas that will collect tax increment in FY 2022-23.

In addition to the four taxpayers listed above, TIDA owns six parcels within IRFD No. 1 which are exempt from property taxes. Of the six TIDA parcels, two are planned for separate 50-room and 300-room hotels, and four parcels consist of land planned for use as public right of way, parks, and open space. As described above, TIDA is a California non-profit public benefit corporation, public benefit agency and instrumentality and authority of the City and/or the State of California, which is dedicated to the economic development of former Naval Station Treasure Island.

5.0 ASSESSMENT APPEALS

Property values determined by the Assessor may be subject to an appeal by the property owner. Assessment appeals are filed annually with the Assessment Appeals Board for a hearing and resolution. A property owner can file for a regular assessment appeal of the current fiscal year assessed valuation between July 2 and September 15th. Revenue and Taxation Code §1604 allows up to two years for an assessment appeal to be decided unless this time limit is waived by the applicant. If the appeal is not decided within the two-year statutory time frame and the time limit is not waived, the assessor is required to apply the applicant's opinion of value.

Assessed value reductions as a result of Proposition 8 appeals are subject to annual review by the Assessor and potential restoration over time based on future increases in market value. "Base year" appeals contest changes in assessed value arising from re-assessable events such as transfer of ownership or new construction. Assessed value reductions as a result of "Base Year" appeals affect the maximum assessed value under Proposition 13 on an on-going basis.

The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the property owner. To the extent appeals are filed in the future for properties within IRFD No. 1 and result in a reduction in taxable assessed value, the resulting taxpayer refunds would reduce tax increment allocated to IRFD No. 1 in the fiscal year in which the refund occurs. Successful assessment appeals may also result in a reduction in future year assessed values which would impact future year tax increment.

KMA obtained a copy of the database maintained by the Assessment Appeals Board on appeals filings, including records of appeal filings throughout the City from July 1, 2016 through the September 15th filing deadline for appeals of FY 2021-22 assessed value. Based on the records included within the Assessment Appeals Board database, ***no assessment appeals have been filed within IRFD No. 1 since its formation.***

The DDA Financing Plan includes a provision for additional payments to the City in the event of successful assessment appeals for properties within IRFD No. 1 that are under the ownership of TICD, master developer of the Treasure Island Project. This DDA Financing Plan provision is effective following issuance of bonds secured by a pledge of IRFD revenues. Payments are required to be allocated in accordance with the IFP. This DDA Financing Plan provision does not mitigate the potential for a reduction in existing IRFD No. 1 revenues as a result of potential future assessment appeal filings because TICD retains ownership of only two parcels within IRFD No. 1, which are in Project Area C and Project Area D that do not currently generate tax increment, and the provision does not apply to the vertical developers that own the remaining taxable parcels in IRFD No. 1.

6.0 NEW DEVELOPMENT AND TRANSFERS OF OWNERSHIP

IRFD No. 1 is comprised of land that is actively under development or contemplated for development in the near term. The following section describes transfers of ownership and construction in progress occurring after the January 1, 2021 lien date for the FY 2021-22 assessment roll.

6.1 Planned Future Construction

Future buildout of portions of the Treasure Island Project within the existing boundaries of IRFD No. 1 is anticipated to include a total of 1,747 residential units and two hotels. Table 11 provides a summary of planned development and an estimate of future assessed value to be added upon completion. Assessed values projected to be added by future construction and unit sales described in Section 6.1 are not included for purposes of the Table 15 and 16 revenue projections. Only the 2021 events triggering reassessment described in Section 6.2 are included in the projections.

Assessed value upon completion of planned development is projected to total \$3.26 billion, of which \$282 million is enrolled as of FY 2021-22, resulting in a projected future net increase in assessed value upon full build out of \$2.98 billion. This projected \$2.98 billion increase in assessed values is derived from the following:

(1) Completion and Sale of Units in the Bristol - The 124-unit Bristol condominium project (Block 4Y) includes 110 market rate units and 14 inclusionary units. The project commenced construction in 2019 and is estimated to be completed in Spring 2022. The Bristol is six stories in height and has an average unit size of 1,196 square feet. Units are currently being marketed for sale. Sales prices are estimated to average \$1,516,000, based on an average price of \$1.7 million per market rate unit and \$511,000 per inclusionary unit. Prices are estimated from list prices for 21 units currently being marketed for sale and below market rate unit prices reported by the City. List prices for the units were adjusted to a per square foot basis and applied to the square footage of each of the units in the project to estimate a total assessed value of \$188 million upon completion and sale of the condominium units. This estimate is somewhat below the \$194 million value estimated in an appraisal⁵. Of the \$188 million total projected assessed value at completion, \$82.8 million is currently enrolled and an additional \$52.6 million is projected to be added to the FY 2022-23 roll based on construction completed during calendar year 2021, based on expenditures reported by the developer to the Assessor for purposes of establishing FY 2022-23 assessed values. An additional \$52.6 million is projected to be added to the assessment roll in FY 2023-24 and FY 2024-25, following sale of the units.

⁵ Appraisal prepared by Integra Realty Resources and attached to official statement for the Series 2021 bonds issued by Community Facilities District 2016-1.

Table 11. Estimate of Future Assessed Value to be Added to Roll with Completion of Planned Development

Block	Use	Planned Area	Planned No. of Stories	Planned Residential Units				Planned Hotel Rooms	Projected Start / Complete Construction ⁽⁸⁾	Projected Assessed Value ⁽⁶⁾ at Completion	Existing FY 21-22 Roll Value	Projected AV Not Yet Enrolled	Projection of Future Assessed Value Added ⁽⁶⁾ [only 2022-23 figures are included in revenue projections]							
				Market Rate	BMR	Total Units	average SF/Unit						2022-23	2023-24	2024-25	2025-26	26-27&future			
				For-sale														Rental		
Under Construction													\$000s	\$000s	\$000s	\$000s	\$000s			
4Y (Bristol)	Condo	A	6	110	14	124	1,196		2019 / 2022	\$188,000 ⁽¹⁾	\$82,790	\$105,210	\$52,567	\$42,114	\$10,528	\$0	\$0			
Planned 2022 Construction Start																				
C2.4	Apartment	E	22	226	24	250	825		2022 / 2025	185,354 ⁽³⁾	25,900	159,454	0	15,945	23,918	47,836	71,754			
B1	Apartment	B	5	111	6	117	730		2022 / 2024	82,706 ⁽³⁾	7,900	74,806	0	11,221	29,922	33,663	0			
C3.3/4	Condo	B	6	142	7	149	1,001		2022 / 2024	222,870 ⁽²⁾	14,900	207,970	0	20,797	51,993	51,993	83,188			
C2.2	Apartment	B	6	169	9	178	790		2022 / 2024	113,755 ⁽³⁾	13,900	99,855	0	14,978	39,942	44,935	0			
C2.3	Condo	B	6	72	4	76	1,283		2022 / 2024	138,344 ⁽²⁾	11,000	127,344	0	12,734	19,102	31,836	63,672			
3Y	TH	A	3	11		11	3,640		2022 / 2025	49,938 ⁽²⁾	18,667	31,271	0	3,127	9,381	18,763	0			
4Y	TH/Flats	A	3 to 5	53		53	2,652		2022 / 2025	228,650 ⁽²⁾	23,720	204,930	2,714	10,246	61,479	61,479	69,011			
Subtotal				278	506	50	834			1,021,616	115,987	905,629	2,714	89,049	235,737	290,503	287,626			
Planned Construction Start in 2023 and Beyond																				
1Y	TH	A	3	32		32	3,194		2023 / 2025	153,000 ⁽²⁾	32,606	120,394	0	0	12,039	24,079	84,275			
1Y	Flats	A	4	41		41	2,653		2023 / 2025	191,680 ⁽²⁾	40,850	150,830	0	0	15,083	30,166	105,581			
1Y	Estate	A	TBD	5		5	TBD		2025 / 2026	25,000 ⁽⁷⁾	5,328	19,672	0	0	0	19,672	0			
C3.5	Condo	D	20	152	8	160	1,208		2023 / 2026	279,872 ⁽⁴⁾	1,262	278,610	28,338	0	55,722	55,722	138,828			
2Y-H	Hotel	A	TBD	n/a				50	TBD	31,250 ⁽⁵⁾	0	31,250	0	0	0	0	31,250			
C1.1&2	Condo	C	Tower	286		286	1,584		TBD	752,255 ⁽⁴⁾	1,859	750,396	0	0	0	0	750,396			
C2.1	Condo	D	31	265		265	1,152		TBD	473,399 ⁽⁴⁾	1,261	472,139	0	0	0	0	472,139			
C2-H	Hotel	E	TBD					300	TBD	150,000 ⁽⁵⁾	0	150,000	0	0	0	0	150,000			
Subtotal				781	0	8	789		350	2,056,457	83,166	1,973,291	28,338	0	82,844	129,639	1,732,470			
Total				1,169	506	72	1,747		350	3,266,073	281,943	2,984,130	83,619	131,163	329,109	420,142	2,020,095			

Sources: City and County of San Francisco Controller's Office of Public Finance, TICD and affiliated entities, Integra Realty Resources, Assessor.

Abbreviations used in this table: TH = Townhomes, Condo= condominium, Apart. = Apartments, Estate = single family estate home sites, TBD = to be determined.

- (1) Assessed value estimate based on list prices for 21 units currently listed for sale and prices for BMR units provided by the City.
- (2) Assessed value estimate based on sales prices identified in 2021 appraisals prepared by Integra Realty Resources and included in official statements for the CFD 2016-1 Series 2021 and 2022A bonds.
- (3) Estimated assessed value based upon direct construction cost as reported in the official statement for the CFD 2016-1 Improvement Area 2 Series 2022A Bonds plus existing land assessed value.
- (4) Estimated AV based upon sales price estimates provided by the Controller with input by TICD, which are generally consistent with pricing from the appraisals described in Note 1.
- (5) Estimated based on assessed values for hotels with recent substantial renovations or new construction. Greater AV per room for 2Y-H reflects greater planned floor area per room.
- (6) Actual assessed values will vary from these projections depending upon actual future sales prices, actual construction costs, and future Assessor determinations of assessed value.
- (7) Includes estimated assessed value from sale of estate home-sites based on a 2021 appraisal by Integra Realty Resources. AV associated with subsequent construction of new homes is not included.
- (8) Timing of construction start and completion is based upon TICD estimates.

(2) Construction Projected to Commence in 2022

Development projects within IRFD No. 1 projected to commence construction during calendar year 2022 include a total of 834 residential units of which 278 are market rate condominiums, 506 are market rate apartments, and 50 are below market rate inclusionary units. Aggregate assessed value upon completion of these projects is estimated to total \$1.022 billion, of which \$116 million is currently enrolled, resulting in a projected future net increase in assessed value of \$906 million. Construction projected to commence during 2022 includes the following projects:

- **Block C2.4** – A 22-story high rise apartment development planned for 250 rental units, including 24 below market rate affordable units, has received site permit approval and is projected to commence construction in 2022. The project has an average unit size of 825 square feet. The vertical construction budget reported by vertical developer, Wilson Meany and Stockbridge, includes \$159 million in direct construction costs, or \$638,000 per unit. Projected assessed value to be added by development of the project is estimated at \$159 million based on the reported direct construction cost. The existing FY 2021-22 assessed value is comprised of \$25.9 million in land value.

- **Block C3.3/C3.4** – A six-story 149-unit condominium development with seven inclusionary units, planned for development on Block C3.3 and C3.4 by Stockbridge and Wilson Meany, has received site permit approval and is projected to commence construction in 2022. The project has an average unit size of 1,001 square feet. Projected sales prices average \$1,550,000 for market rate units and \$396,000 for inclusionary units based on a 2021 appraisal report.⁶ Based on the estimated sales prices, a total assessed value of \$223 million is projected following completion and sale of the condominium units. Of this total, \$14.9 million is currently enrolled, resulting in a projected net increase upon completion and sale of the units of \$208 million.

- **Block B1** – A five-story apartment development with 117 rental units, including six below market rate inclusionary units, has received site permit approval and is projected to commence construction in 2022. The project has an average unit size of 730 square feet. The vertical construction budget reported by vertical developer Poly USA includes \$74.8 million in direct construction costs, or \$639,000 per unit, which is the basis for the estimated assessed value to be added by development of the project. The existing FY 2021-22 assessed value is comprised of \$7.9 million in land value.

⁶ Appraisals prepared by Integra Realty Resources and attached to official statements for the Series 2021 and Series 2022A bonds issued by Community Facilities District 2016-1.

- **Block C2.2** – A six-story apartment development with 169 market rate and nine below market rate inclusionary units is projected to start construction in 2022. The project has an average unit size of 790 square feet and a reported direct construction budget of \$99.9 million, or \$561,000 per unit, which is the basis for the estimated assessed value to be added by the project. The existing FY 2021-22 assessed value is comprised of \$13.9 million in land value.

- **Block C2.3** is planned for a six-story condominium development with 72 market rate units and four below market rate inclusionary units by vertical developer Poly USA and is projected to commence construction in 2022. The project has an average unit size of 1,283 square feet. Projected sales prices average \$1,900,000 for market rate units and \$396,000 for inclusionary units based on a 2021 appraisal report.⁷ Based on the estimated sales prices, a total assessed value of \$138 million is projected following completion and sale of the condominium units. Of this total, \$11 million is currently enrolled, resulting in a projected net increase upon completion and sale of the units of \$127 million.

- **Blocks 3Y and 4Y** are planned for development of a total of 64 market rate townhomes and flats by developer Stockbridge and Wilson Meany, of which approximately half of units are projected to commence construction in 2022 with the remaining units expected to commence construction in 2023. The 11 townhome units on Block 3Y have an average unit size of 3,640 square feet and an average projected sales price of \$4.5 million while the 53 townhomes and flats planned for Block 4Y have an average unit size of 2,652 and an average projected sales price of \$4.3 million, based on a 2021 appraisal report.⁸ Based on the estimated sales prices, a total assessed value of \$278.6 million is projected following completion and sale of the units. Of this total, \$42.4 million is currently enrolled, an additional \$2.7 million in assessed value is estimated to be added to the FY 2022-23 roll based on construction expenditures reported by the developer to the Assessor for purposes of establishing assessed values, and \$233.5 million is estimated to be added to the roll in future years as construction progresses and units are completed and sold.

(3) Construction Projected to Commence in 2023 or later

Portions of the Treasure Island Project within IRFD No. 1 that are projected to commence construction in 2023 or later include a combined 781 for-sale market rate units, eight below market rate inclusionary units, and 350 hotel rooms. This includes planned development on Blocks 1Y, 2Y-H, C1.1, C1.2, C2.1, C2-H, and C3.5. Aggregate assessed value upon completion is estimated to total \$2.05 billion, of which \$83 million

⁷ Appraisals prepared by Integra Realty Resources and attached to official statements for the Series 2021 and Series 2022A bonds issued by Community Facilities District 2016-1.

⁸ Appraisals prepared by Integra Realty Resources and attached to official statements for the Series 2021 and Series 2022A bonds used by Community Facilities District 2016-1.

is currently enrolled, resulting in a projected future net increase in assessed value of \$1.97 billion.

6.2 2021 Construction In-Progress and Ownership Transfers Included in Projection of FY 2022-23 Assessed Values

For purposes of projected assessed values for FY 2022-23 included in the Table 15 and 16 revenue projections, only the assessed values estimated to be added by construction-in-progress and transfers of ownership that occurred during calendar year 2021 are included, as follows:

- **Bristol Construction In-Progress** (Block 4Y)– Construction on the 124-unit Bristol condominium project was in-progress during calendar year 2021. Completion is estimated in Spring 2022. Construction costs are estimated to total \$131 million of which \$37.7 million in improvement value was included on the FY 2021-22 assessment roll. An additional \$52.6 million in assessed value is estimated to be added to the FY 2022-23 assessment roll based on construction completed during calendar year 2021. The assessed value estimate is based on the cost of improvements and does not include assessed value added by future sale of the condominium units. Inclusive of this construction in progress value, the estimated FY 2022-23 assessed value for the Bristol totals \$135.4 million, including land and improvements, which is approximately 72% of the projected fully enrolled value of \$188 million after completion and sale of the condominium units. The property is within Project Area A.
- **Block 4Y**– Initial progress on the planned Parcel 4Y townhomes and flats including demolition work and site improvements during calendar year 2021 is estimated to result in additional assessed value added to the roll of \$2.7 million based on a report identifying construction expenditures submitted by the developer to Assessor for purposes of establishing FY 2022-23 assessed values. The property is in Project Area A.
- **Development Pad Sale** (Block C3.5) – On May 28, 2021, TICD sold a development pad planned for 160 condominium units and a park to a separate vertical developer affiliated with Stockbridge, Wilson Meany, and Lennar. The Table 15 and 16 revenue projections include \$28.3 million in assessed value added to the FY 2022-23 assessment role from this recorded transfer of ownership. However, the parcel is within Project Area D, which has not yet reached the threshold for allocation of tax increment to IRFD No. 1.

Table 12 provides a summary of the assessed value estimated to be added to the FY 2022-23 assessment roll from construction in progress and ownership transfers, as described in Section 6.2.

Table 12. Construction Progress and Ownership Transfers Included in Projection of FY 2022-23 Assessed Values

Item	Project Area	Assessed Values		
		Estimated FY 2022-23	Existing FY 21-22	Net Added to FY 2022-23 Roll
1 Bristol Condominiums 2021 Construction Progress	A	\$135,357,537 ⁽¹⁾	\$82,790,393	\$52,567,144
2 4Y Townhomes and Flats 2021 Construction Progress	A	26,434,529 ⁽¹⁾	23,720,462	2,714,067
Subtotal Project Area A		\$161,792,066	\$106,510,855	\$55,281,211
3 C3.5 Land Sale	D	\$29,600,000 ⁽²⁾	\$1,262,368	\$28,337,632
Total		\$191,392,066	\$107,773,223	\$83,618,843

(1) Estimate based upon construction expenditures through 12/31/21 reported by developer to Assessor for purposes of establishing FY 2022-23 assessed values and existing assessed values.

(2) Estimate based on sale price for parcel.

7.0 TAX ALLOCATION AND DISBURSEMENT

7.1 Tax Rates

The tax rates which are applied to taxable values consist of two components: the basic levy of \$1.00 per \$100 of taxable assessed value and the override tax rate which is levied to pay voter approved indebtedness. The basic levy may not exceed 1% (\$1.00 of \$100 taxable value) in accordance with Article XIII A of the California Constitution. Tax increment is comprised of a share of this basic 1% property tax levy from properties that are within IRFD No. 1. Accordingly, a one percent levy is applied in the revenue projections presented in Tables 15 and 16.

7.2 Allocation of Taxes

The Controller is responsible for the aggregation of taxable values assigned by the Assessor as of the lien date for property within the boundaries of IRFD No. 1. This results in the reported total current year IRFD No. 1 taxable value and becomes the basis for determining the revenue to be allocated to IRFD No. 1.

Secured property taxes are due in two equal installments and become delinquent if not paid by December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent if not paid by August 31.

The Controller allocates secured property taxes in accordance with the City's Teeter Plan, which provides for distribution of property taxes based on 100% of the calculated property tax levy, without regard to delinquencies. This allocation method results in allocation of 100% of the calculated tax increment attributed to secured assessed values to IRFD No. 1. Taxes on unsecured property are not part of the Teeter Plan and are allocated to the extent of actual collection of unsecured property taxes; however, as of FY 2021-22 there is no unsecured assessed value within IRFD No. 1.

7.3 Unitary Tax Revenues

Most public utility properties are currently assessed as a single unit on a countywide basis, with assessed value identified on a unitary roll assessed by the California State Board of Equalization. Revenues from unitary property tax assessments are distributed in the following manner: (1) each taxing entity receives the same amount of unitary revenue as in the previous year plus an increase for inflation of up to 2%; (2) if unitary tax revenues are not sufficient to provide the same amount of revenue as the previous year, revenues are allocated in proportion to the prior year unitary revenues; (3) if unitary revenues exceed 102% of the prior year's allocation, the excess is allocated proportionate to each jurisdiction's secured property tax revenue. IRFD No. 1 was allocated \$87 in unitary revenue in FY 2020-21 and \$270 in FY 2021-22 through January (representing a partial year). Unitary revenues are not included in the Table 15 and 16 revenue projections.

7.4 Historic Allocations of Tax Increment to IRFD No. 1.

A summary of actual historic allocations of tax increment for the initial two years of tax increment collection (2019-20 and 2020-21) is presented in Table 13. As shown, IRFD No. 1 was allocated 100% of its calculated levy in FY 2019-20 and 98.9% of its calculated levy in FY 2020-21.

Table 13. Historic Allocations of Tax Increment to IRFD No. 1				
		Actual 2019-20 ⁽¹⁾	Actual 2020-21	Estimated 2021-22
1. Assessed Value Increment, Project Area A ⁽²⁾		\$70,090,194	\$102,085,597	\$203,961,357
2. Calculated 1% Tax Increment	1% levy	\$700,902	\$1,020,856	\$2,039,614
3. IRFD Tax Increment (Net Available Increment + Conditional City Increment)	64.588206%	\$452,700	\$659,353	\$1,317,350
4. Actual Amount Allocated by Controller ⁽³⁾		\$452,700	\$651,974	TBD
5. Collections as % of Computed Levy		100%	98.9%	TBD

Source: San Francisco Office of the Controller, KMA.

(1) Note: 2019-20 was the initial year of tax increment collection for the IRFD.

(2) Only Area A was eligible to collect tax increment during the period. The base year assessed value is zero.

(3) Amount allocated included Conditional City Increment that is available to the extent required for debt service. Funds have been reserved by the Controller for allocation to IRFD No. 1 but not yet disbursed.

According to the Controller, due to implementation of a new property tax software system, property tax allocation procedures for FY 2020-21 varied on a one-time-basis and reflected allocation of taxes on a jurisdiction basis rather than the TRA-specific allocation process expected for FY 2021-22 and future years. Had the Controller's allocation procedures in FY 2020-21 conformed to existing practice, it is expected that 100% of the calculated levy would have been allocated rather than 98.9% because all FY 2020-21 assessed value was part of the secured assessment roll subject to the City's Teeter policy.

Although no debt had yet been issued, the Controller allocated Conditional City Increment to accounts held for the benefit of IRFD No. 1 in FY 2019-20 and FY 2020-21. The allocation of Conditional City Increment was made to ensure the Conditional City Increment was available if required and to conform to the Controller's existing processes for allocation of property taxes. Release of these previously allocated Conditional City Increment funds not needed for IRFD No. 1 debt service to the applicable City taxing agencies is expected.

8.0 REVENUE PROJECTION

The projection of tax increment is summarized in Tables 15 and 16 on the following pages with supporting projections of assessed value included in Tables 17 and 18.

Two versions of the projection are presented:

(1) “FY 2022-23 Projection” (Table 15) that holds estimated FY 2022-23 assessed values constant over the term of the projection. Estimated FY 2022-23 assessed values are shown in Table 14 and include the following increases from Assessor-reported FY 2021-22 assessed values:

- **Reported FY 2022-23 Proposition 13 Inflation Factor** - Application of the State Board of Equalization reported 2% real property inflation factor under Proposition 13 for the FY 2022-23 assessment roll.
- **Construction Progress on Bristol and Parcel 4Y in 2021**- An estimated \$55.2 million in assessed value projected to be added to Project Area A in FY 2022-23 from construction progress during calendar year 2021 on the Bristol and Parcel 4Y, described in Section 6.2 and Table 12.
- **Transfers of Ownership Since January 1, 2021** - \$28.3 million in assessed value to be added within Project Area D from the sale of Block C3.5. As tax increment collection has not commenced in Project Area D, the additional assessed value is not projected to generate tax increment in any year in the FY 2022-23 Projection.

(2) “2% Growth Projection” (Table 16) reflecting application of the 2% maximum allowable inflationary increase under Proposition 13 to the FY 2022-23 estimated assessed values identified in Table 14 in each future year.

The projections extend through the time limits for collection of tax increment in Areas A, B and E. Time limits for Project Areas C and D remain to be determined.

Table 14. Projected FY 2022-23 Assessed Values, IRFD No. 1

	Assessed Value by Project Area					Total for Project Areas A, B, E Collecting TI in FY 22-23	Total for All Project Areas
	Area A	Area B	Area C	Area D	Area E		
Projected TI Collection Status, FY 2022-23	Collecting	Collecting	Not Collecting	Not Collecting	Collecting		
Assessed Value, FY 2021-22	\$203,961,357	\$47,700,000	\$1,858,868	\$2,523,048	\$25,900,000	\$277,561,357	\$281,943,273
Additions to AV							
(1) Reported Prop 13 Inflation (2%)	\$4,079,227	\$954,000	\$37,177	\$50,461	\$518,000	\$5,551,227	\$5,638,865
(2) Bristol / 4Y Construction in 2021	\$55,281,211	\$0	\$0	\$0	\$0	\$55,281,211	\$55,281,211
(3) Transfers of Ownership in 2021	\$0	\$0	\$0	\$28,337,632	\$0	\$0	\$28,337,632
Total Additions	\$59,360,438	\$954,000	\$37,177	\$28,388,093	\$518,000	\$60,832,438	\$89,257,708
Projected FY 2022-23 Assessed Values	\$263,321,795	\$48,654,000	\$1,896,045	\$30,911,141	\$26,418,000	\$338,393,795	\$371,200,981

Table 15. Projection of Tax Increment (\$Thousands), FY 2022-23 Projection

	A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.
Fiscal Year	Gross Tax Increment = 1% x Table 17 Incremental Assessed Value for areas Collecting TI	Net Available Facilities Increment			Conditional City Facilities Increment	Pledged Facilities Increment	Net Available Housing Increment			Conditional City Housing Increment	Pledged Housing Increment
		Total	Prop Tax Admin Cost	After Prop Tax Admin			Total	Prop Tax Admin Cost	After Prop Tax Admin		
		46.68527%	0.50%	=B.+C.	6.60000%	=D.+E.	9.90294%	0.50%	=G.+H.	1.40000%	=I.+J.
21-22	\$2,040	\$952	(\$5)	\$947	\$135	\$1,082	\$202	(\$1)	\$201	\$29	\$230
22-23	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
23-24	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
24-25	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
25-26	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
26-27	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
27-28	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
28-29	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
29-30	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
30-31	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
31-32	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
32-33	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
33-34	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
34-35	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
35-36	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
36-37	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
37-38	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
38-39	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
39-40	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
40-41	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
41-42	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
42-43	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
43-44	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
44-45	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
45-46	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
46-47	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
47-48	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
48-49	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
49-50	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
50-51	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
51-52	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
52-53	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
53-54	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
54-55	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
55-56	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
56-57	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
57-58	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
58-59	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
59-60	751	350	(2)	349	50	398	74	(0)	74	11	84
60-61	751	350	(2)	349	50	398	74	(0)	74	11	84
61-62	751	350	(2)	349	50	398	74	(0)	74	11	84

Table 16. Projection of Tax Increment (\$Thousands), 2% Growth Projection

	A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.
Fiscal Year	Gross Tax Increment = 1% x Table 18 Incremental Assessed Value for areas Collecting TI	Net Available Facilities Increment			Conditional City Facilities Increment	Pledged Facilities Increment	Net Available Housing Increment			Conditional City Housing Increment	Pledged Housing Increment
		Total	Prop Tax Admin Cost	After Prop Tax Admin			Total	Prop Tax Admin Cost	After Prop Tax Admin		
		46.68527%	0.50%	=B.+C.	6.60000%	=D.+E.	9.90294%	0.50%	=G.+H.	1.40000%	=I.+J.
21-22	\$2,040	\$952	(\$5)	\$947	\$135	\$1,082	\$202	(\$1)	\$201	\$29	\$230
22-23	3,384	1,580	(8)	1,572	223	1,795	335	(2)	333	47	381
23-24	3,452	1,611	(8)	1,603	228	1,831	342	(2)	340	48	388
24-25	3,521	1,644	(8)	1,635	232	1,868	349	(2)	347	49	396
25-26	3,591	1,676	(8)	1,668	237	1,905	356	(2)	354	50	404
26-27	3,663	1,710	(9)	1,701	242	1,943	363	(2)	361	51	412
27-28	3,736	1,744	(9)	1,736	247	1,982	370	(2)	368	52	420
28-29	3,811	1,779	(9)	1,770	252	2,022	377	(2)	376	53	429
29-30	3,887	1,815	(9)	1,806	257	2,062	385	(2)	383	54	437
30-31	3,965	1,851	(9)	1,842	262	2,103	393	(2)	391	56	446
31-32	4,044	1,888	(9)	1,879	267	2,145	400	(2)	398	57	455
32-33	4,125	1,926	(10)	1,916	272	2,188	408	(2)	406	58	464
33-34	4,208	1,964	(10)	1,954	278	2,232	417	(2)	415	59	473
34-35	4,292	2,004	(10)	1,994	283	2,277	425	(2)	423	60	483
35-36	4,377	2,044	(10)	2,033	289	2,322	433	(2)	431	61	493
36-37	4,465	2,085	(10)	2,074	295	2,369	442	(2)	440	63	502
37-38	4,554	2,126	(11)	2,116	301	2,416	451	(2)	449	64	513
38-39	4,645	2,169	(11)	2,158	307	2,464	460	(2)	458	65	523
39-40	4,738	2,212	(11)	2,201	313	2,514	469	(2)	467	66	533
40-41	4,833	2,256	(11)	2,245	319	2,564	479	(2)	476	68	544
41-42	4,930	2,301	(12)	2,290	325	2,615	488	(2)	486	69	555
42-43	5,028	2,348	(12)	2,336	332	2,668	498	(2)	495	70	566
43-44	5,129	2,394	(12)	2,382	339	2,721	508	(3)	505	72	577
44-45	5,709	2,665	(13)	2,652	377	3,029	565	(3)	563	80	643
45-46	5,824	2,719	(14)	2,705	384	3,090	577	(3)	574	82	655
46-47	5,940	2,773	(14)	2,759	392	3,151	588	(3)	585	83	668
47-48	6,059	2,829	(14)	2,814	400	3,214	600	(3)	597	85	682
48-49	6,180	2,885	(14)	2,871	408	3,279	612	(3)	609	87	695
49-50	6,304	2,943	(15)	2,928	416	3,344	624	(3)	621	88	709
50-51	6,430	3,002	(15)	2,987	424	3,411	637	(3)	634	90	724
51-52	6,558	3,062	(15)	3,046	433	3,479	649	(3)	646	92	738
52-53	6,689	3,123	(16)	3,107	442	3,549	662	(3)	659	94	753
53-54	6,823	3,185	(16)	3,170	450	3,620	676	(3)	672	96	768
54-55	6,960	3,249	(16)	3,233	459	3,692	689	(3)	686	97	783
55-56	7,099	3,314	(17)	3,298	469	3,766	703	(4)	699	99	799
56-57	7,241	3,380	(17)	3,364	478	3,841	717	(4)	713	101	815
57-58	7,386	3,448	(17)	3,431	487	3,918	731	(4)	728	103	831
58-59	7,533	3,517	(18)	3,499	497	3,997	746	(4)	742	105	848
59-60	2,205	1,029	(5)	1,024	146	1,170	218	(1)	217	31	248
60-61	2,249	1,050	(5)	1,045	148	1,193	223	(1)	222	31	253
61-62	2,294	1,071	(5)	1,066	151	1,217	227	(1)	226	32	258

Table 17. Projection of Assessed Values (\$Thousands), FY 2022-23 Projection

Fiscal Year	Projection of Assessed Values by Project Area ⁽³⁾					Incremental Assessed Value for Project Areas Projected to Collect Tax Increment (Base year AV = \$0)	
	Area A	Area B	Area C	Area D	Area E	AV Total	Areas
2021-22 ⁽¹⁾	\$203,961	\$47,700	\$1,859	\$2,523	\$25,900	\$203,961	A
2022-23 ⁽²⁾	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2023-24	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2024-25	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2025-26	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2026-27	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2027-28	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2028-29	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2029-30	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2030-31	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2031-32	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2032-33	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2033-34	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2034-35	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2035-36	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2036-37	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2037-38	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2038-39	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2039-40	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2040-41	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2041-42	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2042-43	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2043-44	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2044-45	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2045-46	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2046-47	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2047-48	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2048-49	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2049-50	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2050-51	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2051-52	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2052-53	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2053-54	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2054-55	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2055-56	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2056-57	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2057-58	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2058-59	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2059-60		48,654	1,896	30,911	26,418	75,072	B, E
2060-61		48,654	1,896	30,911	26,418	75,072	B, E
2061-62		48,654	1,896	30,911	26,418	75,072	B, E

(1) Assessor reported values.

(2) See Table 14 for basis for estimated FY 2022-23 Assessed Values.

(3) Projected FY 2022-23 assessed values held flat in future years.

Values in grey do not contribute to tax increment as collection has not commenced or is expired.

Table 18. Projection of Assessed Values (\$Thousands), 2% Growth Projection

Fiscal Year	Projection of Assessed Values by Project Area ⁽³⁾					Incremental Assessed Value for Project Areas Projected to Collect Tax Increment (Base year AV = \$0)	
	Area A	Area B	Area C	Area D	Area E	AV Total	Areas
2021-22 ⁽¹⁾	\$203,961	\$47,700	\$1,859	\$2,523	\$25,900	\$203,961	A
2022-23 ⁽²⁾	263,322	48,654	1,896	30,911	26,418	338,394	A, B, E
2023-24	268,588	49,627	1,934	31,529	26,946	345,162	A, B, E
2024-25	273,960	50,620	1,973	32,160	27,485	352,065	A, B, E
2025-26	279,439	51,632	2,012	32,803	28,035	359,106	A, B, E
2026-27	285,028	52,665	2,052	33,459	28,596	366,288	A, B, E
2027-28	290,729	53,718	2,093	34,128	29,168	373,614	A, B, E
2028-29	296,543	54,792	2,135	34,811	29,751	381,086	A, B, E
2029-30	302,474	55,888	2,178	35,507	30,346	388,708	A, B, E
2030-31	308,523	57,006	2,222	36,217	30,953	396,482	A, B, E
2031-32	314,694	58,146	2,266	36,942	31,572	404,412	A, B, E
2032-33	320,988	59,309	2,311	37,681	32,203	412,500	A, B, E
2033-34	327,408	60,495	2,357	38,434	32,847	420,750	A, B, E
2034-35	333,956	61,705	2,405	39,203	33,504	429,165	A, B, E
2035-36	340,635	62,939	2,453	39,987	34,174	437,748	A, B, E
2036-37	347,448	64,198	2,502	40,787	34,858	446,503	A, B, E
2037-38	354,396	65,482	2,552	41,602	35,555	455,433	A, B, E
2038-39	361,484	66,792	2,603	42,434	36,266	464,542	A, B, E
2039-40	368,714	68,127	2,655	43,283	36,992	473,833	A, B, E
2040-41	376,088	69,490	2,708	44,149	37,731	483,310	A, B, E
2041-42	383,610	70,880	2,762	45,032	38,486	492,976	A, B, E
2042-43	391,282	72,297	2,817	45,932	39,256	502,835	A, B, E
2043-44	399,108	73,743	2,874	46,851	40,041	512,892	A, B, E
2044-45	407,090	75,218	2,931	47,788	40,842	570,938	A, B, D, E
2045-46	415,232	76,722	2,990	48,744	41,659	582,357	A, B, D, E
2046-47	423,537	78,257	3,050	49,719	42,492	594,004	A, B, D, E
2047-48	432,007	79,822	3,111	50,713	43,342	605,884	A, B, D, E
2048-49	440,647	81,418	3,173	51,727	44,208	618,002	A, B, D, E
2049-50	449,460	83,047	3,236	52,762	45,093	630,362	A, B, D, E
2050-51	458,450	84,708	3,301	53,817	45,994	642,969	A, B, D, E
2051-52	467,619	86,402	3,367	54,893	46,914	655,828	A, B, D, E
2052-53	476,971	88,130	3,434	55,991	47,853	668,945	A, B, D, E
2053-54	486,510	89,893	3,503	57,111	48,810	682,324	A, B, D, E
2054-55	496,241	91,690	3,573	58,253	49,786	695,970	A, B, D, E
2055-56	506,165	93,524	3,645	59,418	50,782	709,890	A, B, D, E
2056-57	516,289	95,395	3,718	60,607	51,797	724,087	A, B, D, E
2057-58	526,615	97,303	3,792	61,819	52,833	738,569	A, B, D, E
2058-59	537,147	99,249	3,868	63,055	53,890	753,340	A, B, D, E
2059-60		101,234	3,945	64,316	54,968	220,518	B, D, E
2060-61		103,258	4,024	65,603	56,067	224,928	B, D, E
2061-62		105,323	4,104	66,915	57,188	229,426	B, D, E

(1) Assessor reported values.

(2) See Table 14 for basis for estimated FY 2022-23 Assessed Values.

(3) Projection for FY 2023-24 forward based on 2% maximum annual increase under Prop 13.

Values in grey do not contribute to tax increment as collection has not commenced or is expired.

9.0 CAVEATS AND LIMITATIONS

The projections reflect assumptions based on KMA's understanding of the assessment and tax apportionment procedures employed by the Assessor and Controller, respectively. These procedures are subject to change as a reflection of policy revisions or administrative, regulatory or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections. Assumptions have also been made that no changes to State legislation are enacted to change or eliminate the allocation of IRFD tax increment revenues. These assumptions are based on existing State policies and are subject to future regulatory or legislative changes.

No assurances are provided by KMA as to the certainty of the projected tax increment and assessed values incorporated into this report. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, actual resolution of outstanding appeals, future filing of appeals, changes in assessor valuation standards, or the non-payment of taxes due.

KMA is not advising or recommending any action be taken by the City, TIDA, or IRFD No. 1 with respect to any prospective new or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms and other similar matters concerning such financial products or issues). KMA is not acting as a municipal advisor and does not assume any fiduciary duty, including, without limitation, a fiduciary duty pursuant to Section 15B of the Exchange Act. The City and TIDA should discuss any such information and material contained in this report with internal and/or external advisors and experts, including its own municipal advisors, that it deems appropriate before acting on the information.

Table 19
Assessed Value History ⁽³⁾

Infrastructure and Revitalization Financing District No. 1 (Treasure Island)

San Francisco, CA

	Base Year					
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 ⁽¹⁾
Project Area A			<i>TI triggered ⁽²⁾</i>	<i><----- TI collection commenced -----></i>		
Land	0	0	68,568,818	70,090,194	90,611,492	161,280,072
Structure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,474,105</u>	<u>42,681,285</u>
Subtotal	0	0	68,568,818	70,090,194	102,085,597	203,961,357
Project Area B						
Land	0	0	4,883,740	5,054,967	5,155,625	47,700,000
Structure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	0	0	4,883,740	5,054,967	5,155,625	47,700,000
Project Area C						
Land	0	0	1,768,367	1,803,733	1,839,808	1,858,868
Structure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	0	0	1,768,367	1,803,733	1,839,808	1,858,868
Project Area D						
Land	0	0	2,848,093	2,448,642	2,497,179	2,523,048
Structure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	0	0	2,848,093	2,448,642	2,497,179	2,523,048
Project Area E						
Land	0	0	577,630	972,038	991,477	25,900,000
Structure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	0	0	577,630	972,038	991,477	25,900,000
Total - All Project Areas						
Land	0	0	78,646,648	80,369,574	101,095,581	239,261,988
Structure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,474,105</u>	<u>42,681,285</u>
Subtotal	0	0	78,646,648	80,369,574	112,569,686	281,943,273
Project Areas Where Increment Collection is Commenced ⁽²⁾						
Applicable Project Areas	N/A	N/A	N/A	A	A	A
Land	0	0	0	70,090,194	90,611,492	161,280,072
Structure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,474,105</u>	<u>42,681,285</u>
Subtotal	0	0	0	70,090,194	102,085,597	203,961,357

(1) Includes \$115,203,884 in escape roll assessed value. Escape assessments are payable in full during FY 21-22.

(2) Collection of TI commences in the year following the year in which the applicable tax increment trigger amount is reached, \$150,000 for areas A, B, E and \$300,000 for areas C and D.

(3) Assessed value and incremental assessed value are the same as the base year assessed value is zero.

Note: Unsecured roll assessed value is zero for all applicable years and project areas.

Source: San Francisco Controller's Office.

SPECIAL FUND ADMINISTRATION AGREEMENT

**City and County of San Francisco Infrastructure and Revitalization Financing
District No. 1
(Treasure Island)**

**City and County of San Francisco Community Facilities District No. 2016-1
(Treasure Island)**

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EXHIBITS AND SCHEDULES

Exhibit A Account	Form of Officer's Certificate - Net Available Facilities Increment Special
Exhibit B	Form of Officer's Certificate - Net Available Housing Increment Special Account
Exhibit C Account	Form of Officer's Certificate - Conditional City Facilities Increment Special
Exhibit D Account	Form of Officer's Certificate - Conditional City Housing Increment Special
Exhibit E	Form of Officer's Certificate - IRFD Administrative Costs Fund
Exhibit F	Form of Officer's Certificate - IRFD Qualified Project Costs Fund
Exhibit G	Form of Officer's Certificate - IRFD Housing Fund
Exhibit H	Form of Officer's Certificate - Services Special Tax Fund
Exhibit I	Form of Officer's Certificate - Remainder Taxes Project Account
Exhibit J	Form of Officer's Certificate - Remainder Taxes Holding Account
Exhibit K	Form of Officer's Certificate - Ongoing Maintenance Account

SPECIAL FUND ADMINISTRATION AGREEMENT

City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island)

City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island)

This Special Fund Administration Agreement, dated as of May 1, 2022 (the “**Agreement**”), is by and among the City and County of San Francisco, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the “**City**”) for itself and for and on behalf of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), a community facilities district and a legally constituted governmental entity established pursuant to the laws of the State of California (the “**CFD**”), the Treasure Island Development Authority, a California non-profit public benefit corporation (“**TIDA**”), the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the “**IRFD**”), and [SPECIAL FUND TRUSTEE], a national banking association organized and existing under the laws of the United States of America (the “**Special Fund Trustee**”). Together, the City, the CFD, the IRFD and TIDA are referred to as the “**Public Entities**”.

RECITALS

This Agreement is made with reference to the following facts and circumstances:

A. Naval Station Treasure Island (“**NSTI**”) is a former United States Navy base located in the City that consists of two islands connected by a causeway: (1) Treasure Island, and (2) an approximately 90-acre portion of Yerba Buena Island.

B. TIDA is the Local Reuse Authority designated by the Department of Defense for NSTI and trustee for the portions of NSTI subject to the public trust and statutory trust.

C. The United States of America, acting by and through the Department of the Navy (“**Navy**”), and TIDA entered into an Economic Conveyance Memorandum of Agreement (as amended and supplemented from time to time, the “**Conveyance Agreement**”) that governs the terms and conditions for the transfer of NSTI from the Navy to TIDA; and under the Conveyance Agreement, the Navy has and will convey NSTI to TIDA in phases after the Navy has completed environmental remediation and issued a Finding of Suitability to Transfer (as defined in the Conveyance Agreement) for specified parcels of NSTI or portions thereof.

D. Treasure Island Community Development, LLC (“**Developer**”) and TIDA have previously entered into a Disposition and Development Agreement (Treasure Island/Yerba Buena Island) dated June 28, 2011 (the “**DDA**”), including a Financing Plan (Treasure Island/Yerba Buena Island) (the “**Financing Plan**”), which governs the disposition and development of a portion of NSTI (the “**Project Site**”) after the Navy’s transfer of NSTI to TIDA in accordance with the Conveyance Agreement.

E. The DDA contemplates a project (the “**Project**”) under which TIDA acquires the Project Site from the Navy and conveys portions of the Project Site to Developer (or an affiliate of the Developer) for the purposes of (1) alleviating blight in the Project Site through

development of certain improvements, (2) geotechnically stabilizing the Project Site, (3) constructing public infrastructure to support the Project and other proposed uses on NSTI, (4) constructing and improving certain public parks and open spaces, (5) abatement of certain existing hazardous substances, and (6) selling and ground leasing lots to vertical developers who will construct residential units and commercial and public facilities.

F. Developer and the City previously entered into a Development Agreement dated June 28, 0211 related to the Project Site to eliminate uncertainty in the City's land use planning for the Project Site and secure orderly development of the Project consistent with the DDA and other applicable requirements, and the Financing Plan was also an exhibit to the Development Agreement.

G. Under Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code commencing with Section 53369 (the "**IRFD Law**") the City and County of San Francisco (the "**City**"), acting through its Board of Supervisors (the "**Board of Supervisors**"), established the IRFD and four initial project areas in the IRFD (together with future project areas, the "**Project Areas**"). The City intends to establish additional Project Areas from time to time.

H. Under Ordinance No. 29-22, adopted by the Board of Supervisors, as legislative body of the IRFD, on February 15, 2022 (the "**IRFD Ordinance**"), the IRFD approved an amended Infrastructure Financing Plan for the IRFD (the "**IRFD Financing Plan**").

I. Under the Mello-Roos Community Facilities Act of 1982, as amended (the "**Mello-Roos Act**"), and Resolution No. 8-17 adopted by the Board of Supervisors on January 24, 2017 (the "**CFD Resolution of Formation**"), the City, acting by and through the Board of Supervisors, established the City and County of San Francisco Special Tax District No. 2016-1 (Treasure Island) (the "**CFD**"). As of the date hereof, the Board of Supervisors has designated three improvement areas in the CFD and intends to designate additional improvement areas from time to time (the "**Improvement Areas**").

J. The City, on its own behalf and for and on behalf of the CFD, the IRFD and TIDA desire to enter into this Agreement with the Special Fund Trustee in order to provide for the administration and disposition of Net Available Tax Increment, Conditional City Increment, Facilities Special Taxes and Services Special Taxes consistent with the terms of the DDA, the Financing Plan, the CFD Resolution of Formation, the RMAs, the IRFD Financing Plan, the IRFD Facilities Indentures, the IRFD Housing Indentures, the IRFD Debt Instruments and the CFD Indentures.

AGREEMENT

Accordingly, in consideration of the matters described in the foregoing recitals, the covenants contained in this Agreement, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the City (on behalf of itself and the CFD), the IRFD, TIDA and the Special Fund Trustee agree as follows:

1. Definitions.

Unless the context otherwise clearly requires, the capitalized terms used in this Agreement shall have the following meanings or if not defined in this Agreement, the meanings given such terms in the Financing Plan.

"Authorized Officer" means the President of the Board of Supervisors, the San Francisco Controller and the Finance Director.

"CFD Indenture" means an indenture of trust, trust agreement or fiscal agent agreement pursuant to which the CFD issues bonds on behalf of an Improvement Area that are payable from Facilities Special Taxes.

“Conditional City Facilities Increment” means 82.5% of the Conditional City Increment.

“Conditional City Housing Increment” means 17.5% of the Conditional City Increment.

“Conditional City Increment” means, for each Project Area, an amount equal to 8.00% of the Gross Tax Increment, subject to the Plan Limit, as provided in the Infrastructure Financing Plan.

“Facilities Special Taxes” means special taxes designated as Facilities Special Taxes in an RMA.

“Finance Director” means the Director of the Controller’s Office of Public Finance, or, in the event such office is eliminated, the official of the City that is responsible for the management of municipal bonds issued by the City.

“Gross Tax Increment” means, for each of the Project Areas, 100% of the revenue produced by the application of the 1% ad valorem tax rate to the Incremental Assessed Property Value of property within the Project Area.

“Incremental Assessed Property Value” means, in any year, for each Project Area, the difference between the assessed value of the property within such Project Area for that fiscal year and the assessed value of the property within such Project Area in the Base Year, to the extent that the difference is a positive number.

“IRFD” means the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California.

“IRFD Facilities Indenture” means an indenture of trust, trust agreement or fiscal agent agreement pursuant to which the IRFD issues bonds that are payable from Net Available Facilities Increment and Conditional City Facilities Increment.

“IRFD Facilities Debt Instrument” means an instrument pursuant to which the IRFD incurs debt other than bonds that is payable from Net Available Facilities Increment and Conditional City Facilities Increment

“IRFD Financing Plan” means the Amended and Restated Infrastructure Financing Plan for the IRFD, including the Project Areas, adopted and approved by the Board of Supervisors of the City and County of San Francisco by Ordinance No. 29-22, adopted on February 15, 2022, as heretofore amended and as may hereafter be amended in accordance with the law.

“IRFD Housing Indenture” means an indenture of trust, trust agreement or fiscal agent agreement pursuant to which the IRFD issues bonds that are payable from Net Available Housing Increment and Conditional City Housing Increment.

"IRFD Housing Debt Instrument" means an instrument pursuant to which the IRFD incurs debt other than bonds that is payable from Net Available Housing Increment and Conditional City Housing Increment.

"IRFD Indenture" means, as applicable, an IRFD Housing Indenture or an IRFD Facilities Indenture.

"IRFD Debt Instrument" means, as applicable, an IRFD Housing Debt Instrument or an IRFD Facilities Debt Instrument.

"Net Available Housing Increment" means 17.5% of the Net Available Increment.

"Net Available Increment" means 56.588206% of the Gross Tax Increment, subject to the Plan Limit, as provided in the Infrastructure Financing Plan.

"Ongoing Park Maintenance" means the costs of operating and maintaining Improvements constructed pursuant to the Parks and Open Space Plan within the Project Site, including installing landscaping, all personnel or third-party maintenance costs, costs of maintaining irrigation systems and other equipment directly related to maintenance, maintenance or replacement as needed of landscape areas, water features, bathrooms, trash receptacles, park benches, planting containers, picnic tables, and other equipment or fixtures installed in areas to be maintained, insurance costs, and any other related overhead costs, along with Authority personnel, administrative, and overhead costs related to maintenance or to contracting for and managing third-party maintenance. **[should this term be replaced with "Services" as defined in the CFD Resolution of Formation?]**

"RMA" means the rate and method of apportionment of special taxes for an Improvement Area, adopted in accordance with applicable law.

"Remainder Taxes" has the meaning given that term in the Financing Plan.

"Services Special Taxes" means special taxes designated as Services Special Taxes in an RMA.

2. Effective Date; Termination of Agreement.

(a) This Agreement shall become effective on the date first written above and shall terminate on the date determined in accordance with Section 2(b).

(b) This Agreement shall terminate on the date of the latest of the following to occur:

(i) When all of the Net Available Tax Increment, Conditional City Increment, Facilities Special Taxes and Services Special Taxes governed by this Agreement have been disbursed in accordance with the Mello-Roos Act, the IRFD Law, the IRFD Financing Plan and the DDA.

(ii) When all debt of the IRFD has been defeased or paid, as provided in the respective IRFD Housing Indenture, IRFD Facilities Indenture, IRFD Facilities Debt Instrument or IRFD Housing Debt Instrument.

Notwithstanding the foregoing, this Agreement shall terminate upon delivery of a written direction of the the Public Entities to the Special Fund Trustee to close the funds and accounts described herein and to distribute any remaining funds therein as designated in such written direction.

3. Conflicts with IRFD Indentures, IRFD Debt Instruments or CFD Indentures . In the event of any conflict between this Agreement and the provisions of any IRFD Indenture, IRFD Debt Instrument or CFD Indenture, the provisions of the IRFD Indenture, the IRFD Debt Instrument or the CFD Indenture shall govern.

The parties acknowledge that, in an IRFD Indenture, IRFD Debt Instrument or CFD Indenture , the City or the IRFD, as applicable, may pledge amounts in certain funds and accounts established and maintained under this Agreement.

4. Establishment of Special Funds and Accounts.

(a) Net Available Increment Special Fund. The Special Fund Trustee shall establish, maintain and hold in trust a separate fund designated as the “Net Available Increment Special Fund” (the “**Net Available Increment Special Fund**”). Within the Net Available Increment Special Fund, the Special Fund Trustee shall establish, maintain and hold the following accounts and subaccounts therein:

- (i)** the “Net Available Facilities Increment Special Account,” and
- (ii)** the “Net Available Housing Increment Special Account.”

The Net Available Increment Special Fund and the accounts therein shall be held by the Special Fund Trustee for the benefit of the IRFD and shall be applied by the Special Fund Trustee in accordance with this Agreement.

The source of funds in the Net Available Increment Special Fund and the accounts therein shall be Net Available Increment collected by the Treasurer/Tax Collector and distributed to the IRFD by the San Francisco Controller, which may be net of the amounts payable to the Treasurer/Tax Collector pursuant to Section 53369.31 of the IRFD Law.

The Net Available Increment Special Fund and the accounts therein collectively constitute a special fund required by Section 53369.30(b) of the IRFD Law.

(b) Conditional City Increment Special Fund. The Special Fund Trustee shall establish, maintain and hold in trust a separate fund designated as the “Conditional City Increment Special Fund” (the “**Conditional City Increment Special Fund**”). Within the Conditional City Increment Special Fund, the Special Fund Trustee shall establish, maintain and hold the following accounts and subaccounts therein:

- (i)** the “Conditional City Facilities Increment Special Account,” and
- (ii)** the “Conditional City Housing Increment Special Account.”

The Conditional City Increment Special Fund and the accounts therein shall be held by the Special Fund Trustee for the benefit of the IRFD and shall be applied by the Special Fund Trustee in accordance with this Agreement.

The source of funds in the Conditional City Increment Special Fund and the accounts therein shall be Conditional City Increment collected by the Treasurer/Tax Collector and distributed to the IRFD by the San Francisco Controller, which may be net of the amounts payable to the Treasurer/Tax Collector pursuant to Section 53369.31 of the IRFD Law.

The Conditional City Increment Special Fund and the accounts therein collectively constitute a special fund required by Section 53369.30(b) of the IRFD Law.

(c) IRFD Housing Fund. The Special Fund Trustee shall establish, maintain and hold in trust a separate fund designated as the “IRFD Housing Fund” (the “**IRFD Housing Fund**”). The IRFD Housing Fund constitutes the “Housing Fund,” as defined in the Financing Plan.

The IRFD Housing Fund shall be held by the Special Fund Trustee for the benefit of the IRFD and TIDA and the funds on deposit therein from time to time shall be applied by the Special Fund Trustee in accordance with this Agreement.

The source of funds in the IRFD Housing Fund shall be Net Available Housing Increment.

(d) IRFD Qualified Project Costs Fund. The Special Fund Trustee shall establish, maintain and hold in trust a separate fund designated as the “IRFD Qualified Project Costs Fund” (the “**IRFD Qualified Project Costs Fund**”).

The IRFD Qualified Project Costs Fund, and the accounts and subaccounts therein, shall be held by the Special Fund Trustee for the benefit of the IRFD and the Developer, and the funds on deposit therein from time to time shall be applied by the Special Fund Trustee in accordance with this Agreement.

The source of funds in IRFD Qualified Project Costs Fund shall be the Net Available Facilities Increment.

(e) Remainder Taxes Fund. The Special Fund Trustee shall establish, maintain and hold in trust a separate fund designated as the “Remainder Taxes Fund” (the “**Remainder Taxes Fund**”), and within the Remainder Taxes Fund shall hold three accounts: (i) the Remainder Taxes Project Account, (ii) the Remainder Taxes Holding Account and (iii) the Ongoing Maintenance Account. The Special Fund Trustee shall establish, maintain and hold in trust sub-accounts within the accounts in the Remainder Taxes Fund as directed by the City from time to time. **[discuss: should the Ongoing Maintenance Account be combined with the Services Special Tax Fund?]**

The Remainder Taxes Fund and the accounts and sub-accounts therein shall be held by the Special Fund Trustee for the benefit of the City, TIDA and the Developer and shall be applied by the Special Fund Trustee in accordance with this Agreement.

The source of funds in the Remainder Taxes Fund and the accounts and sub-accounts therein shall be the Remainder Taxes.

(f) IRFD Administrative Costs Fund. The Special Fund Trustee shall establish, maintain and hold in trust a separate fund designated as the “IRFD Administrative Costs Fund” (the “**IRFD Administrative Costs Fund**”).

The IRFD Administrative Costs Fund shall be held by the Special Fund Trustee for the benefit of the IRFD and the funds on deposit therein from time to time shall be applied by the Special Fund Trustee in accordance this Agreement.

The source of funds in the IRFD Administrative Costs Fund shall be Net Available Facilities Increment and Net Available Housing Increment.

(g) Services Special Tax Fund. The Special Fund Trustee shall establish, maintain and hold in trust a separate fund designated as the “Services Special Tax Fund” (the “**Services Special Tax Fund**”). The Special Fund Trustee shall establish accounts within the Services Special Tax Fund as directed in a written certificate by an Authorized Officer.

The Services Special Tax Fund, and any accounts therein, shall be held by the Special Fund Trustee for the benefit of the CFD and the City, and the funds on deposit therein from time to time shall be applied by the Special Fund Trustee in accordance with this Agreement.

The source of funds in the Services Special Tax Fund shall be the Services Special Tax levied by the City in the Improvement Areas.

5. Deposits and Distributions of Net Available Facilities Increment in the Net Available Facilities Increment Special Account.

(a) Promptly upon receipt, the IRFD shall cause the Special Fund Trustee to deposit Net Available Facilities Increment in the Net Available Facilities Increment Special Account, as directed in a written certificate executed by an Authorized Officer. The Parties acknowledge and agree that the Net Available Facilities Increment may be deposited directly by the San Francisco Controller, at the times and in the amounts specified in a written certificate executed by an Authorized Officer and delivered to the Special Fund Trustee.

(b) An Authorized Officer shall direct the Special Fund Trustee in a written certificate in substantially the form of Exhibit A to distribute any moneys in such subaccounts and accounts in accordance with the DDA, the IRFD Financing Plan, an IRFD Facilities Indenture and an IRFD Facilities Debt Instrument.

(c) The Special Fund Trustee shall maintain records as to the date of each deposit to and distribution from the Net Available Facilities Increment Special Account.

6. Deposits and Distributions of Net Available Housing Increment in the Net Available Housing Increment Special Account.

(a) Promptly upon receipt, the IRFD shall cause the Special Fund Trustee to deposit Net Available Housing Increment in the Net Available Housing Increment Special Account, as directed in a written certificate executed by an Authorized Officer. The Parties acknowledge and agree that the Net Available Housing Increment may be deposited directly by the San Francisco Controller, at the times and in the amounts specified in a written certificate executed by an Authorized Officer and delivered to the Special Fund Trustee.

(b) An Authorized Officer shall direct the Special Fund Trustee in a written certificate in substantially the form of Exhibit B to distribute any moneys in such subaccounts and accounts in accordance with the DDA, the IRFD Financing Plan, an IRFD Housing Indenture and an IRFD Housing Debt Instrument.

(c) The Special Fund Trustee shall maintain records as to the date of each deposit to and distribution from the Net Available Housing Increment Special Account.

7. Deposits and Distributions of Conditional City Facilities Increment in the Conditional City Facilities Increment Special Account.

(a) Promptly upon receipt, the IRFD shall cause the Special Fund Trustee to deposit Conditional City Facilities Increment in the Conditional City Facilities Increment Special Account, as directed in a written certificate executed by an Authorized Officer. The Parties acknowledge and agree that the Conditional City Facilities Increment may be deposited directly by the San Francisco Controller, at the times and in the amounts specified in a written certificate executed by an Authorized Officer and delivered to the Special Fund Trustee.

(b) An Authorized Officer shall direct the Special Fund Trustee in a written certificate in substantially the form of Exhibit C to distribute any moneys in such subaccounts and accounts in accordance with the DDA, the IRFD Financing Plan, an IRFD Facilities Indenture and an IRFD Facilities Debt Instrument.

(c) The Special Fund Trustee shall maintain records as to the date of each deposit to and distribution from the Conditional City Facilities Increment Special Account.

8. Deposits and Distributions of Conditional City Housing Increment in the Conditional City Housing Increment Special Account.

(a) Promptly upon receipt, the IRFD shall cause the Special Fund Trustee to deposit Conditional City Housing Increment in the Conditional City Housing Increment Special Account, as directed in a written certificate executed by an Authorized Officer. The Parties acknowledge and agree that the Conditional City Housing Increment may be deposited directly by the San Francisco Controller, at the times and in the amounts specified in a written certificate executed by an Authorized Officer and delivered to the Special Fund Trustee.

(b) An Authorized Officer shall direct the Special Fund Trustee in a written certificate in substantially the form of Exhibit D to distribute any moneys in such subaccounts and accounts in accordance with the DDA, the IRFD Financing Plan, an IRFD Housing Indenture and an IRFD Housing Debt Instrument.

(c) The Special Fund Trustee shall maintain records as to the date of each deposit to and distribution from the Conditional City Housing Increment Special Account.

9. Deposits in and Distributions from the IRFD Administrative Costs Fund.

(a) The Special Fund Trustee shall deposit funds from time to time in the IRFD Administrative Costs Fund as directed in a written certificate executed by an Authorized Officer.

(b) The Special Fund Trustee shall withdraw and apply moneys in the IRFD Administrative Costs Fund in accordance with a written requisition executed by an Authorized Officer in substantially the form of Exhibit E.

(c) The Special Fund Trustee shall maintain records as to the date of each deposit to and distribution from the IRFD Administrative Costs Fund.

10. Deposits in and Distributions from the IRFD Qualified Project Costs Fund.

(a) The Special Fund Trustee shall deposit funds from time to time in the IRFD Qualified Project Costs Fund as directed in a written certificate executed by an Authorized Officer.

(b) The Special Fund Trustee shall withdraw and apply moneys in the IRFD Qualified Project Costs Fund in accordance with a written requisition executed by an Authorized Officer in substantially the form of Exhibit F.

(c) The Special Fund Trustee shall maintain records as to the date of each deposit to and distribution from the IRFD Qualified Project Costs Fund.

11. Deposits in and Distributions from the IRFD Housing Fund.

(a) The Special Fund Trustee shall deposit funds from time to time in the IRFD Housing Fund as directed in a written certificate executed by an Authorized Officer.

(b) The Special Fund Trustee shall withdraw and apply moneys in the IRFD Housing Fund in accordance with a written requisition executed by an Authorized Officer in substantially the form of Exhibit G.

(c) The Special Fund Trustee shall maintain records as to the date of each deposit to and distribution from the IRFD Housing Fund.

12. Deposits and Distributions of Services Special Taxes in the Services Special Tax Fund.

(a) The Special Fund Trustee shall deposit Services Special Taxes in the Services Special Tax Fund as directed by in a written certificate executed by an Authorized Officer. The Parties acknowledge and agree that the Services Special Taxes may be deposited directly by the San Francisco Controller, at the times and in the amounts specified by in a written certificate executed by an Authorized Officer and delivered to the Special Fund Trustee.

(b) The Special Fund Trustee shall withdraw and apply moneys in the Services Special Tax Fund in accordance with a written requisition executed by an Authorized Officer in substantially the form of Exhibit H.

(c) The Special Fund Trustee shall maintain records as to the date of each deposit to and distribution from the Services Special Tax Fund.

13. Deposits in and Distributions from the Remainder Taxes Project Account.

(a) The Special Fund Trustee shall deposit funds from time to time in the Remainder Taxes Project Account as directed in a written certificate executed by an Authorized Officer.

(b) The Special Fund Trustee shall withdraw and apply moneys in the Remainder Taxes Project Account in accordance with a written requisition executed by an Authorized Officer in substantially the form of Exhibit I.

(c) The Special Fund Trustee shall maintain records as to the date of each deposit to and distribution from the Remainder Taxes Project Account.

14. Deposits in and Distributions from the Remainder Taxes Holding Account.

(a) The Special Fund Trustee shall deposit funds from time to time in the Remainder Taxes Holding Account as directed in a written certificate executed by an Authorized Officer.

(b) The Special Fund Trustee shall withdraw and apply moneys in the Remainder Taxes Holding Account in accordance with a written requisition executed by an Authorized Officer in substantially the form of Exhibit J.

(c) The Special Fund Trustee shall maintain records as to the date of each deposit to and distribution from the Remainder Taxes Holding Account.

15. Deposits in and Distributions from the Ongoing Maintenance Account.

(a) The Special Fund Trustee shall deposit funds from time to time in the Ongoing Maintenance Account as directed in a written certificate executed by an Authorized Officer.

(b) The Special Fund Trustee shall withdraw and apply moneys in the Ongoing Maintenance Account in accordance with a written requisition executed by an Authorized Officer in substantially the form of Exhibit K.

(c) The Special Fund Trustee shall maintain records as to the date of each deposit to and distribution from the Ongoing Maintenance Account.

16. Investment of Funds; Reporting of Earnings and Balances.

(a) Investment of Funds. The Special Fund Trustee shall invest amounts on deposit in the funds and accounts established under this Agreement at the written direction of an Authorized Officer in any lawful investment for City funds. The Special Fund Trustee may rely on the written direction as to the legality of any such investment. In the absence of any such written direction, the Special Fund Trustee shall hold such moneys uninvested. The Special Fund Trustee shall not be responsible for any loss on any investment made at the written direction of an Authorized Officer or otherwise made in accordance with this subsection (a).

(b) Reporting of Earnings and Balances. The Special Fund Trustee shall provide monthly reports to Finance Director setting forth a list of all assets in each of the accounts and funds established under this Agreement, all deposit and withdrawal activity for the funds and accounts, any investment gain or loss on amounts in such funds and accounts, and the ending balance, as of the end of the preceding month, of each such account.

(c) Investment Earnings. Interest earnings and profits resulting from investment of the moneys in any fund, account, or subaccount established under this Agreement shall be retained in such fund, account or subaccount.

(d) Commingled Money. Investments in any and all funds, accounts and subaccounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, provided that the Special Fund Trustee shall at all times account for such investments strictly in accordance with the funds, accounts and subaccounts to which they are credited.

17. General Provisions Regarding the Special Fund Trustee.

The following provisions shall pertain to the performance by the Special Fund Trustee of its duties under this Agreement:

(a) Duties, Immunities and Liabilities of Special Fund Trustee. The Special Fund Trustee shall perform such duties and only such duties as are specifically set forth in this Agreement. The Special Fund Trustee shall exercise the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Merger or Consolidation of Special Fund Trustee. Any company into which the Special Fund Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Special Fund Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Special Fund Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. The Special Fund Trustee shall give written notice to the Public Entities of any such merger or consolidation and of any name change.

(c) Liability of Special Fund Trustee. The recitals of facts herein shall be taken as statements of the Public Entities and the Special Fund Trustee assumes no responsibility for the correctness of the same, or shall incur any responsibility with respect to this Agreement, other than in connection with the duties or obligations herein or imposed upon it. The Special Fund Trustee shall not be liable (i) in connection with the performance of its respective duties hereunder, except for its own negligence or willful misconduct; (ii) for any error of judgment made in good faith, unless it shall be proved that the Special Fund Trustee was negligent in ascertaining the pertinent facts; (iii) with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Public Entities the relating to the time, method and place of exercising any trust or power conferred upon the Special Fund Trustee under this Agreement; or (iv) for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement.

(d) Payment, Reimbursement, Indemnification. The Public Entities agree:

(i) to pay the Special Fund Trustee, from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Special Fund Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Special Fund Trustee in accordance with any provision of this Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Special Fund Trustee's negligence or willful misconduct; and

(iii) to indemnify the Special Fund Trustee, its officers, employees, directors and agents (collectively, the "Special Fund Trustee Indemnitees" for, and to hold the Special Fund Trustee Indemnities harmless against, any loss, liability, cost, claim or expense of

any kind whatsoever, including those of its attorneys, incurred without negligence or willful misconduct on any Special Fund Trustee Indemnitee's part, arising out of or in connection with the acceptance or administration of this trust or the performance of its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The provisions of this Section 23(d)(iii) shall survive the termination of this Agreement.

(e) Expenditure of Special Fund Trustee's Funds. No provision of this Agreement shall require the Special Fund Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not assured to the Special Fund Trustee's reasonable satisfaction.

(f) Agents, Co-Trustees. The Special Fund Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, co-trustees or attorneys and the Special Fund Trustee shall not be responsible for any misconduct or negligence on the part of any agent, co-trustee or attorney appointed in the absence of negligence or misconduct by the Special Fund Trustee in the appointment of such agent, co-trustee or attorney.

(g) No Personal Liability. In acting as Special Fund Trustee hereunder, the Special Fund Trustee acts solely in its capacity as Special Fund Trustee, and not in its individual, personal or corporate capacity.

(h) Right of Special Fund Trustee to Rely on Documents. The Special Fund Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, requisition, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, debenture, coupon or other paper or document, but the Special Fund Trustee, in its discretion, may make such further investigation or inquiry into such facts of matters as it may deem fit.

The Special Fund Trustee shall be protected in acting upon any notice, resolution, request, direction, requisition, consent, order, certificate, report, opinion, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Special Fund Trustee may consult with counsel, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. The Special Fund Trustee may conclusively rely upon any direction or instruction received by it from an Authorized Officer as to the deposit and withdrawal of moneys in the funds and accounts established under this Agreement and shall not be responsible as to the correctness of the amounts received, or the use or allocation thereof, but its responsibility shall be limited to the accounting for such funds as it shall actually receive.

Whenever in the administration of the trusts imposed upon it by this Agreement the Special Fund Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a statement of an Authorized Officer and such statement shall be full warrant to the Special Fund Trustee for any action taken or suffered in good faith under the provisions of this Agreement in reliance upon such statement, but in its discretion the Special Fund Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

The Special Fund Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means") shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission

containing applicable authorization codes, passwords and/or authentication keys issued by the Special Fund Trustee, or another method or system specified by the Special Fund Trustee as available for use in connection with its services hereunder); provided, however, that the Public Entities shall provide to the Special Fund Trustee an incumbency certificate listing the Authorized Officers (who, the Public Entities hereby notify the Special Fund Trustee, will have the authority to provide such Instructions) and containing specimen signatures of the Authorized Officers, which incumbency certificate shall be amended by the Public Entities whenever a person is to be added or deleted from the listing. If the Public Entities decide to give the Special Fund Trustee Instructions using Electronic Means and the Special Fund Trustee in its discretion elects to act upon such Instructions, the Special Fund Trustee's understanding of such Instructions shall be deemed controlling. The Public Entities understand and agree that the Special Fund Trustee cannot determine the identity of the actual sender of such Instructions and that the Special Fund Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Special Fund Trustee have been sent by such Authorized Officer. The Public Entities shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Special Fund Trustee and that the Public Entities and all Authorized Officers are solely responsible for safeguarding the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Public Entities. The Special Fund Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Special Fund Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Public Entities agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Special Fund Trustee, including without limitation the risk of the Special Fund Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Special Fund Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Public Entities; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Special Fund Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(i) Preservation and Inspection of Documents. All documents received by the Special Fund Trustee under the provisions of this Agreement shall be retained in its possession and shall be subject at all reasonable times upon reasonable prior notice to the inspection of the Public Entities and its respective agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

18. Resignation or Removal of Special Fund Trustee.

(a) The Special Fund Trustee may resign at any time by giving written notice to the Public Entities, and the Public Entities shall promptly appoint a successor trustee.

(b) The Public Entities may remove the Special Fund Trustee at any time without cause by giving written notice to the Special Fund Trustee and appointing a successor trustee.

(c) Notwithstanding any other provision of this Agreement, no resignation or removal of the Special Fund Trustee shall take effect until the acceptance of appointment and assumption of duties by the successor trustee. If no appointment of a successor Special Fund Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Special Fund Trustee shall have given to the Public Entities written notice or after a vacancy in the office of the Special Fund Trustee shall have occurred by reason of its inability to act, the Special Fund Trustee, at the expense of the Public Entities may apply to any court of competent jurisdiction to appoint a successor Special Fund Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Special Fund Trustee.

(d) If, by reason of the judgment of any court, the Special Fund Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of Special Fund Trustee hereunder shall be assumed by and vest in the Finance Director in trust. The Finance Director in such case shall be vested with all of the rights and powers of the Special Fund Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Special Fund Trustee hereunder.

19. Information; Books and Accounts.

The Special Fund Trustee shall provide to the Public Entities and Finance Director such information relating to the funds and accounts maintained by the Special Fund Trustee hereunder as the Public Entities and/or the Finance Director shall reasonably request, including but not limited to monthly statements reporting funds held and transactions by the Special Fund Trustee, including the value of any investments held by the Special Fund Trustee. The Special Fund Trustee will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Special Fund Trustee, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the funds and accounts maintained by the Special Fund Trustee hereunder. Such books of record and accounts shall, upon reasonable notice, during business hours be subject to the inspection of the Public Entities or its representatives duly authorized in writing.

20. Conflict of Interest.

Through its execution of this Agreement, the Special Fund Trustee acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the Public Entities if it becomes aware of any such fact during the term of this Agreement.

21. Proprietary or Confidential Information of the Public Entities.

The Special Fund Trustee understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, the Special Fund Trustee may have access to private or confidential information which may be owned or controlled by the City, including the Public Entities, and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the City, including the Public Entities. The Special Fund Trustee agrees that all information disclosed by the Public Entities to the Special Fund Trustee shall be held in confidence and used only in performance of the Agreement, provided that, notwithstanding anything herein to the contrary, the foregoing shall not be construed to prohibit (i) disclosure of any and all information that is or becomes publicly known, or information obtained by Special Fund Trustee from sources other than the other parties hereto, (ii) disclosure of any and all information (A) if required to do so by any applicable rule or regulation, (B) to any government agency or regulatory body having or claiming authority to regulate or oversee any aspects of Special Fund Trustee's business or that of its affiliates, (C) pursuant to any subpoena, civil investigative demand or similar demand or request of any court, regulatory authority, arbitrator or arbitration to which Special Fund Trustee or any affiliate or an officer, director, employer or shareholder thereof is a party or (D) to any affiliate, independent or internal auditor, agent, employee or attorney of Special Fund Trustee having a need to know the same, provided that Special Fund Trustee advises such recipient of the confidential nature of the information being disclosed, or (iii) any other disclosure authorized by the Public Entities, and this Agreement. The Special Fund Trustee shall exercise the same standard of care to protect such information as a reasonably prudent Special Fund Trustee would use to protect its own proprietary data.

22. Ownership of Results.

Any interest of the Special Fund Trustee or its subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by the Special Fund Trustee or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to the Public Entities. However, the Special Fund Trustee may retain and use copies for reference and as documentation of its experience and capabilities.

23. Works for Hire.

If, in connection with services performed under this Agreement, the Special Fund Trustee or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the Public Entities. If it is ever determined that any works created by the Special Fund Trustee or its subcontractors under this Agreement are not works for hire under U.S. law, the Special Fund Trustee hereby assigns all copyrights to such works to the Public Entities, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the Public Entities, the Special Fund Trustee may retain and use copies of such works for reference and as documentation of its experience and capabilities.

24. Audit and Inspection of Records.

The Special Fund Trustee agrees to maintain and make available to the Public Entities, during regular business hours, accurate books and accounting records relating to its work under this Agreement. The Special Fund Trustee will permit the Public Entities to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement provided, however, that the Special Fund Trustee shall not be required to disclose confidential or proprietary information. The Special Fund Trustee shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Agreement, until after final audit has been resolved, or for such longer period as required by its document retention policies and procedures, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon the Public Entities by this Section.

25. Subcontracting.

The Special Fund Trustee is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by the Public Entities in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

26. Assignment.

The services to be performed by the Special Fund Trustee are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Special Fund Trustee unless first approved by the Public Entities by written instrument executed and approved in the same manner as this Agreement.

27. Earned Income Credit (EIC) Forms.

Administrative Code Section 120 requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

(a) The Special Fund Trustee shall provide EIC Forms to each Eligible Employee (i.e., any employee of the Special Fund Trustee who is paid at a rate that, on an annualized basis, is not greater than the EIC Limit) at each of the following times: (i) within thirty days following the date on which this Agreement becomes effective (unless the Special Fund Trustee has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by the Special Fund Trustee; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

(b) Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by the Special Fund Trustee of the terms of this Agreement. If, within thirty days after the Special Fund Trustee receives written notice of such a breach, the Special Fund Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Special Fund Trustee fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law.

(c) Any subcontract entered into by the Special Fund Trustee shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this Section.

(d) Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the Administrative Code.

28. Local Business Enterprise Utilization; Liquidated Damages.

(a) The LBE Ordinance. The Special Fund Trustee, shall comply with all the requirements of the Local Business Enterprise and Non-Discrimination in Contracting Ordinance set forth in Chapter 14B of the Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase the Special Fund Trustee's obligations or liabilities, or materially diminish the Special Fund Trustee's rights, under this Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this Section. Special Fund Trustee's willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of the Special Fund Trustee's obligations under this Agreement and shall entitle the City, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, the Special Fund Trustee shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

(b) Compliance and Enforcement. If the Special Fund Trustee willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Agreement pertaining to LBE participation, the Special Fund Trustee shall be liable for liquidated damages in an amount equal to the Special Fund Trustee's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against the Special Fund Trustee authorized in the LBE Ordinance, including declaring the Special Fund Trustee to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Special Fund Trustee's LBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code Section 14B.17.

By entering into this Agreement, the Special Fund Trustee acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to the City upon demand. The Special Fund Trustee further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to the Special Fund Trustee on any contract with the City.

The Special Fund Trustee agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

29. Nondiscrimination; Penalties.

(a) Special Fund Trustee Shall Not Discriminate. In the performance of this Agreement, the Special Fund Trustee agrees not to discriminate against any employee, City employee working with such Special Fund Trustee or subcontractor, applicant for employment with such Special Fund Trustee or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subcontracts. The Special Fund Trustee shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. The Special Fund Trustee's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) Nondiscrimination in Benefits. The Special Fund Trustee does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the Administrative Code.

(d) Condition to Contract. As a condition to this Agreement, the Special Fund Trustee shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Special Fund Trustee shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Special Fund Trustee understands that pursuant to Sections 12B.2(h) and 12C.3(g) of the Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Special Fund Trustee and/or deducted from any payments due Special Fund Trustee.

30. MacBride Principles—Northern Ireland.

Pursuant to Administrative Code Section 12F.5, the City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this Agreement on behalf of Special Fund Trustee acknowledges and agrees that he or she has read and understood this Section.

31. Tropical Hardwood Ban.

Pursuant to Section 804(b) of the San Francisco Environment Code, the City urges Special Fund Trustee not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

32. Drug-Free Workplace Policy.

The Special Fund Trustee acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on the City premises. The Special Fund Trustee agrees that any violation of this prohibition by the Special Fund Trustee, its employees, agents or assigns will be deemed a material breach of this Agreement.

33. Resource Conservation.

Chapter 5 of the San Francisco Environment Code (“Resource Conservation”) is incorporated herein by reference. Failure by Special Fund Trustee to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

34. Compliance with Americans with Disabilities Act.

The Special Fund Trustee acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a Special Fund Trustee, must be accessible to the disabled public. The Special Fund Trustee shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. The Special Fund Trustee agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Special Fund Trustee, its employees, agents or assigns will constitute a material breach of this Agreement.

35. Sunshine Ordinance.

In accordance with Administrative Code Section 67.24(e), contracts, the Special Fund Trustee’s bids, responses to solicitations and all other records of communications between the City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization’s net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

36. Public Access to Meetings and Records.

Only if the Special Fund Trustee receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the Administrative Code, the Special Fund Trustee shall comply with and be bound by all the applicable provisions of that Chapter and this Section; otherwise it will not be required to comply with or be bound by Chapter 12L of the Administrative Code and this Section. By executing this Agreement, the Special Fund Trustee agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the Administrative Code. The Special Fund Trustee further agrees to make good faith efforts to promote community

membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. The Special Fund Trustee acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Special Fund Trustee further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

37. Limitations on Contributions.

Through execution of this Agreement, the Special Fund Trustee acknowledges its obligations under Section 1.126 of the City's Campaign and Governmental Conduct Code ("Section 1.126"), which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (a) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve (12) months after the date the contract is approved. The Special Fund Trustee acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of one hundred thousand (\$100,000) or more. The Special Fund Trustee further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Special Fund Trustee's board of directors; the Special Fund Trustee's principal officers, including its chairperson, the chief executive officer, the chief financial officer and the chief operating officer; any person with an ownership interest of more than ten percent (10%) in Special Fund Trustee; and any subcontractor listed in the bid or contract; and within thirty (30) days of the submission of a proposal for the contract, the City is obligated to submit to the Ethics Commission the parties to the contract and any subcontractor listed as part of the proposal. Additionally, the Special Fund Trustee certifies that the Special Fund Trustee has informed each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 by the time it submitted a proposal for the contract and has provided to the Public Entities the names of the persons required to be informed.

38. Requiring Minimum Compensation for Covered Employees.

(a) Unless the Special Fund Trustee is exempt, the Special Fund Trustee agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of Special Fund Trustee's obligations under the MCO is set forth in this Section. Unless the Special Fund Trustee is exempt from such provisions under Section 41(i) hereof, the Special Fund Trustee is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

(b) The MCO requires Special Fund Trustee to pay Special Fund Trustee's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Special Fund Trustee is obligated to keep informed of the then-current requirements. Any subcontract entered into by Special Fund Trustee shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Special Fund Trustee's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If

any subcontractor under this Agreement fails to comply, the Public Entities may pursue any of the remedies set forth in this Section against Special Fund Trustee.

(c) Special Fund Trustee shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

(d) Special Fund Trustee shall maintain employee and payroll records as required by the MCO. If Special Fund Trustee fails to do so, it shall be presumed that the Special Fund Trustee paid no more than the minimum wage required under State law.

(e) The Public Entities are authorized to inspect Special Fund Trustee's job sites and conduct interviews with employees and conduct audits of Special Fund Trustee.

(f) Special Fund Trustee's commitment to provide the Minimum Compensation is a material element of the Public Entities' consideration for this Agreement. Any of the Public Entities, in its sole discretion, shall determine whether such a breach has occurred. The Public Entities and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Special Fund Trustee fails to comply with these requirements. Special Fund Trustee agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Special Fund Trustee's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(g) Special Fund Trustee understands and agrees that if it fails to comply with the requirements of the MCO, the Public Entities shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Special Fund Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Special Fund Trustee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Public Entities shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the Public Entities.

(h) Special Fund Trustee represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(i) If Special Fund Trustee is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with the Public Entities for the fiscal year is less than \$25,000, but Special Fund Trustee later enters into an agreement or agreements that cause Special Fund Trustee to exceed that amount in a fiscal year, Special Fund Trustee shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Special Fund Trustee and the Public Entities to exceed \$25,000 in the fiscal year.

39. Requiring Health Benefits for Covered Employees.

Unless the Special Fund Trustee is exempt (in which event it shall not be required to comply with Chapter 12Q or this Section), the Special Fund Trustee agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("HCAO"), as set forth in Administrative Code Chapter 12Q ("Chapter 12Q"), including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at

www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, the Special Fund Trustee shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Special Fund Trustee chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if the Special Fund Trustee is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.

(c) The Special Fund Trustee's failure to comply with the HCAO shall constitute a material breach of this Agreement. City shall notify Special Fund Trustee if such a breach has occurred. If, within thirty days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Special Fund Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, Special Fund Trustee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(d) Any Subcontract entered into by the Special Fund Trustee shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. The Special Fund Trustee shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Special Fund Trustee shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against the Special Fund Trustee based on the Subcontractor's failure to comply, provided that the City has first provided the Special Fund Trustee with notice and an opportunity to obtain a cure of the violation.

(e) The Special Fund Trustee shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City with regard to the Special Fund Trustee's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) The Special Fund Trustee represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) The Special Fund Trustee shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

(h) The Special Fund Trustee shall keep itself informed of the current requirements of the HCAO.

(i) The Special Fund Trustee shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(j) The Special Fund Trustee shall provide the City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

(k) The Special Fund Trustee shall allow the City to inspect Special Fund Trustee's job sites and have access to the Special Fund Trustee's employees in order to monitor and determine compliance with HCAO.

(l) The City may conduct random audits of the Special Fund Trustee to ascertain its compliance with HCAO. Special Fund Trustee agrees to cooperate with City when it conducts such audits.

(m) If the Special Fund Trustee is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but the Special Fund Trustee later enters into an agreement or agreements that cause the Special Fund Trustee's aggregate amount of all agreements with the City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Special Fund Trustee and the City to be equal to or greater than \$75,000 in the fiscal year.

40. Prohibition on Political Activity with City Funds.

In accordance with Administrative Code Chapter 12.G, the Special Fund Trustee may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. The Special Fund Trustee agrees to comply with Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event The Special Fund Trustee violates the provisions of this Section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit the Special Fund Trustee from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Special Fund Trustee's use of profit as a violation of this Section.

41. Preservative-treated Wood Containing Arsenic.

The Special Fund Trustee may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. The Special Fund Trustee may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude the Special Fund Trustee from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

42. Protection of Private Information.

The Special Fund Trustee has read and agrees, subject to the following sentence, to the terms set forth in Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. The Special Fund Trustee agrees that any failure of Special Fund Trustee to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Agreement provided that, notwithstanding anything herein or in the Administrative Code to the contrary, the foregoing shall not be construed to prohibit (i) disclosure of any and all information that is or becomes publicly known, or information obtained by Special Fund Trustee from sources other than the other parties hereto, (ii) disclosure of any and all information (A) if required to do so by any

applicable rule or regulation, (B) to any government agency or regulatory body having or claiming authority to regulate or oversee any aspects of Special Fund Trustee's business or that of its affiliates, (C) pursuant to any subpoena, civil investigative demand or similar demand or request of any court, regulatory authority, arbitrator or arbitration to which Special Fund Trustee or any affiliate or an officer, director, employer or shareholder thereof is a party or (D) to any affiliate, independent or internal auditor, agent, employee or attorney of Special Fund Trustee having a need to know the same, provided that Special Fund Trustee advises such recipient of the confidential nature of the information being disclosed, or (iii) any other disclosure authorized by the Public Entities and this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the Public Entities may terminate the Agreement, bring a false claim action against the Special Fund Trustee pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Special Fund Trustee.

43. Food Service Waste Reduction Requirements.

Effective June 1, 2007, the Special Fund Trustee agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance applicable to contractors with Public Entities, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, the Special Fund Trustee agrees that if it breaches this provision, the Public Entities will suffer actual damages that will be impractical or extremely difficult to determine; further, the Special Fund Trustee agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that the Public Entities will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by the Public Entities because of the Special Fund Trustee's failure to comply with this provision.

44. Graffiti Removal.

(a) Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the Public Entities' property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the Public Entities and their residents, and to prevent the further spread of graffiti.

(b) The Special Fund Trustee shall remove all graffiti from any real property owned or leased by the Special Fund Trustee in the City within forty-eight (48) hours of the earlier of the Special Fund Trustee's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require the Special Fund Trustee to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable

requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

45. Slavery Era Disclosure.

(a) The Special Fund Trustee acknowledges that this Agreement shall not be binding upon the Public Entities until the Director receives the affidavit required by the San Francisco Administrative Code's Chapter 12Y, "San Francisco Slavery Era Disclosure Ordinance."

(b) In the event the Director of Administrative Services finds that the Special Fund Trustee has failed to file an affidavit as required by Section 12Y.4(a) and this Agreement, or has willfully filed a false affidavit, the Special Fund Trustee shall be liable for liquidated damages in an amount equal to the Special Fund Trustee's net profit on the Agreement, 10% of the total amount paid to the Special Fund Trustee under the Agreement, or \$1,000, whichever is greatest as determined by the Director of Administrative Services. The Special Fund Trustee acknowledges and agrees that the liquidated damages assessed shall be payable to the City upon demand and may be set off against any monies due to the Special Fund Trustee from any agreement with the Public Entities.

(c) The Special Fund Trustee shall maintain records necessary for monitoring its compliance with this provision.

46. Qualified Personnel.

The Special Fund Trustee's work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of the Special Fund Trustee. The Special Fund Trustee will comply with the Public Entities' reasonable requests regarding assignment of personnel, but all personnel, including those assigned at the Public Entities' request, must be supervised by the Special Fund Trustee.

47. Responsibility for Equipment.

None of the Public Entities shall be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by the Special Fund Trustee, or by any of its employees, even though such equipment be furnished, rented or loaned to the Special Fund Trustee by the Public Entities.

48. Independent Contractor; Payment of Taxes and Other Expenses.

(a) Independent Contractor. The Special Fund Trustee or any agent or employee of the Special Fund Trustee shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by the Public Entities under this Agreement. The Special Fund Trustee or any agent or employee of the Special Fund Trustee shall not have employee status with the Public Entities, nor be entitled to participate in any plans, arrangements, or distributions by the City pertaining to or in connection with any retirement, health or other benefits that the Public Entities may offer their employees. Special Fund Trustee or any agent or employee of the Special Fund Trustee is liable for the acts and omissions of itself, its employees and its agents. The Special Fund Trustee shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to the Special Fund Trustee's performing services and work, or any agent or employee of the Special Fund Trustee providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between the Public Entities and the Special Fund Trustee or any agent or employee of the Special Fund Trustee. Any terms in this Agreement referring to direction from the Public Entities shall

be construed as providing for direction as to policy and the result of the Special Fund Trustee's work only, and not as to the means by which such a result is obtained. None of the Public Entities retains the right to control the means or the method by which the Special Fund Trustee performs work under this Agreement.

(b) Payment of Taxes and Other Expenses. Should the Public Entities, in either's discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that the Special Fund Trustee is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by the Special Fund Trustee which can be applied against this liability). The Public Entities, as applicable, shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past services performed by the Special Fund Trustee for the Public Entities, upon notification of such fact by the Public Entities, Contractor shall promptly remit such amount due or arrange with the Public Entities, as applicable, to have the amount due withheld from future payments to the Special Fund Trustee under this Agreement (again, offsetting any amounts already paid by the Special Fund Trustee which can be applied as a credit against such liability). A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, the Special Fund Trustee shall not be considered an employee of the Public Entities. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that the Special Fund Trustee is an employee for any other purpose, then the Special Fund Trustee agrees to a reduction in the Public Entities' financial liability so that the Public Entities' total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that the Special Fund Trustee was not an employee.

49. Submitting False Claims; Monetary Penalties.

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. The text of Section 21.35, along with the entire San Francisco Administrative Code is available on the web at https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_admin/0-0-0-2.

A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the Public Entities if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the Public Entities a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the Public Entities; (c) conspires to defraud the Public Entities by getting a false claim allowed or paid by the Public Entities; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the Public Entities; or (e) is a beneficiary of an inadvertent submission of a false claim to the Public Entities, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the Public Entities, as applicable, within a reasonable time after discovery of the false claim.

50. Special Fund Trustee's Compliance with City Business and Tax Regulations Code City Business and Tax Regulations Code.

Special Fund Trustee acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment the Public Entities are required to make to Special Fund Trustee under this Agreement is withheld, then none of the Public Entities will be in breach or

default under this Agreement, and the Treasurer and Tax Collector will authorize release of any payments withheld under this Section to Special Fund Trustee, without interest, late fees, penalties, or other charges, upon Special Fund Trustee coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

51. Consideration of Salary History.

Special Fund Trustee shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." Special Fund Trustee is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Agreement or in furtherance of this Agreement, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on Public Entities' property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Special Fund Trustee is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>. Special Fund Trustee is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

52. Repeal of Administrative Code Provisions.

To the extent that the City repeals any provision of the Administrative Code incorporated, set forth or referenced in Sections 19 through 51 hereof, other than pursuant to a restatement or amendment of any such provision, such provision, as incorporated, set forth or referenced herein, shall no longer apply to this Agreement or the Special Fund Trustee.

53. Non-Waiver of Rights.

The omission by the Public Entities at any time to enforce any default or right reserved to it under this Agreement, or to require performance of any of the terms, covenants, or provisions set forth in this Agreement, shall not be a waiver of any such default or right to which the Public Entities is entitled, nor shall it in any way affect the right of the Public Entities to enforce such provisions thereafter.

54. Section Headings and References.

The headings or titles of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement.

All references herein to "Sections" and other subsections are to the corresponding Sections or subsections of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or subsection hereof; and words of any gender shall mean and include words of the other genders.

55. Execution in Several Counterparts.

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Public Entities and the Special Fund Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

56. Governing Law.

This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California, applicable to the contracts made and performed in such State.

57. Notices.

Unless otherwise expressly stated herein, any notice or demand which by any provision of this Agreement is required or permitted to be given or served by any party may be given or served by being sent by any generally recognized express service, hand delivery, or deposited postage prepaid in a post office letter box addressed (until another address is specified by a party, and then, that address) as follows:

The Public Entities: **[Office of Public Finance]**

The Special Fund Trustee: [SPECIAL FUND TRUSTEE]

58. Amendments.

This Agreement may not be effectively amended, changed, modified, altered or terminated except in writing, executed by Public Entities and the Special Fund Trustee. The Special Fund Trustee shall execute any amendment to this Agreement as requested by the Public Entities except that the Special Fund Trustee shall have the right to refuse to execute any amendment to this Agreement to the extent it materially and adversely affects the rights of the Special Fund Trustee hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Public Entities have caused this Agreement to be signed in its name by their duly authorized officers, and the Special Fund Trustee has caused this Agreement to be signed in its name by its duly authorized officer, all as of the day and year first above written.

**TREASURE ISLAND DEVELOPMENT
AUTHORITY**

**CITY AND COUNTY OF SAN
FRANCISCO INFRASTRUCTURE AND
REVITALIZATION FINANCING
DISTRICT NO. 1 (Treasure Island)**

By: _____
Robert Beck
Treasure Island Director

By: _____
Anna Van Degna
Director of the Office of Public Finance

[SPECIAL FUND TRUSTEE],
a national banking association,
as Special Fund Trustee

**CITY AND COUNTY OF SAN
FRANCISCO, for itself and for and on
behalf of CITY AND COUNTY OF SAN
FRANCISCO COMMUNITY
FACILITIES DISTRICT NO. 2016-1
(Treasure Island)**

By: _____
[to come]

By: _____
Anna Van Degna
Director of the Office of Public Finance

APPROVED AS TO FORM:

DAVID CHIU,
City Attorney

By: _____
Mark Blake
Deputy City Attorney

EXHIBIT A
FORM OF
OFFICER’S CERTIFICATE REQUESTING DISBURSEMENT FROM NET AVAILABLE
FACILITIES INCREMENT SPECIAL ACCOUNT

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am an “Authorized Officer,” as such term is defined in that certain Special Fund Administration Agreement, dated as of _____, 20__ (the “Agreement”), by and among the City and County of San Francisco, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”) for itself and for and on behalf of the "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), a community facilities district and a legally constituted governmental entity established pursuant to the laws of the State of California (the “CFD”), the Treasure Island Development Authority, a California non-profit public benefit corporation (“TIDA”), the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [Special Fund Trustee], a national banking association organized and existing under the laws of the United States of America, as Special Fund Trustee (the “Special Fund Trustee”).

(ii) Under Section **Error! Reference source not found.** of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the Net Available Facilities Increment Special Account of the Net Available Increment Special Fund established under the Agreement to the following funds and accounts established under the specified IRFD Facilities Indenture:

Name of IRFD Facilities Indenture:

Name of Fund or Account	Amount (\$)
Interest Account	
Principal Account	
2022 Facilities Reserve Account	
[other reserve accounts, if any]	
Redemption Account	
[others to come]	

(iii) Under Section **Error! Reference source not found.** of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the Net Available Facilities Increment Special Account of the Net Available Increment Special Fund established under the Agreement to the following funds and accounts established under the specified Parity Facilities Debt Instrument (as defined in the IRFD Facilities Indenture designated in the preceding clause (ii)):

Name of Parity Facilities Debt Instrument:

Name of Fund or Account	Amount (\$)

(iv) Under Section 5 of the Agreement, the undersigned hereby represents that amounts received in the Bond Year (as defined in the IRFD Facilities Indenture designated in the preceding clause (ii)) ending September 1, 20__ and deposited into the Net Available Facilities Increment Special Account equal the aggregate amounts required to be transferred in such Bond Year (A) for deposit into the Interest Account, the Principal Account, the 2022 Facilities Reserve Account, any other reserve account held by the Trustee for Bonds that are not 2022 Related Facilities Bonds and the Redemption Account in such Bond Year and, if applicable, (B) with respect to any Parity Facilities Debt other than Bonds pursuant to the applicable Parity Facilities Debt Instrument/

Accordingly, the undersigned hereby directs the Special Fund Trustee to transfer the following amounts to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee. Payments shall be made by check or wire transfer to an account maintained within the United States in accordance with the payment instructions set forth on Schedule A (or the invoice attached thereto) and the Special Fund Trustee shall rely on such payment instructions with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein or the authority under which they were given.

(v) The proposed requisition from the Net Available Facilities Increment Special Account and expenditure of such moneys complies with the Financing Plan.

(vi) No portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed by requesting disbursement.

Capitalized terms used herein but not defined herein have the meaning given them in the Agreement.

Dated:

CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND)

By: _____
 Name: _____
 Title: _____

SCHEDULE A¹

Payee Name and Address	Purpose of Obligation

¹ May be applied by the IRFD for any lawful purpose of the IRFD, including but not limited to the repayment of the City for use of Conditional City Facilities Increment to pay debt service on the Facilities Bonds or any Parity Facilities Debt, payment of Subordinate Facilities Debt, payment of administrative expenses of the IRFD, or transfer to IRFD Qualified Project Costs Fund, among others.

EXHIBIT B
FORM OF
OFFICER’S CERTIFICATE REQUESTING DISBURSEMENT FROM NET AVAILABLE
HOUSING INCREMENT SPECIAL ACCOUNT

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am an “Authorized Officer,” as such term is defined in that certain Special Fund Administration Agreement, dated as of _____, 20__ (the “Agreement”), by and among the City and County of San Francisco, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”) for itself and for and on behalf of the "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), a community facilities district and a legally constituted governmental entity established pursuant to the laws of the State of California (the “CFD”), the Treasure Island Development Authority, a California non-profit public benefit corporation (“TIDA”), the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [Special Fund Trustee], a national banking association organized and existing under the laws of the United States of America, as Special Fund Trustee (the “Special Fund Trustee”).

(ii) Under Section 6 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the Net Available Housing Increment Special Account of the Net Available Increment Special Fund established under the Agreement to the following funds and accounts established under the specified IRFD Facilities Indenture:

Name of IRFD Housing Indenture:

Name of Fund or Account	Amount (\$)
Interest Account	
Principal Account	
2022 Housing Reserve Account	
[other reserve accounts, if any]	
Redemption Account	
[others to come]	

(iii) Under Section 6 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the Net Available Housing Increment Special Account of the Net Available Increment Special Fund established under the Agreement to the following funds and accounts established under the specified Parity Housing Debt Instrument (as defined in the IRFD Housing Indenture designated in the preceding clause (ii)):

Name of Parity Housing Debt Instrument:

Name of Fund or Account	Amount (\$)

(iv) Under Section 6 of the Agreement, the undersigned hereby represents that amounts received in the Bond Year (as defined in the IRFD Housing Indenture designated in the preceding clause (ii)) ending September 1, 20__ and deposited into the Net Available Housing Increment Special Account equal the aggregate amounts required to be transferred in such Bond Year (A) for deposit into the Interest Account, the Principal Account, the 2022 Housing Reserve Account, any other reserve account held by the Trustee for Bonds that are not 2022 Related Housing Bonds and the Redemption Account in such Bond Year and, if applicable, (B) with respect to any Parity Housing Debt other than Bonds pursuant to the applicable Parity Housing Debt Instrument/

Accordingly, the undersigned hereby directs the Special Fund Trustee to transfer the following amounts to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee. Payments shall be made by check or wire transfer to an account maintained within the United States in accordance with the payment instructions set forth on Schedule A (or the invoice attached thereto) and the Special Fund Trustee shall rely on such payment instructions with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein or the authority under which they were given.

(v) The proposed requisition from the Net Available Housing Increment Special Account and expenditure of such moneys complies with the Financing Plan.

(vi) No portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed by requesting disbursement.

Capitalized terms used herein but not defined herein have the meaning given them in the Agreement.

Dated:

CITY AND COUNTY OF SAN FRANCISCO
 INFRASTRUCTURE AND REVITALIZATION
 FINANCING DISTRICT NO. 1 (TREASURE
 ISLAND)

By: _____
 Name: _____
 Title: _____

SCHEDULE A²

Payee Name and Address	Purpose of Obligation

² May be applied by the IRFD for any lawful purpose of the IRFD, including but not limited to the repayment of the City for use of Conditional City Housing Increment to pay debt service on the Housing Bonds or any Parity Housing Debt, payment of Subordinate Facilities Debt, payment of administrative expenses of the IRFD, or transfer to IRFD Housing Fund, among others among others.

EXHIBIT C
FORM OF
OFFICER’S CERTIFICATE REQUESTING DISBURSEMENT FROM CONDITIONAL CITY
FACILITIES INCREMENT SPECIAL ACCOUNT

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am an “Authorized Officer,” as such term is defined in that certain Special Fund Administration Agreement, dated as of _____, 20__ (the “Agreement”), by and among the City and County of San Francisco, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”) for itself and for and on behalf of the "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), a community facilities district and a legally constituted governmental entity established pursuant to the laws of the State of California (the “CFD”), the Treasure Island Development Authority, a California non-profit public benefit corporation (“TIDA”), the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [Special Fund Trustee], a national banking association organized and existing under the laws of the United States of America, as Special Fund Trustee (the “Special Fund Trustee”).

(ii) Under Section 7 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the Conditional City Facilities Increment Special Account of the Conditional City Increment Special Fund established under the Agreement to the following funds and accounts established under the specified IRFD Facilities Indenture:

Name of IRFD Facilities Indenture:

Name of Fund or Account	Amount (\$)
Interest Account	
Principal Account	

(iii) Under Section 7 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the Conditional City Facilities Increment Special Account of the Net Available Increment Special Fund established under the Agreement to the following funds and accounts established under the specified Parity Facilities Debt Instrument (as defined in the IRFD Facilities Indenture designated in the preceding clause (ii)):

Name of Parity Facilities Debt Instrument:

Name of Fund or Account	Amount (\$)

(iv) Under Section 7 of the Agreement, the undersigned hereby represents that amounts received in the Bond Year (as defined in the IRFD Facilities Indenture designated in the preceding clause (ii)) ending September 1, 20__ and deposited into the Net Available Facilities Increment Special Account equal the aggregate amounts required to be transferred in such Bond Year (A) for deposit into the Interest Account, the Principal Account, the 2022 Facilities Reserve Account, any other reserve account held by the Trustee for Bonds that are not 2022 Related Facilities Bonds and

the Redemption Account in such Bond Year and, if applicable, (B) with respect to any Parity Facilities Debt other than Bonds pursuant to the applicable Parity Facilities Debt Instrument/

Accordingly, the undersigned hereby directs the Special Fund Trustee to transfer all of the amounts in the Conditional City Facilities Increment Special Account to the City using the following wire instructions:

[to come]

Capitalized terms used herein but not defined herein have the meaning given them in the Agreement.

Dated:

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1 (TREASURE
ISLAND)

By: _____
Name: _____
Title: _____

EXHIBIT D
FORM OF
OFFICER’S CERTIFICATE REQUESTING DISBURSEMENT FROM CONDITIONAL CITY
HOUSING INCREMENT SPECIAL ACCOUNT

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am an “Authorized Officer,” as such term is defined in that certain Special Fund Administration Agreement, dated as of _____, 20__ (the “Agreement”), by and among the City and County of San Francisco, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”) for itself and for and on behalf of the "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), a community facilities district and a legally constituted governmental entity established pursuant to the laws of the State of California (the “CFD”), the Treasure Island Development Authority, a California non-profit public benefit corporation (“TIDA”), the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [Special Fund Trustee], a national banking association organized and existing under the laws of the United States of America, as Special Fund Trustee (the “Special Fund Trustee”).

(ii) Under Section 8 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the Conditional City Housing Increment Special Account of the Conditional City Increment Special Fund established under the Agreement to the following funds and accounts established under the specified IRFD Housing Indenture:

Name of IRFD Housing Indenture:

Name of Fund or Account	Amount (\$)
Interest Account	
Principal Account	

(iii) Under Section 8 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the Conditional City Housing Increment Special Account of the Net Available Increment Special Fund established under the Agreement to the following funds and accounts established under the specified Parity Housing Debt Instrument (as defined in the IRFD Housing Indenture designated in the preceding clause (ii)):

Name of Parity Housing Debt Instrument:

Name of Fund or Account	Amount (\$)

(iv) Under Section 8 of the Agreement, the undersigned hereby represents that amounts received in the Bond Year (as defined in the IRFD Housing Indenture designated in the preceding clause (ii)) ending September 1, 20__ and deposited into the Net Available Facilities Increment Special Account equal the aggregate amounts required to be transferred in such Bond Year (A) for deposit into the Interest Account, the Principal Account, the 2022 Facilities Reserve Account, any other reserve account held by the Trustee for Bonds that are not 2022 Related Facilities Bonds and

the Redemption Account in such Bond Year and, if applicable, (B) with respect to any Parity Facilities Debt other than Bonds pursuant to the applicable Parity Facilities Debt Instrument/

Accordingly, the undersigned hereby directs the Special Fund Trustee to transfer all of the amounts in the Conditional City Facilities Increment Special Account to the City using the following wire instructions:

[to come]

Capitalized terms used herein but not defined herein have the meaning given them in the Agreement.

Dated:

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1 (TREASURE
ISLAND)

By: _____
Name: _____
Title: _____

EXHIBIT E
FORM
OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM
IRFD ADMINISTRATIVE COSTS ACCOUNT

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am an "Authorized Officer," as such term is defined in that certain Special Fund Administration Agreement, dated as of _____, 20__ (the "Agreement"), by and among the City and County of San Francisco, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the "City") for itself and for and on behalf of the "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), a community facilities district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "CFD"), the Treasure Island Development Authority, a California non-profit public benefit corporation ("TIDA"), the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [Special Fund Trustee], a national banking association organized and existing under the laws of the United States of America, as Special Fund Trustee (the "Special Fund Trustee").

(ii) Under Section 9 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the Administrative Costs Fund established under the Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of authorized costs as set forth in the Financing Plan, as described on attached Schedule A. Payments shall be made by check or wire transfer to an account maintained within the United States in accordance with the payment instructions set forth on Schedule A (or the invoice attached thereto) and the Special Fund Trustee shall rely on such payment instructions with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein or the authority under which they were given.

(iii) The proposed requisition from the IRFD Administrative Costs Fund and expenditure of such moneys complies with the Financing Plan.

(iv) No portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed by requesting disbursement.

Capitalized terms used herein but not defined herein have the meaning given them in the Agreement.

Dated:

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1 (TREASURE
ISLAND)

By: _____
Name: _____
Title: _____

SCHEDULE A

Payee Name and Address	Purpose of Obligation	Amount from IRFD Administrative Costs Fund

EXHIBIT F
FORM OF
OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM THE IRFD QUALIFIED
PROJECT COSTS FUND

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am an "Authorized Officer," as such term is defined in that certain Special Fund Administration Agreement, dated as of _____, 20__ (the "Agreement"), by and among the City and County of San Francisco, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the "City") for itself and for and on behalf of the "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), a community facilities district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "CFD"), the Treasure Island Development Authority, a California non-profit public benefit corporation ("TIDA"), the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [Special Fund Trustee], a national banking association organized and existing under the laws of the United States of America, as Special Fund Trustee (the "Special Fund Trustee").

(ii) Under Section 10 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the IRFD Qualified Project Costs Fund established under the Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of authorized costs as set forth in the Financing Plan, as described on attached Schedule A. Payments shall be made by check or wire transfer to an account maintained within the United States in accordance with the payment instructions set forth on Schedule A (or the invoice attached thereto) and the Special Fund Trustee shall rely on such payment instructions with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein or the authority under which they were given.

(iii) The proposed requisition from the IRFD Qualified Project Costs Fund and expenditure of such moneys complies with the Financing Plan.

(iv) No portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed by requesting disbursement.

Capitalized terms used herein but not defined herein have the meaning given them in the Agreement.

Dated:

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1 (TREASURE
ISLAND)

By: _____
Name: _____
Title: _____

SCHEDULE A

Payee Name and Address	Purpose of Obligation	Amount

EXHIBIT G
FORM OF
OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM THE IRFD HOUSING
FUND

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am an "Authorized Officer," as such term is defined in that certain Special Fund Administration Agreement, dated as of _____, 20__ (the "Agreement"), by and among the City and County of San Francisco, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the "City") for itself and for and on behalf of the "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), a community facilities district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "CFD"), the Treasure Island Development Authority, a California non-profit public benefit corporation ("TIDA"), the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [Special Fund Trustee], a national banking association organized and existing under the laws of the United States of America, as Special Fund Trustee (the "Special Fund Trustee").

(ii) Under Section 11 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the IRFD Housing Fund established under the Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of authorized costs as set forth in the Financing Plan, as described on attached Schedule A. Payments shall be made by check or wire transfer to an account maintained within the United States in accordance with the payment instructions set forth on Schedule A (or the invoice attached thereto) and the Special Fund Trustee shall rely on such payment instructions with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein or the authority under which they were given.

(iii) The proposed requisition from the IRFD Housing Fund and expenditure of such moneys complies with the Financing Plan.

(iv) No portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed by requesting disbursement.

Capitalized terms used herein but not defined herein have the meaning given them in the Agreement.

Dated:

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1 (TREASURE
ISLAND)

By: _____
Name: _____
Title: _____

SCHEDULE A

Payee Name and Address	Purpose of Obligation	Amount

EXHIBIT H

**FORM OF
OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM THE SERVICES
SPECIAL TAX FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am an "Authorized Officer," as such term is defined in that certain Special Fund Administration Agreement, dated as of _____, 20__ (the "Agreement"), by and among the City and County of San Francisco, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the "City") for itself and for and on behalf of the "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), a community facilities district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "CFD"), the Treasure Island Development Authority, a California non-profit public benefit corporation ("TIDA"), the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [Special Fund Trustee], a national banking association organized and existing under the laws of the United States of America, as Special Fund Trustee (the "Special Fund Trustee").

(ii) Under Section 12 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the Services Special Tax Fund established under the Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of authorized costs as set forth in the Financing Plan, the CFD Resolution of Formation and the applicable RMA, as described on attached Schedule A. Payments shall be made by check or wire transfer to an account maintained within the United States in accordance with the payment instructions set forth on Schedule A (or the invoice attached thereto) and the Special Fund Trustee shall rely on such payment instructions with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein or the authority under which they were given.

(iii) The proposed requisition from the Services Special Tax Fund and expenditure of such moneys complies with the Financing Plan, the CFD Resolution of Formation and the applicable RMA.

(iv) No portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed by requesting disbursement.

Capitalized terms used herein but not defined herein have the meaning given them in the Agreement.

Dated:

CITY AND COUNTY OF SAN FRANCISCO,
for and on behalf of CITY AND COUNTY OF
SAN FRANCISCO COMMUNITY
FACILITIES DISTRICT NO. 2016-1 (Treasure
Island)

By: _____
Name: _____
Title: _____

SCHEDULE A

Payee Name and Address	Purpose of Obligation	Amount

EXHIBIT I
FORM OF
OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM THE REMAINDER
TAXES PROJECT ACCOUNT

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am an "Authorized Officer," as such term is defined in that certain Special Fund Administration Agreement, dated as of _____, 20__ (the "Agreement"), by and among the City and County of San Francisco, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the "City") for itself and for and on behalf of the "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), a community facilities district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "CFD"), the Treasure Island Development Authority, a California non-profit public benefit corporation ("TIDA"), the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [Special Fund Trustee], a national banking association organized and existing under the laws of the United States of America, as Special Fund Trustee (the "Special Fund Trustee").

(ii) Prior to the Maintenance Commencement Date (as defined in the Financing Plan): Under Section 13 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the Remainder Taxes Project Account established under the Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of authorized costs as set forth in the Financing Plan, the CFD Resolution of Formation and the applicable RMA, as described on attached Schedule A. Payments shall be made by check or wire transfer to an account maintained within the United States in accordance with the payment instructions set forth on Schedule A (or the invoice attached thereto) and the Special Fund Trustee shall rely on such payment instructions with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein or the authority under which they were given. [Note: Prior to CFD Conversion Date, amounts in the Remainder Taxes Project Account shall be applied to finance Qualified Project Costs; after the CFD Conversion Date, amounts in the Remainder Taxes Project Account shall be applied to finance Additional Community Facilities or other uses authorized by the Mello-Roos Act]

(iii) After the Maintenance Commencement Date: Under Section 13 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to transfer the funds in the Remainder Taxes Project Account to the Remainder Taxes Holding Account.

(iv) The proposed requisition from the Remainder Taxes Project Account and expenditure of such moneys complies with the Financing Plan.

(iv) No portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed by requesting disbursement.

Capitalized terms used herein but not defined herein have the meaning given them in the Agreement.

Dated:

CITY AND COUNTY OF SAN FRANCISCO,
for and on behalf of CITY AND COUNTY OF
SAN FRANCISCO COMMUNITY
FACILITIES DISTRICT NO. 2016-1 (Treasure
Island)

By: _____
Name: _____
Title: _____

SCHEDULE A

Payee Name and Address	Purpose of Obligation	Amount

EXHIBIT J
FORM OF
OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM THE REMAINDER
TAXES HOLDING ACCOUNT

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am an "Authorized Officer," as such term is defined in that certain Special Fund Administration Agreement, dated as of _____, 20__ (the "Agreement"), by and among the City and County of San Francisco, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the "City") for itself and for and on behalf of the "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), a community facilities district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "CFD"), the Treasure Island Development Authority, a California non-profit public benefit corporation ("TIDA"), the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [Special Fund Trustee], a national banking association organized and existing under the laws of the United States of America, as Special Fund Trustee (the "Special Fund Trustee").

(ii) Under Section 14 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to transfer the funds in the Remainder Taxes Holding Account to the Ongoing Maintenance Account (\$_____) and/or the Remainder Taxes Project Account (\$_____).

(iii) The proposed requisition from the Remainder Taxes Holding Account and expenditure of such moneys complies with the Financing Plan.

(iv) No portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed by requesting disbursement.

Capitalized terms used herein but not defined herein have the meaning given them in the Agreement.

Dated:

TREASURE ISLAND DEVELOPMENT
AUTHORITY

By: _____
Name: _____
Title: _____

EXHIBIT K
FORM OF
OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM THE ONGOING
MAINTENANCE ACCOUNT

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am an "Authorized Officer," as such term is defined in that certain Special Fund Administration Agreement, dated as of _____, 20__ (the "Agreement"), by and among the City and County of San Francisco, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the "City") for itself and for and on behalf of the "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), a community facilities district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "CFD"), the Treasure Island Development Authority, a California non-profit public benefit corporation ("TIDA"), the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IRFD"), and [Special Fund Trustee], a national banking association organized and existing under the laws of the United States of America, as Special Fund Trustee (the "Special Fund Trustee").

(ii) Under Section 15 of the Agreement, the undersigned hereby requests and authorizes the Special Fund Trustee to disburse from the Ongoing Maintenance Account established under the Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of authorized costs as set forth in the Financing Plan, the CFD Resolution of Formation and the applicable RMA, as described on attached Schedule A. Payments shall be made by check or wire transfer to an account maintained within the United States in accordance with the payment instructions set forth on Schedule A (or the invoice attached thereto) and the Special Fund Trustee shall rely on such payment instructions with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein or the authority under which they were given.

(iii) The proposed requisition from the Ongoing Maintenance Account and expenditure of such moneys complies with the Financing Plan, the CFD Resolution of Formation and the applicable RMA.

(iv) No portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed by requesting disbursement.

Capitalized terms used herein but not defined herein have the meaning given them in the Agreement.

Dated:

TREASURE ISLAND DEVELOPMENT
AUTHORITY

By: _____
Name: _____
Title: _____

SCHEDULE A

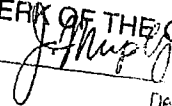
Payee Name and Address	Purpose of Obligation	Amount

FILED
Superior Court of California
County of San Francisco

MAY 9 - 2018

CLERK OF THE COURT

BY:



Deputy Clerk

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13 Attorneys for Plaintiffs
CITY AND COUNTY OF SAN FRANCISCO,
14 CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE
AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND), AND
15 TREASURE ISLAND DEVELOPMENT AUTHORITY

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA
17 COUNTY OF SAN FRANCISCO
18 UNLIMITED JURISDICTION

19 CITY AND COUNTY OF SAN
20 FRANCISCO, CITY AND COUNTY OF
SAN FRANCISCO INFRASTRUCTURE
21 AND REVITALIZATION FINANCING
DISTRICT NO. 1 (TREASURE ISLAND),
22 AND TREASURE ISLAND
DEVELOPMENT AUTHORITY,

23 Plaintiffs,

24 vs.

25 ALL PERSONS INTERESTED IN THE
26 MATTER OF CITY AND COUNTY OF SAN
FRANCISCO INFRASTRUCTURE AND
27 REVITALIZATION FINANCING DISTRICT
NO. 1 (TREASURE ISLAND), INCLUDING
28 THE INITIAL PROJECT AREAS THEREIN

Case No. CGC-17-557496

[PROPOSED] JUDGMENT

Hearing Date: May 7, 2018

Time: 11:00 a.m.

Place: Dept. 501

Judge: Hon. Ronald Evans Quidachay

Date Action Filed: March 10, 2017

Trial Date: April 9, 2018

[PROPOSED] JUDGMENT

1 AND THE INFRASTRUCTURE
2 FINANCING PLAN THEREFOR AND
3 AMENDMENTS THEREOF, PURSUANT
4 TO WHICH TAX INCREMENT WILL BE
5 ALLOCATED TO INFRASTRUCTURE
6 AND REVITALIZATION FINANCING
7 DISTRICT NO. 1 (TREASURE ISLAND),
8 INCLUDING THE ADOPTION OF
9 RESOLUTIONS AND AN ORDINANCE
10 AND THE AUTHORIZATION OF THE
11 MATTERS THEREIN, OWNERSHIP OF
12 PUBLIC IMPROVEMENTS BY TREASURE
13 ISLAND DEVELOPMENT AUTHORITY
14 AND ALL BONDS, DEBT, CONTRACTS
15 AND OTHER MATTERS AND
16 PROCEEDINGS RELATED THERETO,

17 Defendants.

18
19 Plaintiffs City and County of San Francisco (“City”), City and County of San
20 Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (“IRFD
21 No. 1”), and Treasure Island Development Authority, a California non-profit public benefit
22 corporation (“TIDA”) (collectively, “Plaintiffs”) came properly before the Court for review and
23 determination. The Court having reviewed the application, the supporting papers, the other papers
24 and pleadings on file in this action, and good cause appearing, hereby ORDERS, ADJUDGES AND
25 DECREES as follows:

26 1. Jurisdiction over all interested persons was obtained by:

27 (a) publishing the summons (the “Summons”) specified in the Revised
28 Order for Publication, Posting and Mailing Summons in a Validation Action issued by the Court on
April 11, 2017 (“Order”) pursuant to Code of Civil Procedure Section 861 and Government Code
Section 6063 in The San Francisco Examiner;

(b) within 10 days of the entry of the Order, posting a copy of the summons
in one public location in City Hall prior to completion of publication; and

(c) within 10 days of the entry of the Order, mailing copies of the
Summons and Complaint for Validation to Vincent J. Bartolotta, Jr., Karen R. Frostrom, David E.
Kleinfeld and Neal A. Markowitz at Thorsnes Bartolotta McGuire LLP, attorneys of record for

1 Ferunges Afifi, Karen Bosko, Evgueni Koulikov, Geoffrey Rayner and William Smith, individually
2 and purporting to be acting on behalf of all others similarly situated, plaintiffs in Case No. CGC-16-
3 555455, pending in Superior Court of the State of California, County of San Francisco. Plaintiffs
4 were prepared to mail copies of the Summons and Complaint for Validation to those persons, if any,
5 or their attorneys of record, who, not later than 10 days after publication of summons is complete, or
6 such other time as the Court may order, have notified in writing Plaintiffs' attorneys of record of their
7 interest in this matter or have filed a responsive pleading challenging the validity of the proceedings;
8 however, there were no such persons and therefore no such mailing was necessary.

9 2. The notice procedures were in accordance with the Validation Statute, and the
10 notice provided by the Plaintiffs in this action, provide due and proper notice to all persons interested
11 in the subject matter of this action, and pursuant to such notice, this Court has jurisdiction over all
12 persons and the subject matter of this action.

13 3. On May 19, 2017, Defendants Fergunges Afifi, Karen Bosko, Evgueni
14 Koulikov, Geoffrey Rayner, and William Smith, which were the parties served the Summons as noted
15 in Paragraph 1(c) above, filed an unverified Answer to Complaint for Validation ("Answer").

16 4. On March 9, 2018, this Court granted Plaintiffs' Motion for Judgment on the
17 Pleadings Without Leave to Amend with respect to the Answer on the grounds that the unverified
18 Answer was wholly unresponsive to the Complaint for Validation and the limitations period for
19 responding to the Plaintiffs' validation action had expired.

20 5. On the First Cause of Action, the Court hereby determines that:

21 (a) This action is properly brought under Government Code Section
22 53511, Sections 53369.7 and 53369.8, forming a part of Chapter 2.6 of Part 1 of Division 2 of Title
23 5 of the California Government Code (Gov. Code § 53369 et seq.) ("IRFD Law") and Code of Civil
24 Procedure 860 *et seq.* ("Validation Statute").

25 (b) All proceedings by and for City and IRFD No. 1 in connection with the
26 IFP, the Bonds and the Bond Contracts, including without limitation the Resolutions and the
27 Ordinance, and all other matters authorized therein, were, are and will be in conformity with the
28 applicable provisions of all laws and enactments at any time in force or controlling upon such

1 proceedings, whether imposed by law, constitution, statute, charter or ordinance, and whether federal,
2 state or municipal, and were, are and will be in conformity with all applicable requirements of
3 regulatory bodies, agencies or officials having or asserting authority over said proceedings or any part
4 thereof.

5 (c) All conditions, things and acts required by law to exist, happen or be
6 performed precedent to the adoption of the Resolutions and Ordinance, and the terms and conditions
7 thereof, including the authorization for the execution, delivery and performance of the IFP, the Bonds,
8 the Bond Contracts, the Resolutions and the Ordinance, and all other matters authorized therein,
9 including the division of taxes described in the IFP, have existed, happened and been performed in
10 the time, form and manner required by law.

11 (d) The exercise by the City of the State Legislature's Constitutional
12 authority to apportion property tax revenue to districts, which the State Legislature delegated to the
13 City in the IRFD Law and which the City exercised by approving the IFP, is in accordance with
14 Article XIII A of the California Constitution and does not violate the provisions of Article XVI,
15 Section 18 of the California Constitution (the "Constitutional Debt Limit"), which generally limits
16 the authority of counties, cities, towns, townships, boards of education, and school districts to incur
17 indebtedness or liability exceeding in any year the income and revenue provided for such year without
18 the assent of two-thirds of the voters of the public entity voting at an election to be held for that
19 purpose.

20 (e) Upon issuance, levy, or execution and delivery thereof, as applicable,
21 the IFP, the Bonds, the Bond Contracts, the Resolutions and the Ordinance, and all other matters
22 authorized therein, will be and are valid, legal and binding obligations of the parties thereto in
23 accordance with their terms.

24 (f) The establishment of IRFD No. 1 by the City and the allocation by the
25 City to IRFD No. 1 of incremental property tax revenue generated in the Initial Project Areas without
26 a two-thirds vote of the qualified electors in the City are in accordance with Article XIII A of the
27 California Constitution and do not violate the Constitutional Debt Limit because the State Legislature
28

1 properly delegated to the City its constitutional power to allocate incremental property tax revenue to
2 districts.

3 (g) Because the IRFD Law authorizes IRFD No. 1 to issue the Bonds, the
4 Bonds will be payable from a special fund established pursuant to the IRFD Law and IRFD No. 1 is
5 not subject to the Constitutional Debt Limit, the issuance by the City or IRFD No. 1 of the Bonds
6 without a two-thirds vote of the qualified electors in the City does not violate the Constitutional Debt
7 Limit.

8 (h) IRFD No. 1 is authorized to use property tax revenues allocated to
9 IRFD No. 1 from the Initial Project Areas to pay the costs of administering IRFD No. 1.

10 (i) The allocation to IRFD No. 1 by the Board of Supervisors of specific
11 percentages of incremental property tax revenues from the Initial Project Areas as set forth in the IFP
12 will be and is valid, legal, binding and irrevocable from and after the effective date of the Ordinance,
13 and such incremental property tax revenues are available to be pledged to the Bonds.

14 (j) The Board of Supervisors has the legal authority to approve by
15 ordinance pursuant to the procedures set forth in the IFP certain amendments of the IFP described in
16 the IFP and any other amendments of the IFP consistent with the IRFD Law, and the IFP, as amended
17 by any such amendment, is legal, valid and binding, and all actions of the City, IRFD No. 1 and TIDA
18 in accordance with the IFP, as amended, shall be valid, legal and binding obligations of the City,
19 IRFD No. 1 and TIDA, respectively.

20 (k) TIDA is a public agency, and an instrumentality and authority of the
21 City and/or the State of California.

22 (l) The costs for densification and compression of ground upon which
23 public infrastructure and private improvements are expected to be built may be financed under the
24 IRFD Law.

25 (m) The following process will govern the judicial validation of future
26 annexations of property on Yerba Buena Island and Treasure Island into IRFD No. 1:

27 (i) The Court will retain continuing jurisdiction over the validation
28 cause of action and judgment sought herein for the sole purpose of amending the

1 judgment to validate issues related to the future annexations of property on Yerba
2 Buena Island and Treasure Island into IRFD No. 1 occurring after entry of such
3 judgment.

4 (ii) Following each annexation of property into IRFD No. 1, Plaintiffs will
5 file a supplemental validation action setting forth (1) a description of the property that
6 has been annexed into IRFD No. 1 and that is, accordingly, the subject of the
7 supplemental action, (2) a summary of the requested amended judgment, and
8 (3) applicable causes of action and prayers for relief. The other components of this
9 action, including a recitation of background facts, may be dispensed with. Plaintiffs
10 will file in any such supplemental validation action a Notice of Related Case
11 identifying the within action and judgment.

12 (iii) The continuing jurisdiction of the Court over any such validation action
13 and judgment for the limited purpose of amending them to address the related issues
14 raised by the future annexations will last for no longer than 30 days following the
15 effective date of the ordinance approving the final annexation of territory into IRFD
16 No. 1.

17 (iv) Any request for an amended judgment will be made after compliance
18 with the Validation Statute and any amended judgment will be entered in conformity
19 with state statutes, rules and case authority regarding judgments and amended
20 judgments.

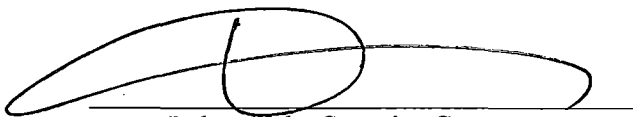
21 (v) The foregoing process for future judicial validations of future
22 annexations of property on Yerba Buena Island and Treasure Island into IRFD No. 1
23 and entry of an amended judgment will not in any way alter the judgment received in
24 this action, other than with respect to the applicable future annexation territory.

25 6. The Court hereby permanently enjoins and restrains all persons from the
26 institution of any action or proceeding challenging, *inter alia*, the validity of IRFD No. 1, the Bonds,
27 the Bond Contracts, the IFP, the Resolutions and the Ordinance and any other related contracts or
28 agreements or actions authorized by the City, or IRFD No. 1 in connection with the financing program

1 described in the IFP and the Resolutions and the Ordinance, or any matters herein adjudicated or
2 which at this time could have been adjudicated against the Plaintiffs and against all other persons.

3 All capitalized terms used but not defined herein have the meanings given to such terms in
4 Plaintiff's Complaint for Validation.

5
6 Dated: 5/7/18
7

8 
9 Judge of the Superior Court

10 RONALD E. QUIDACHAY
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SUBORDINATE PLEDGE AGREEMENT

by the

CITY AND COUNTY OF SAN FRANCISCO

for the benefit of the

UNITED STATES OF AMERICA

Dated as of May 29, 2015

**Related to
Treasure Island Infrastructure Financing District**

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SUBORDINATE PLEDGE AGREEMENT

THIS SUBORDINATE PLEDGE AGREEMENT (this “**Subordinate Pledge Agreement**”), is made as of May 29, 2015, by the CITY AND COUNTY OF SAN FRANCISCO, a charter city and county (the “**City**”), for and on behalf of the Treasure Island Infrastructure Financing District (or any future infrastructure financing district created by the City for Treasure Island) (the “**Pledging IFD**”), for the benefit of the UNITED STATES OF AMERICA, acting by and through the Department of the Navy (the “**Navy**”);

RECITALS:

1. The Treasure Island Development Authority (the “**Authority**”) and the Navy are parties to an *Economic Development Conveyance Memorandum of Agreement between the United States of America and the Treasure Island Development Authority for the Conveyance of the Naval Station Treasure Island*, dated July 2, 2014 (the “**EDC MOA**”).
2. Pursuant to Section 4.2.11.2 of the EDC MOA, the Authority agreed to sign and deliver to the Navy through escrow at the Initial Closing (as defined in the EDC MOA) a Promissory Note (as defined in the EDC MOA) in the principal amount of the Initial Consideration (as defined in the EDC MOA), and agreed that the Promissory Note would be secured, to the extent the rents, issues and profits assigned under an Assignment of Rents (as defined in the EDC MOA) are not sufficient to cover the unpaid principal and interest due under the Promissory Note for the Initial Consideration, by a Subordinate Pledge (as defined in the EDC MOA) of Net Available Tax Increment Revenues (as defined in the EDC MOA) generated from the Navy Real Property (as defined in the EDC MOA) prior to or after a conveyance under the EDC MOA, and that the Subordinate Pledge would be subordinate to the pledge of Net Available Tax Increment Revenues to the holders of any bonded indebtedness and to the Developer under the DDA.
3. The Authority and Treasure Island Community Development, LLC (the “**Developer**”) are parties to a Development and Disposition Agreement dated as of June 28, 2011 (the “**DDA**”).
4. The City and the Developer are parties to a Development Agreement dated as of June 28, 2011 (the “**Development Agreement**”).
5. A Financing Plan is attached as Exhibit EE to and is a part of the DDA, and is attached as Exhibit D to and is a part of the Development Agreement (the “**Financing Plan**”).
6. The City agrees in Section 3.1 of the Financing Plan that at any time, and from time to time, after the Authority acquires all or part of the Project Site (as defined in the Financing Plan) from the Navy, the Developer may request in writing that the City establish one or more infrastructure financing districts (“**IFDs**”) under Government Code Section 53395 et seq., as amended from time to time (the “**IFD Act**”), over all or any part of the property so acquired, and that, as soon as reasonably practical after receipt of a written request from the Developer, the City will establish an IFD over all of the property identified in the written request.

7. In Section 3.4 of the Financing Plan, (i) the City agrees that each IFD, when formed, will irrevocably pledge the Net Available Increment (as defined in the Financing Plan) from the IFD to the financing of the Qualified Project Costs (as defined in the Financing Plan), to the repayment of any Conditional City Increment (as defined in the Financing Plan) used to pay debt service on IFD Debt (as defined in the Financing Plan) for such IFD in the manner set forth in the Financing Plan and to any IFD Debt issued for such IFD and (ii) the City and the Developer acknowledge in Section 3.4 of the Financing Plan that each IFD will make a subordinate pledge of Net Available Increment pursuant to the Navy as required by the EDC MOA. The definition of Net Available Tax Increment Revenues in the EDC MOA is equivalent to the definition of Net Available Increment under the Financing Plan, and the subordination of the Net Available Increment in the manner set forth in this Subordinate Pledge Agreement shall satisfy the requirements of the EDC MOA. Accordingly, the term "Net Available Increment" as defined in the Financing Plan shall be the subject of this Subordinate Pledge Agreement.

8. The City, on behalf of the Pledging IFD, wishes to provide for the subordinate pledge of Net Available Increment required by the EDC MOA, all on the terms and conditions further set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained in this Subordinate Pledge Agreement, the City, on behalf of the Pledging IFD, hereby agrees as follows:

ARTICLE I

DEFINITIONS; TERM

Section 1.01. Definitions. Unless the context clearly otherwise requires or unless otherwise defined in this Subordinate Pledge Agreement, the capitalized terms in this Subordinate Pledge Agreement shall have the respective meanings given them in the EDC MOA or the Financing Plan, as applicable.

Section 1.02. Rules of Construction. All references in this Subordinate Pledge Agreement to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Subordinate Pledge Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Subordinate Pledge Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03. Term of Agreement. This Subordinate Pledge Agreement shall become effective upon its execution and delivery by the City, on behalf of the Pledging IFD, and shall continue in effect until there has been paid to the Navy all amounts owed under the Promissory Note for the Initial Consideration.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of the City. The City hereby represents and warrants to the Navy as follows:

(a) The City is a charter city and county, organized and existing under and by virtue of the Constitution of the State with full power, on behalf of the Pledging IFD, to execute this Subordinate Pledge Agreement and authority to perform its obligations hereunder.

(b) The execution and delivery of the Subordinate Pledge Agreement and the performance of its obligations hereunder and thereunder has been duly authorized by the City.

(c) The Subordinate Pledge Agreement has been executed and delivered by the City on behalf of the Pledging IFD and constitutes the legal, valid and binding obligation of the City on behalf of the IFD enforceable upon the City in accordance with its terms.

(d) The execution and delivery of the Subordinate Pledge Agreement by the City on behalf of the Pledging IFD and the consummation of the transactions on its part contemplated hereby and thereby do not conflict with or constitute a breach of or a default under or result in a violation of (i) the IFD Act, (ii) any constitutional or statutory provision or order, rule, regulation or ordinance, or any order, decree or judgment of any court or governmental authority having jurisdiction over the City, the Pledging IFD or any of its properties, or (iii) any agreement or instrument to which it is a party or by which it is bound.

(e) There is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending against or threatened against or affecting the City or the Pledging IFD wherein an unfavorable decision, ruling or finding would adversely affect (i) the validity or enforceability of, or the authority or ability of the City, on behalf of the Pledging IFD, to perform its obligations under the Subordinate Pledge Agreement, or (ii) the transactions contemplated to be performed by the City, on behalf of the Pledging IFD, under the Subordinate Pledge Agreement.

(f) The pledge of the Net Available Increment in the manner set forth in this Subordinate Pledge Agreement does not violate the IFD Act.

ARTICLE III

PLEDGE AND IFD PLEDGE PAYMENTS

Section 3.01. Subordinate Pledge. Subject only to (i) Section 3.02 of this Subordinate Pledge Agreement describing the priority in which the Net Available Increment shall be applied during any IFD Debt Year (as defined below), (ii) the prior and superior pledge of the Net Available Increment pursuant to the DDA and the DA to any IFD Debt or other Public Financing

outstanding at any time and (iii) the prior and superior pledge of the Net Available Increment for the uses set forth in the Financing Plan (including, but not limited to, the payment to the Developer for the financing of Qualified Project Costs pursuant to the DDA and the DA), all of the Net Available Increment is hereby pledged to secure the Authority's obligation to make Installment Payments to the Navy in accordance with the Promissory Note for the Initial Consideration in the manner set forth in Clause Third of Section 3.02(a). Said pledge shall constitute a lien on and security interest in the Net Available Increment and shall attach, be perfected and be valid and binding from and after the date hereof, without any physical delivery thereof or further act. Except for the Net Available Increment, no funds or properties of the City or the Pledging IFD shall be pledged to, or otherwise liable for, the satisfaction of the City's obligations, on behalf of the Pledging IFD, under this Subordinate Pledge Agreement.

Section 3.02. IFD Pledge Payments.

(a) The City, on behalf of the Pledging IFD, will establish a special fund (the "**Special Fund**"), which will be held by the City, on behalf of the Pledging IFD. Because the City, on behalf of the Pledging IFD, anticipates that any IFD Debt with a fixed interest rate will have a principal payment date of September 1 with interest payments on March 1 and September 1, the City, on behalf of the Pledging IFD, hereby establishes an "**IFD Debt Year**" for purposes of this Subordinate Pledge Agreement as the 12-month period ending on September 1. If for any reason the IFD Debt has a different principal payment date, the IFD Debt Year will be revised to terminate on the principal payment date.

The City, on behalf of the Pledging IFD, will deposit all of the Net Available Increment received by the Pledging IFD in an IFD Debt Year into the Special Fund and will apply amounts in the Special Fund as follows, with each obligation to be satisfied in its entirety before Net Available Increment is applied to the next obligation:

First: Pay or set aside the amount of such Net Available Increment that is needed in that IFD Debt Year to pay debt service on any outstanding IFD Debt or other Public Financing secured by such Net Available Increment, or to replenish a debt service reserve fund for any such outstanding IFD Debt or other Public Financing.

Second: Repay the City for the use of any Conditional City Increment allocated to the Pledging IFD in order to pay debt service on any IFD Debt of such Pledging IFD.

Third: Apply the Net Available Increment without restriction by this Subordinate Pledge Agreement to any other purposes and in the priority set forth in the Financing Plan, including, but not limited to, paying or reimbursing Developer for Qualified Project Costs. However, only upon the occurrence of and for the duration of any event of default by Developer under the DDA that causes a default in the payment of an Installment Payment, the City, on behalf of the Pledging IFD, agrees to withhold from Developer all Net Available Increment to be paid to Developer pursuant to this Clause Third and apply such withheld Net Available Increment to pay to the Navy an amount equal to any deficiency in amounts payable to the Navy by the Authority for the Installment Payment due in that or any previous IFD Debt Year. Any such payment to the Navy described in

this Clause Third is referred to in this Subordinate Pledge Agreement as an “**IFD Pledge Payment.**”

(b) On the final day of each IFD Debt Year, any Net Available Increment remaining in the Special Fund after payment of the amounts required above shall be released from the pledge and lien hereunder and shall be used by or on behalf of the Pledging IFD for any other purposes and in the priority set forth in the Financing Plan.

ARTICLE IV

COVENANTS OF THE CITY

Section 4.01. Punctual Payment. The City, on behalf of the Pledging IFD, will punctually pay or cause to be paid to the Navy the IFD Pledge Payments in strict conformity with the terms of this Subordinate Pledge Agreement, and the City, on behalf of the Pledging IFD, will faithfully observe and perform all of the conditions, covenants and requirements of it under this Subordinate Pledge Agreement.

Section 4.02. No Limit on IFD Debt; Public Financing. Nothing in this Subordinate Pledge Agreement shall in any way limit the City, on behalf of the Pledging IFD, or the Pledging IFD from pledging the Net Available Increment to or issuing IFD Debt or any other Public Financing for the purpose of financing Qualified Project Costs.

Section 4.03. Protection of Security. The City, on behalf of the IFD, agrees to contest any assertion by any officer of any governmental entity or any other person with respect to the enforceability of the City’s obligations on behalf of the Pledging IFD hereunder. From and after execution and delivery of this Subordinate Pledge Agreement, the City’s obligations hereunder on behalf of the IFD shall be incontestable by the City.

Section 4.04. Further Assurances. The City, on behalf of the Pledging IFD, will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the obligations on its part under this Subordinate Pledge Agreement.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) Failure by the City, on behalf of the Pledging IFD, to make IFD Pledge Payments when and as the same shall become due and payable.

(b) Failure by the City, on behalf of the Pledging IFD, to observe or perform any of its obligations under this Agreement or if the City is otherwise in breach of this Agreement, after having been provided written notice and failing to cure the default within thirty (30) days after such notice.

(c) The filing by the Pledging IFD of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Pledging IFD, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Pledging IFD or of the whole or any substantial part of its property.

If an Event of Default has occurred and is continuing, the Navy may exercise any remedies available to the Navy in law or at equity. Immediately upon becoming aware of the occurrence of an Event of Default, the Navy shall give notice of such Event of Default to the City by telephone, fax or other telecommunication device, promptly confirmed in writing.

Section 5.02. No Waiver. Nothing in this Article V or in any other provision of this Subordinate Pledge Agreement shall affect or impair the obligation of the City, which is absolute and unconditional, to apply Net Available Increment as set forth in this Subordinate Pledge Agreement, or affect or impair the right of action, which is also absolute and unconditional, of the Navy to institute suit to enforce such payment by virtue of the contract embodied in this Subordinate Pledge Agreement.

A waiver of any default by the Navy shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Navy to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Navy by this Article V may be enforced and exercised from time to time and as often as shall be deemed expedient by the Navy.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Navy, the City and the Navy shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 5.03. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Navy is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by law.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Limited Liability for the Installment Payments. Neither the City nor the Pledging IFD shall have any liability for payment of the Installment Payments except as set forth in Sections 3.01 and 3.02 hereof.

Section 6.02. Benefits Limited to Navy. Nothing in this Subordinate Pledge Agreement, expressed or implied, is intended to give to any person other than the Navy any right, remedy or claim under or by reason of this Subordinate Pledge Agreement. All covenants, stipulations, promises or agreements in this Subordinate Pledge Agreement contained by and on behalf of the City, on behalf of the Pledging IFD shall be for the sole and exclusive benefit of the Navy.

Section 6.03. Successor is Deemed Included in All References to Predecessor; Assignment. Whenever in this Subordinate Pledge Agreement any of the City, the Pledging IFD or the Navy is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Subordinate Pledge Agreement contained by or on behalf of the City, on behalf of the Pledging IFD, or on behalf of the Navy shall bind and inure to the benefit of the successors and assigns of the City, the Pledging IFD, or the Navy, respectively, whether so expressed or not.

The City shall not assign any of its rights or responsibilities on behalf of the Pledging IFD under this Subordinate Pledge Agreement without the prior written consent of the Navy.

Section 6.04. Amendment. This Subordinate Pledge Agreement may be amended by the City, on behalf of the IFD, with the prior written consent of the Navy.

Section 6.05. Waiver of Personal Liability. No member, officer, agent or employee of the City or the Pledging IFD shall be individually or personally liable for the obligations of the City on behalf of the Pledging IFD under this Subordinate Pledge Agreement; but nothing contained in this Subordinate Pledge Agreement shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 6.06. Notices. All written notices to be given under this Subordinate Pledge Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other in writing from time to time. Notice shall be effective 48 hours after deposit in the United States mail, postage prepaid or, in the case of personal delivery to any person, upon actual receipt at the address set forth below:

If to the Navy:

At the addresses set forth in the EDCMOA

If to the City:

Ms. Nadia Sesay

Director of Public Finance
City Hall, Rm. 336
1 Dr. Carleton B. Goodlett Pl.
San Francisco, CA 94012

and to:


Mr. Robert Beck
Treasure Island Director
Treasure Island Development Authority
One Avenue of the Palms, Suite 241
Treasure Island
San Francisco, CA 94130

Section 6.07. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Subordinate Pledge Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the remainder of this Subordinate Pledge Agreement.

Section 6.08. Applicable Law. This Subordinate Pledge Agreement shall be governed by and construed in accordance with the laws of the State.

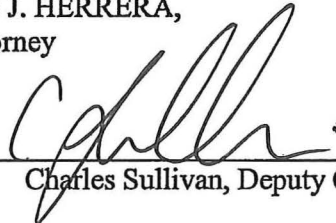
IN WITNESS WHEREOF, the City, on behalf of the Pledging IFD, intending to be legally bound hereby, has caused its duly appointed representatives to execute this Subordinate Pledge Agreement as of the date set forth above.

**CITY AND COUNTY OF SAN FRANCISCO, for and
on behalf of the Treasure Island Infrastructure
Financing District**

By: 
Name: Nadia Sesay
Title: Director of Public Finance

Approved as to form:

**DENNIS J. HERRERA,
City Attorney**

By: 
Name: Charles Sullivan, Deputy City Attorney

Approved on June 24, 2014

Board of Supervisors Resolution No. 212-14

PROMISSORY NOTE
(Initial Consideration)

\$55,000,000.00

May 21, 2015

FOR VALUE RECEIVED, the undersigned, the TREASURE ISLAND DEVELOPMENT AUTHORITY ("*Maker*"), promises to pay to the order of the UNITED STATES OF AMERICA, acting by and through the Department of the Navy ("*Payee*"), the principal sum of FIFTY-FIVE MILLION AND 00/100 DOLLARS (\$55,000,000.00), or so much thereof as may from time to time be owing hereunder by Maker to or for the account of Payee in lawful money of the United States of America, which shall at the time of payment be legal tender in payment of all debts and dues, public and private.

This Promissory Note ("*Note*") is given in furtherance and in consideration of payment of the Initial Consideration, as defined in and provided pursuant to that certain Economic Development Conveyance Memorandum of Agreement between Maker and Payee, dated as of July 2, 2014 (the "*EDC MOA*"). All initially capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the EDC MOA.

1. Payment of Principal and Interest.

(a) Subject to the provisions contained in clause (b) below, Maker shall pay the principal balance of this Note and accrued interest thereon as follows:

(i) Commencing on the Initial Closing Date, Maker shall pay to Payee Five Million Five Hundred Thousand and 00/100ths Dollars (\$5,500,000.00) (the "*Installment Payment*") of the principal balance of this Note; and

(ii) On each Anniversary Date of the Initial Closing Date until the Maturity Date (as defined below), Maker shall pay an amount equal to the Installment Payment as a principal payment, together with all interest that has accrued hereunder as of such date.

As used herein, "*Initial Closing Date*" means the date when the Initial Closing occurs under the EDC MOA.

(b) Payments by Maker of each Installment Payment on any due date shall be subject to adjustment as follows:

(i) Subject to Section 4.2.1 of the EDC MOA, if at any time or from time to time, Payee conveys any Parcel to a third party pursuant to Section 3.8.4 of the EDC MOA, then the outstanding principal balance of this Note shall be reduced by an amount equal to the amount of consideration received by Payee from the sale or transfer of such Parcel (the "*Parcel Sale Consideration Amount*") up to the remaining outstanding principal balance of this Note. After such reduction, any interest payable hereunder shall be on the outstanding principal balance of this Note less the Parcel Sale Consideration Amount.

(ii) In accordance with Section 4.2.1 of the EDC MOA, if at any time or from time to time, Payee conveys any Parcel to a third party pursuant to Section 3.8.4 of the EDC MOA, then Payee shall receive a credit equal to the interest paid by Authority to Navy from the Initial Closing through the date of the third-party sale calculated on the Parcel Sale Consideration Amount (the "*Parcel Sale Interest Credit*"). The Parcel Sale Interest Credit shall be applied as a credit to the next Installment Payments becoming due under this Note until the credit for the Parcel Sale Interest Credit has been applied in full. If insufficient Installment Payments remain to fully use the credit for the Parcel Sale Interest Credit, then such balance shall be carried forward and applied against any Additional Consideration payable by Maker to Payee under the EDC MOA.

(iii) Pursuant to Sections 4.2.4 and 4.2.5 of the EDC MOA (and subject to other applicable provisions of the EDC MOA related to tolling, including Sections 4.2.6 and 4.2.7 of the EDC MOA), if Payee fails to meet a Site 12 Performance Benchmark or Parcels 21, 30, 30N, 30S, 31, 24A, Building 3 or Building 233 Performance Benchmarks within the time provided in the EDC MOA, including by reason of an Excusable Delay, which Performance Benchmarks shall apply individually and separately to each such parcel, then Maker's obligation to pay any future Installment Payment and accrued interest when provided in clause (a)(ii) above will be tolled for the same number of days occurring between the applicable Performance Benchmark date and the date on which the applicable Performance Benchmark is satisfied. If such tolling occurs, then the due date for all future Installment Payments and accrued interest under clause (a)(ii) above and the Maturity Date shall be adjusted for the period of tolling. For example, if the Site 12 Performance Benchmark in Section 4.2.2 of the EDC MOA relating to the Site 12 ROD must be satisfied by August 1, 2013, the next subsequent Installment Payment was due on January 1, 2014, and such Performance Benchmark was satisfied on April 1, 2014 (a delay of 243 days), then the next Installment Payment would be due on September 1, 2014 (i.e. 243 days from the original Anniversary Date of January 1, 2014), and all future Installment Payments would be due on September 1 of subsequent years in the Initial Consideration Term unless further tolled.

(iv) Pursuant to Section 4.2.10 of the EDC MOA (and subject to determination in accordance with Section 4.3.7.2 of the EDC MOA and the audit provisions set forth in Section 4.3.8 of the EDC MOA), the principal balance of this Note shall be reduced by an amount up to the total amount of either (A) the Redesign Costs set forth in the Redesign Budget, or (B) the Redesign Costs actually incurred by Developer and Maker if such amount exceeds the Redesign Costs set forth in the Redesign Budget (the "*Redesign Costs Credit*"). Any Redesign Costs Credit amount shall be applied to reduce the next Installment Payment becoming due under this Note, and interest shall not thereafter accrue on any such Redesign Costs Credit amount.

(v) Pursuant to Section 27.3.5 of the EDC MOA, the principal balance of this Note shall be reduced by an amount up to fifty percent (50%) of the full amount of an Arbitrator's fees and costs, including such Arbitrator's consultant costs (an "*Arbitrator's Costs Credit*"). Any Arbitrator's Costs Credit amount shall be applied to reduce the next Installment Payment becoming due under this Note, and interest shall not thereafter accrue on any such Arbitrator's Costs Credit amount.

(c) Interest shall accrue on the outstanding principal balance of this Note at a per annum rate equal to 4.13% (the "*Interest Rate*") beginning on the Initial Closing Date and continuing thereafter until the entire balance of this Note is paid in full, on the basis of a 360-day year and the number of days elapsed.

(d) Each payment hereunder shall be payable to the U.S. Treasury and delivered to BRAC Program Management Office West, 1455 Frazee Road, Suite 900, San Diego, California 92108, or such other address as Payee may designate from time to time.

2. **Maturity.** All unpaid principal, interest thereon, and all other unpaid amounts owing under this Note shall be due and payable on the date that is ten (10) calendar years after the Initial Closing Date (the "*Maturity Date*"), as such Maturity Date may be adjusted in accordance with Section 1(b)(iii) above.

3. **Default and Acceleration.** Failure to make any required payment under this Note within thirty (30) calendar days after the date on which such amount is due shall constitute an "*Event of Default*" under this Note. If an Event of Default occurs, at the option of Payee, except at maturity of this Note when acceleration of amounts due under this Note shall be automatic, (a) the whole of the principal sum of this Note, (b) accrued interest including any Default Interest and Late Charges, (c) all other sums, as provided in this Note, and (d) all sums advanced and costs and expenses incurred by Payee in connection with this Note or any part thereof, or the acquisition or perfection of the security therefor, whether made or incurred at the request of Maker or Payee (all the sums referred to in clauses (a) through (d) above shall collectively be referred to as the "*Debt*") shall without notice become immediately due and payable.

4. **Security.** This Note is secured by (i) that certain Assignment of Rents of even date herewith, executed by Maker in favor of Payee, granting to Payee a security interest in the rents and revenues generated from the real property described therein (the "*Assignment of Rents*"), and (ii) to the extent the rents and revenues assigned under the Assignment of Rents are not sufficient to cover the unpaid principal and interest due under this Note, a Subordinate Pledge of Net Available Tax Increment Revenues generated from the Navy Real Property in accordance with Section 4.2.11.2 of the EDC MOA.

5. **Late Charges.** Any failure to pay any Installment Payment and accrued interest within ten (10) days after the payment due date determined in accordance with Section 1 above shall be considered late ("*Late Payment*"). Any Late Payment will incur a late payment penalty equal to two and one-half percent (2 ½ %) of the payment due. Any Late Payment constituting a default hereunder shall accrue interest at the Default Interest Rate from the due date and the Default Interest Rate shall remain in effect on the Late Payment amount until paid. As used herein, "*Default Interest Rate*" means an interest rate of three hundred (300) basis points above the Interest Rate. MAKER ACKNOWLEDGES AND AGREES THAT (a) PAYEE'S ACTUAL DAMAGES RESULTING FROM ANY SUCH DELINQUENCY AND THAT RELATE TO LOST USE OF FUNDS OR COST OF INTERNAL ADMINISTRATION OF DELINQUENT PAYMENTS HEREUNDER WOULD BE EXTREMELY DIFFICULT TO ASCERTAIN, AND (b) UNDER THE CIRCUMSTANCES IN EXISTENCE AS OF THE DATE HEREOF, SUCH LATE CHARGE CONSTITUTES A REASONABLE LIQUIDATION OF SUCH DAMAGES.

Acceptance of any late payment shall not constitute a waiver of the late charge with respect to the overdue amount, and shall not prevent Payee from exercising any of the other rights and remedies available to Payee. This provision for imposition of a late charge is not intended to provide Maker with a grace period for making payments and shall not be construed as extending or rendering inessential the time for payment or performance set forth herein.

6. **Waivers.** Maker and all others who may become liable for the payment of all or any part of the Debt do hereby severally waive presentment and demand for payment, notice of dishonor, protest and notice of protest and non-payment and all other notices of any kind, except for notices expressly provided for in the EDC MOA. No release of any security for the Debt or extension of time for payment of this Note or any installment hereof, and no alteration, amendment or waiver of any provision of this Note made by agreement between Payee or any other person or party shall release, modify, amend, waive, extend, change, discharge, terminate or affect the liability of Maker, and any other person or entity who may become liable for the payment of all or any part of the Debt, under this Note or the EDC MOA.

7. **Governing Law.** This Note shall be governed by all applicable Federal, State and local laws, rules and regulations which may arise by reason of this Note.

8. **Notices.** All notices required or permitted hereunder shall be given as provided in the EDC MOA.

9. **Incorporation by Reference.** All of the terms, covenants and conditions contained in the EDC MOA are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of any inconsistency between the terms of the EDC MOA and this Note, the terms of the EDC MOA shall control.

10. **Availability of Funds.** Notwithstanding anything to the contrary contained in this Note, but subject to Payee's security described in Section 4 above, there shall be no obligation for the payment or expenditure of money by Maker unless there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure.


11. **Miscellaneous.** This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Maker or Payee, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought. Whenever used, the singular number shall include the plural, the plural number shall include the singular, and the words "Payee" and "Maker" shall include their respective successors, assigns, heirs, executors and administrators.

[SIGNATURE PAGE FOLLOWS]

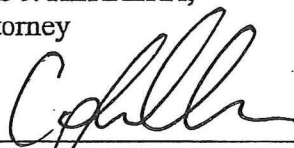
Maker has duly executed this Note as of the day and year first above written.

MAKER:

TREASURE ISLAND DEVELOPMENT AUTHORITY,
a California nonprofit public benefit corporation

By: 
Name: Robert Beck
Treasure Island Director

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

By: 
Name: Charles Sullivan
Deputy City Attorney

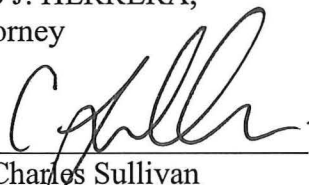
Maker has duly executed this Note as of the day and year first above written.

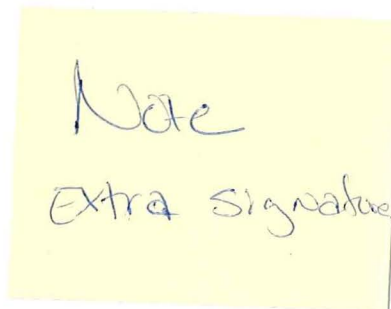
MAKER:

TREASURE ISLAND DEVELOPMENT AUTHORITY,
a California nonprofit public benefit corporation

By: _____
Name: Robert Beck
Treasure Island Director

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

By: 
Name: Charles Sullivan
Deputy City Attorney



Note
Extra signature

**CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)**

**NOTICE OF PUBLIC HEARING PURSUANT TO SECTION 147(f)
OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED,
WITH RESPECT TO THE FINANCING OF CERTAIN FACILITIES
FROM THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS**

NOTICE IS HEREBY GIVEN that at 10:00 AM on Thursday, April 7, 2022, a telephonic public hearing (“Public Hearing”) will be held by the City and County of San Francisco Controller’s Office of Public Finance with respect to the proposed issuance by the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (“District”) of tax-exempt obligations in one or more series (“Obligations”) as “qualified 501(c)(3) bonds,” as defined in Section 145 of the Internal Revenue Code of 1986 (“Code”). The Obligations will be issued in an aggregate principal amount not to exceed \$30,000,000, the interest on which is intended to be federally tax-exempt and exempt from State of California personal income taxes. The Public Hearing is intended to comply with the public approval requirement of Section 147(f) of the Code, and the Treasury Regulations promulgated thereunder.

The Public Hearing will be accessible by telephonic access only. The Office of Public Finance will open the hearing promptly at 10:00 AM and close the hearing at 10:10 AM, unless additional time is needed to ensure that all public comments are received. The toll-free number and access code for the Public Hearing are as follows:

Toll-Free Number: 1-877-402-9753

Access Code: 8883457#

The Obligations are expected to be sold in a public offering, and the District will use the proceeds to provide financing for the acquisition and construction of a housing project located on Treasure Island at 78 Johnson Street, San Francisco, California (“Project”), that is expected to be owned by Mercy Housing 82, L.P., a California limited partnership, whose general partner is a nonprofit affiliate of Mercy Housing California, a California nonprofit public benefit corporation (“Mercy”). Mercy is a nonprofit public benefit corporation described in Section 501(c)(3) of the Code. The District also intends to use the proceeds of the Obligations to (i) fund a debt service reserve fund for the Obligations and (ii) pay other costs related to the issuance of the Obligations or acquisition and construction of the Project.

The Obligations will be paid entirely from tax increment generated in the District and allocated to the District by the City and County of San Francisco (“City”). The Obligations are not a debt of the City or the State of California or of any of its political subdivisions, other than the District, and none of those entities, other than the District to the limited extent described herein,

shall be liable on the Obligations. The Obligations do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation.

Members of the public wishing to comment on the issuance of the Obligations, the nature or location of the Project, or the plan of financing for the Project may dial into the Public Hearing using the toll-free number and access code set forth above, or may submit written comments, which must be received prior to the Public Hearing, to the City's Office of Public Finance as follows: PublicFinance@sfgov.org.

Date: March 25, 2022

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1
(TREASURE ISLAND)



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO


Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors, as legislative body of City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "Treasure Island IRFD" or the "IRFD")

FROM: Anna Van Degna, Director of the Controller's Office of Public Finance
Luke Brewer, Controller's Office of Public Finance
Bob Beck, Director of the Treasure Island Development Authority 

DATE: **Tuesday, March 22, 2022**

SUBJECT: Resolution of the Treasure Island IRFD Authorizing the Issuance and Sale of one or more series of Tax Increment Revenue Bonds Not to Exceed \$30,000,000, approving related documents and approving bonds for purposes of Internal Revenue Code Section 147(f)

Recommended Actions

We respectfully request that the Board of Supervisors ("Board"), in its capacity as the legislative body of the Treasure Island IRFD, consider for review and approval the resolution (the "Bond Resolution") which authorizes the issuance of, in one or more series, not to exceed \$30,000,000 aggregate principal amount of City and County of San Francisco ("City") Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds (the "Bonds"), expected to be sold in two series: Series 2022A (Facilities Increment) and Series 2022B (Housing Increment) described further herein.

Background

Since 1997, the City and the Treasure Island Development Authority ("TIDA") have worked together on the Treasure Island/ Yerba Buena Island Development Project ("Project") in order to redevelop the former Treasure Island Naval Station ("NSTI") in connection with the conveyance of the Navy-owned lands to TIDA. In early 2003, TIDA and the Treasure Island Community Development, LLC¹ ("TICD" or the "Developer") entered into an Exclusive Negotiating Agreement and began work on a Development Plan.

In 2011, TICD and TIDA entered into a Disposition and Development Agreement ("DDA"), and TICD and the City entered into a Development Agreement ("DA") to deliver the Project. The Financing Plan attached to the DDA and DA ("DDA Financing Plan") contemplates reimbursement to the Developer for costs incurred to construct public infrastructure through the issuance of special tax bonds issued for one or more community facilities districts ("CFDs") formed under the Mello-Roos Community Facilities Act of 1982 ("Mello-Roos Act") and tax increment revenue bonds issued by the Treasure Island IRFD.

1. The existing members of TICD are (1) Treasure Island Holdings, LLC, a joint venture comprised of a subsidiary of Lennar Corporation and a non-managing third-party investor member, (2) TICD Hold Co., LLC, an indirect subsidiary of Lennar, (3) KSWM Treasure Island, LLC, a joint venture comprised of affiliates of Stockbridge Capital Group, LLC, Kenwood Investments, and Wilson Meany, LP, and (4) Stockbridge TI Co-Investors, LLC, an affiliate of Stockbridge.

2 | Resolution Authorizing the Issuance of Treasure Island IRFD Tax Increment Revenue Bonds
Not to Exceed \$30,000,000

Under the Mello-Roos Act, the Board of Supervisors has the authority to levy special taxes on taxable property in a CFD. Under the IRFD Law, the City allocates a portion of the general 1% ad valorem tax revenues to the IRFD; no new taxes are levied in connection with the IRFD.

The Project’s development plan anticipates a new San Francisco neighborhood consisting of up to 8,000 new residential housing units, of which 27% will be affordable, as well as new commercial and retail space, a hotel, and 290 acres of parks and public open space, including shoreline access and cultural uses. Transportation amenities being built for the project will enhance mobility on Yerba Buena Island and Treasure Island as well as link the islands to mainland San Francisco. The public facilities serving the Project include a combined police/fire emergency services building; utility improvements including new water, sewer, storm, gas, electrical and communications infrastructure with new water storage reservoirs and a wastewater treatment plant; new and upgraded streets, public byways, bicycle, transit, and pedestrian facilities; and a new ferry terminal. The full text of the DA, DDA, DDA Financing Plan and other entitlement and transaction documents for the development of NSTI can be found at:

<http://sftreasureisland.org/approved-plans-and-documents>

The Treasure Island IRFD

On January 31, 2017, following a public hearing and landowner vote, the Board adopted Ordinance No. 21-17 forming the Treasure Island IRFD and adopting the Infrastructure Financing Plan (the “Original Adopted IFP”). The IRFD consists of five (5) Project Areas on Yerba Buena Island (Project Area A) and Treasure Island (Project Areas B, C, D & E), which represent the initial phases of development of the Project.

On February 15, 2022, following a public hearing and landowner vote, the Board adopted Ordinance No. 029-22 adding territory to and adopting amendments to the Original Adopted IFP (as amended the “IFP” or “IRFD Financing Plan”) in order to facilitate the administration and distribution of the tax increment in accordance with IRFD Law and the IRFD Financing Plan over the life of the IRFD.

Under the terms set forth in the IRFD Financing Plan, the City has committed a portion of the incremental property tax revenues derived in the project areas to the IRFD for the reimbursement of eligible project costs consistent with the terms and limitations of IRFD Law, as detailed in the IFP, shown below:

Table 1: Apportionment of 1.00% Ad Valorem property tax from the IRFD Financing Plan

IRFD Portion		
Net Available Increment	To IRFD for Facilities & Housing	0.56588206%
Conditional City Increment	To General Fund (unless needed by the IRFD as set forth in the DDA Financing Plan)	0.08000000%
Total IRFD Portion of 1.00%		0.64588206%
Other Taxing Entities Portion: State ERAF, Local Education Agencies & Special Districts		
	Education Revenue Augmentation Fund (“ERAF”)	0.25330113%
	San Francisco Unified School District	0.07698857%
	San Francisco Community College Fund	0.01444422%
	San Francisco County Office of Education	0.00097335%
	Bay Area Rapid Transit District	0.00632528%
	Bay Area Air Quality Management District	0.00208539%
Total Other Taxing Entity’s Portion of 1.00%		0.35411794%
Total 1.00% Ad Valorem Property		1.00000000%

3 | Resolution Authorizing the Issuance of Treasure Island IRFD Tax Increment Revenue Bonds Not to Exceed \$30,000,000

Pursuant to the IRFD Financing Plan, the City has committed its 0.56588206% portion of the Tax Increment to the public financing for the Project (“Net Available Increment”), with 82.5% of those committed revenues being available to finance infrastructure constructed by the Developer (“Facilities” and “Net Available Facilities Increment”) and 17.5% of the revenues reserved for the use of TIDA and the City, through the Mayor’s Office of Housing and Community Development (“MOHCD”), to finance affordable housing (“Housing” and “Net Available Housing Increment”).

The remaining balance of 0.08% of City tax increment (“Conditional City Increment”) is not dedicated specifically to the public financing for the Project but is pledged, if and as needed, to pay debt service on Bonds of the IRFD and any future debt of and issued by the IRFD (“Parity Debt”). Conditional City Increment will be returned to the City’s General Fund if not needed for debt service on the Bonds. The Bonds are structured such that Conditional City Increment is not expected to be used to pay debt service; rather the intent is for the Conditional City Increment to serve as additional debt service coverage and credit enhancement to increase investor participation in Bond sales and achieve lower interest rates.

The Original Adopted IFP established the initial Project Areas (A, B, C, D and E) including (i) legal boundaries (amended by the IFP); (ii) the fiscal year to be used as the base year for calculating incremental assessed value and tax increment available to the Project; (iii) the trigger amount of tax increment to be collected by the City in order to commence the distribution of the tax increment to the IRFD from a given Project Area in the following fiscal year (the “Commencement Year”) and to determine the final year of tax increment allocation to the Project, which is 40 years (or such longer period if allowed by the IRFD Law and approved by the Board) following the Commencement Year.

In FY 2019-20, Project Area A, which consists of the development parcels on Yerba Buena Island, began generating tax increment for the IRFD, as shown in the adjacent table.

Table 2: City Tax Increment Distributed to the IRFD

Project Area A					
City 1% Portion	Dedicated & Pledged to IRFD			City Conditional	Total City Increment
	82.50% Facilities	17.50% Housing	Total	0.08000000%	0.64588206%
Fiscal Year	Facilities	Housing	Total	Conditional	Total City
2019-20	\$327,218	\$69,410	\$396,628	\$56,072	\$452,700
2020-21	\$476,589	\$101,095	\$577,684	\$81,668	\$659,353
2021-22 ⁽¹⁾	\$952,199	\$201,982	\$1,154,181	\$163,169	\$1,317,350
Total	\$1,756,006	\$372,486	\$2,128,493	\$300,910	\$2,429,402

[1] Based on actual assessed valuation, to be disbursed to the IRFD during Fiscal Year 2021-22.

Based on FY 2021-22 Assessed Values, the IRFD will begin receiving distributions of tax increment from both Project Areas B and E in FY 2022-23. **Attachment A** provides details on the historical incremental assessed values and tax increment generated by Project Area since formation.

Current Plan of Finance

The Bonds and all future Parity Debt of the IRFD will be sold as separate series for Facilities (“Facilities Bonds”) and Housing (“Housing Bonds”), with each respective portions of the Net Available Increment (82.5% Facilities & 17.5% Housing) pledged separately under separate indentures of trust (the “Indentures”). The Bonds are expected to be designated:

- A.** Tax Increment Revenue Bonds Series 2022A (Facilities) (“2022A Facilities Bonds”)
- B.** Tax Increment Revenue Bonds Series 2022B (Housing) (“2022B Housing Bonds”)

The pledge of Conditional City Increment will be split between the 2022A Facilities Bonds and the 2022B Housing Bonds on the same proportional share as the Net Available Increment: 82.5% for Facilities (“Conditional City Facilities Increment”) and 17.5% for Housing (“Conditional City Housing Increment”).

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Tax Increment Financing Credit Considerations & Risk Mitigating Structures

The Bonds will be sold without a rating (“Non-Rated”), due to the credit risk profile associated with tax increment financing derived from a relatively small number of parcels within a small geographic area, in an early stage of development and from a highly concentrated tax base. At this point, 100% of the incremental taxes being paid by TICD or merchant builders (who are all affiliates of TICD). Thus, these Bonds would likely not qualify for an investment grade rating at this stage of the development.

The Bonds are limited obligations of the IRFD (not the City), and are secured by and payable solely from the Pledged Tax Increment of the IRFD.

Other than the limited pledged City Conditional Increment within the IRFD, the General Fund of the City is not liable for the payment of principal or interest on the Bonds, and the credit of the City is not pledged to the payment of the Bonds.
Any City Conditional Increment used for payment of the Bonds must repaid to the City by the IRFD with interest (7.13% Default Interest Rate).

While the Bonds are not debt of the City’s General Fund, and the General Fund is not liable for the payment of the debt other than the limited pledged City Conditional Increment of the IRFD, the IRFD bears the “City and County of San Francisco” name and market recognition, and as such the City is subject to reputational risk in the event the Bonds’ security becomes strained.

Tax increment financings (“TIFs”), generally have unique credit considerations and risk factors for investors, particularly those in early stages of development, all of which are discussed in the Official Statement.

- Unlike the City’s Special Tax Bonds (where the City is actively levying an additional property tax), TIFs are supported by a passive revenue stream, meaning revenues are singularly derived from increases in assessed value and could decline if and to the extent assessed valuations within the IRFD decline.
- Until fully built-out, all TIFs bear some degree of development risk Assessed valuations are more volatile before construction is completed.
- In challenging real estate and/or credit markets, projects can struggle and may be abandoned by developers and/or homebuilders potentially leading to a decline in their assessed valuation or refusal/inability of property owners to pay property taxes when due; property owners may be more likely to appeal assessed valuations, and the assessor may adjust values and maintain values under market-stressed conditions.
- Taxpayer concentration risk, as the Bonds are secured by only increases in the assessed value of land being developed by the vertical developers at this time

As part of the disclosure for investors included in the Official Statement, the Fiscal Consultant, Keyser Marston Associates, has prepared a report (the “Fiscal Consultant Report” or “FCR”) detailing the assessed valuation of the Project Areas of the IRFD. In order to mitigate the risks, the City intends to make structuring decisions for the Bonds appropriate for the existing credit and stage of development, in accordance with the DDA Financing Plan.

Debt Service Coverage. Although each series of the proposed Bonds will be secured by the total pledge of the City’s portion of the applicable tax increment (i.e., the 2022A Facilities Bonds will be secured by a pledge of the Net Available Facilities Increment and the Conditional City Facilities Increment, and the 2022A Housing Bonds will be secured by a pledge of the Net Available Housing Increment and the Conditional City Housing Increment), the Bonds will be sized to leverage the applicable Net Available Increment a will be done so with debt service coverage in accordance with the Development Agreement. Bonds can never be issued leveraging the Conditional City Increment, which is only available to repay

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Not to Exceed \$30,000,000

debt service in the case where the Net Available Increment in a given year is insufficient to pay the debt service requirements on the Bonds in that year. Conditional City Increment for one fiscal year is not available to fund a shortfall in Net Available Increment in a subsequent year. Conditional City Increment serves primarily as credit enhancement to increase debt service coverage to increase investor participation in Bond sales and achieve lower interest rates.

Level Debt Service; Tax Increment Leverage based on expected FY 2022-23 Assessed Value. The Bonds will be structured with level annual debt service. It is anticipated the Bonds will be sized based on projected FY 2022-23 assessed value and tax increment, without consideration for future revenue growth.

Debt Service Reserve Funds equal to 1 year's debt service on the Bonds. In alignment with the market correction, the IRFD will have a debt service reserve fund for each series of Bonds that is available to repay debt service in the event that the related Net Available Tax Increment and Conditional City Increment are insufficient to cover the debt service requirements on the Bonds. If these funds are ever drawn upon for the payment of debt service, they can only be replenished from Net Available Increment; City Conditional Increment cannot be used for this purpose.

Use of Proceeds

Proceeds of the Bonds will (i) be deposited in Facilities and Housing specific Project Funds to be spent in accordance with the IRFD Financing Plan, discussed further below; (ii) fund separate Facilities and Housing debt service reserve funds for the Bonds, (iii) fund administrative expenses, and (iv) finance costs of issuance.

Proceeds of the 2022A Facilities Bonds deposited in the Facilities Project Fund will finance or reimburse expenditures on public improvements for the Project incurred by Developer. More specifically, the proceeds of the proposed Bonds are expected to reimburse the Developer for developer qualified costs, such as geotechnical work on Treasure Island, on-site infrastructure costs, including utility improvements, street improvements, curb, gutter and sidewalk improvements, streetlights, and traffic signals, purchases of land from the US Navy made by the Developer on behalf of TIDA, and related pre-development costs.

Proceeds of the 2022B Housing Bonds deposited in the Housing Project Fund are currently anticipated as a source of loan funding for a proposed affordable housing development by Mercy Housing ("Mercy") on Treasure Island Parcel C3.1 (the "Affordable Housing Project") which includes 138 units consisting of 23 one-bedrooms, 60 two-bedrooms, 40 three-bedrooms, and 14 four-bedrooms plus one manager's unit. 71 of the units will be replacement units for Catholic Charities' One Treasure Island units supported by a Continuum of Care contract and 23 non-income restricted units (at initial occupancy and until all eligible households have received their benefit) for existing Treasure Island residents ("Legacy Residents"). The remaining 43 units will be new affordable lottery units with preferences for income qualifying Legacy Residents and Vested Residents currently living in market rate units on Treasure Island.

The Project's area median incomes ("AMI") based on household size range from 30% California Tax Credit Allocation Committee ("TCAC") AMI up to 60% TCAC AMI in the DAHLIA lottery units and up to 100% TCAC AMI in the 23 Transition Units.

Exhibit 1: Affordable Housing Project Renderings, Parcel C3.1



**6 | Resolution Authorizing the Issuance of Treasure Island IRFD Tax Increment Revenue Bonds
Not to Exceed \$30,000,000**

In May 2021, the City’s Affordable Housing Loan Committee approved a preliminary gap commitment for the Affordable Housing Project of \$33,662,810 to accompany a 2021 Round 2 bond application. Like other City developments, the Affordable Housing Project was not awarded bond financing, but Mercy was informed in September 2021 that the project was designated as a Tier 1 project under the State’s Housing Accelerator program (“Accelerator”). In February 2022, Treasure Island Parcel C3.1 was awarded Accelerator funds. In order to hold general contractor pricing, the construction closing needs to occur by the first week in May 2022. Mercy plans to start construction in May 2022 with a March 2024 estimated construction completion date.

Table 3 below outlines anticipated sources and uses for the Bonds, based on current market conditions.

Table 3: Estimated Sources & Uses of the 2022A Facilities Bonds & 2022B Housing Bonds

Sources:	2022A Facilities Bonds	2022B Housing Bonds	Total Bonds
Bond Proceeds			
Estimated Par Amount	\$17,910,000	\$3,775,000	\$21,685,000
Premium	\$268,000	\$57,000	\$325,000
Total Sources	\$18,178,000	\$3,832,000	\$22,010,000
Uses:			
Project Fund	\$16,201,700	\$3,413,800	\$19,615,500
Debt Service Reserve Fund	\$1,121,500	\$238,000	\$1,359,500
<u>Delivery Date Expenses</u>			
Cost of Issuance	\$557,500	\$117,500	\$675,000
Underwriter's Discount	\$297,300	\$62,700	\$360,000
Total Uses	\$18,178,000	\$3,832,000	\$22,010,000
<i>Reserve for Market Uncertainty</i>			\$7,990,000
Not to Exceed Par Amount			\$30,000,000

Source: Stifel and CSG Advisors Inc.

The requested aggregate not-to-exceed par amount of \$30,000,000 exceeds the current estimates to provide flexibility and capture the benefit of more favorable market conditions should they be available at the time of sale. Conditions that could result in a change in the anticipated project fund and/or par amount include fluctuations in market interest rates between the date of authorization by the Board and the sale of the Bonds, changes in required deposits for reserves or in estimated delivery date expenses.

Interest Rate; Projected Debt Service

Based upon current market conditions, a 29-year term (September 1, 2051) and a true interest cost of 4.92%, which assumes the issuance of both the 2022A Facilities Bonds and 2022B Housing Bonds on a tax-exempt basis, aggregate average annual debt service is estimated to be approximately \$1,359,500. The anticipated total par amount of \$21,685,000 is estimated to result in approximately \$18,930,000 in interest payments over the life of the Bonds, for total debt service estimated at approximately \$40,615,000.

Negotiated Sale of the Bonds; Underwriters

The Bonds will be the first ever issued by an IRFD or any other non-RDA tax increment district in the State and are outside of the City’s customary credit profile. A negotiated sale is planned in connection with this

7 | Resolution Authorizing the Issuance of Treasure Island IRFD Tax Increment Revenue Bonds Not to Exceed \$30,000,000

transaction. Prior to formation, Stifel, Nicolaus & Company, Incorporated (“Stifel”) was selected to serve as Senior Underwriter and Backstrom McCarley Berry & Co. LLC, (“Backstrom”) to serve as Co-underwriter (together, “Underwriters”). The Underwriters are in the City’s Underwriter Pool, which was established via a competitive process.

The proposed Bond Resolution approves the form of the Bond Purchase Agreement (described further below) which provides the terms of sale of the Bonds by the IRFD to the Underwriters. In order to sell the Bonds on a negotiated basis, in accordance with State IRFD Law, the IRFD will sell the bonds first to a third-party statewide joint powers authority, the California Statewide Communities Development Authority (“CSCDA”), of which the City is a member, and then CSCDA will, in turn, sell the Bonds to the Underwriters. Pre-dissolution, this sale structure was commonly used by redevelopment agencies issuing tax allocation bonds, as the authorizing Community Redevelopment Law contained similar conditions on negotiated sales. In addition, a negotiated sale offers more flexibility in the timing of the sale, which may lend favorably during periods of market volatility.

The Capital Plan

The Bonds are limited obligations of the IRFD (not the City), secured by and payable solely from the Pledged Tax Increment of the IRFD and therefore are not subject to policy constraints of the Capital Plan.

Approval of the Bonds Under Internal Revenue Code Section 147(f)

In order for 2022B Bonds to finance the Affordable Housing Project on a tax-exempt basis, the IRFD would need to issue the 2022B Bonds as qualified 501(c)(3) private activity bonds under Internal Revenue Code (“Code”) Section 145. Under Section 145, property financed by qualified 501(c)(3) bonds must be owned by either a nonprofit corporation or a state or local governmental unit.

Pursuant to Section 147(f) of the Code, the issuance of the 2022B Bonds by the IRFD may qualify for tax exemption only if the 2022B Bonds are approved by an “applicable elected representative” of both the governmental unit issuing the 2022B Bonds or on behalf of which the 2022B Bonds are to be issued, and a governmental unit having jurisdiction over the geographic area in which the Project is located, after a public hearing held following reasonable public notice.

Prior to issuance of Tax-Exempt 2022B Bonds, The Controller’s Office of Public Finance (“OPF”) will cause a notice of public hearing to appear on its website, and will hold a telephonic public hearing with respect to the issuance of the 2022B Bonds and the plan of financing of the Affordable Housing Project.

Pursuant to the Resolution, the Board of Supervisors will approve the issuance of the Bonds for purposes of Section 147(f) of the Code.

Debt Management Policy

The California Government Code requires issuers of bonds to adopt debt policies that contain certain criteria. The Resolution approves the Debt Policy of the City and County of San Francisco as the debt policy of the IRFD to the extent applicable to tax increment bonds, which are described as special limited obligations in the Debt Policy, and the internal control procedures of the City. The remaining required criteria are governed by the DDA Financing Plan and the IRFD Financing Plan.

Additional Information

8 | Resolution Authorizing the Issuance of Treasure Island IRFD Tax Increment Revenue Bonds Not to Exceed \$30,000,000

The Bond Resolution is expected to be introduced at the Board of Supervisors meeting on Tuesday, March 22, 2022, and has requested to be heard at either the Budget and Finance Committee on April 13, 2022, or Government Audit and Oversight Committee on April 6, 2022.

The forms of the financing documents related to the Bonds—including the Bond Purchase Agreement, the Indentures, the Special Fund Administration Agreement, Preliminary Official Statement, the Continuing Disclosure Certificate and related documents—will also be submitted.

Bond Purchase Agreement: The IRFD intends to pursue a fixed rate negotiated sale of the Bonds. The Bond Purchase Agreement details the terms, covenants, and conditions for the sale of the Bonds through the Underwriters, as well as agreements regarding expenses, closing and disclosure documents.

Indentures (Facilities and Housing): The proposed Bond Resolution also approves the forms of the Indentures pursuant to which the Trustee administers and disburses bond payments. The Indentures provide for the terms of the bond redemption, prepayment provisions, and other related administrative provisions. The Trustee holds the Treasure Island IRFD reserves, all tax increment pledged to the Bonds and the proceeds derived from the sale of the Bonds, and will disburse the proceeds as directed by authorized City representatives.

Special Fund Administration Agreement: The proposed Bond Resolution also approves the form of Special Fund Administration Agreement for the Treasure Island Project providing for the administration of certain funds and accounts related to the IRFD and CFD established for Treasure Island and Yerba Buena Island in accordance with the DDA Financing Plan and State law. The Special Fund Trustee will administer the annual pay-go funding expected as a result of the debt service coverage on both the IRFD Tax Increment Revenue Bonds and CFD Special Tax Bonds. As directed by authorized City and TIDA representatives, funds will be disbursed in accordance with the DDA Financing Plan, State IRFD Law and the Mello-Roos Act.

Official Statement: The Official Statement provides information for investors in connection with the public offering by the IRFD of the Bonds. The Official Statement describes the Bonds, the Project, including sources and uses of funds; security for the Bonds; risk factors; the Fiscal Consultant Report and tax and other legal matters, among other information.

A *Preliminary Official Statement* is distributed to investors prior to the sale of the Bonds and, within seven days of the public offering, the *Final Official Statement* (adding certain sale results including the offering prices, interest rates, selling compensation, principal amounts, and aggregate principal amounts) is distributed to the prospective purchasers of the Bonds.

Federal securities laws impose on the IRFD the obligation to ensure that this document is accurate and complete in all material respects. This obligation applies to the individual members of the governing bodies approving the document as well as City staff charged with preparing the document. The draft Preliminary Official Statement has been submitted for your review prior to its publication.

The Board of Supervisors and the Mayor, in adopting and approving the Bond Resolution, approve and authorize the use and distribution of the Preliminary and Final Official Statements by the Underwriters and financial advisor with respect to the Bonds. For purposes of the Securities and Exchange Act of 1934, the Controller's Office will certify, on behalf of the IRFD, that the Preliminary Official Statement is deemed final as of its date, except for information related to the pricing of the bonds, which will be included in the Final Official Statement.

Continuing Disclosure Certificate: The IRFD covenants to provide certain financial information and operating data relating to the Bonds (the "Annual Report") not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The

9 | Resolution Authorizing the Issuance of Treasure Island IRFD Tax Increment Revenue Bonds
Not to Exceed \$30,000,000

Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. These covenants have been made in order to assist the Underwriters of the Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

Anticipated Legislative Timeline

Milestones	Dates*
• Introduction of the Bond Resolution to the Board	March 22, 2022
• Presentation to Capital Planning Committee	April 4, 2022
• Assigned Committee Hearing (Resolution)	April 2022
• TIDA Board Meeting	April 13, 2022
• Board Consideration of the Resolution	April 19, 2022
• Sale and Closing of the Bonds	May/June 2022

**Please note that dates are estimated unless otherwise noted.*

Your consideration of this matter is greatly appreciated. Please contact Anna Van Degna (anna.vandegna@sfgov.org) or Luke Brewer (luke.brewer@sfgov.org) if you have any questions.

cc: Angela Calvillo, Clerk of the Board of Supervisors
Andres Powers, Mayor's Office
Tom Paulino, Mayor's Office, Liaison to the Board of Supervisors
Ashley Groffenberger, Mayor's Budget Director
Ben Rosenfield, Controller
Carmen Chu, City Administrator
Ken Bukowski, Deputy City Administrator
Harvey Rose, Budget & Legislative Analyst
Severin Campbell, Budget & Legislative Analyst
Mark Blake, Deputy City Attorney
Kenneth Roux, Deputy City Attorney

Attachment A

INCREMENTAL ASSESSED VALUATIONS & TAX INCREMENT REVENUES OF THE TREASURE ISLAND IRFD

FISCAL YEAR 2021-22

Secured AV & Incremental Revenue				City Tax Increment			Pledged to IRFD		Available	Total	Increment Collection & Year		
Project	Secured AV			0.565882%	0.0800%	0.645882%	17.50%	82.50%	for Bonds	IRFD	Trigger	Collection	
Area	Land	Structure	Total AV	IRFD	Coverage	Total Inc.	Housing	Facilities ⁽¹⁾	Coverage	Tax Inc.	Occurred	Commenced	Year
A	\$161,280,072	\$42,681,285	\$203,961,357	\$1,154,181	\$163,169	\$1,317,350	\$201,982	\$952,199	\$163,169	\$1,317,350	Yes	Yes	3
B	\$47,700,000	-	\$47,700,000	\$269,926	\$38,160	\$308,086	-	-	-	-	Yes	No	0
C	\$1,858,868	-	\$1,858,868	\$10,519	\$1,487	\$12,006	-	-	-	-	No	No	N/A
D	\$2,523,048	-	\$2,523,048	\$14,277	\$2,018	\$16,296	-	-	-	-	No	No	N/A
E	\$25,900,000	-	\$25,900,000	\$146,563	\$20,720	\$167,283	-	-	-	-	Yes	No	0
Total	\$239,261,988	\$42,681,285	\$281,943,273	\$1,595,466	\$225,555	\$1,821,021	\$201,982	\$952,199	\$163,169	\$1,317,350			

FISCAL YEAR 2020-21

Secured AV & Incremental Revenue				City Tax Increment			Pledged to IRFD		Available	Total	Increment Collection & Year		
Project	Secured AV			0.565882%	0.0800%	0.645882%	17.50%	82.50%	for Bonds	IRFD	Trigger	Collection	
Area	Land	Structure	Total AV	IRFD	Coverage	Total Inc.	Housing	Facilities ⁽¹⁾	Coverage	Tax Inc.	Occurred	Commenced	Year
A	\$90,611,492	\$11,474,105	\$102,085,597	\$577,684	\$81,668	\$659,353	\$101,095	\$476,589	\$81,668	\$659,353	Yes	Yes	2
B	\$5,155,625	-	\$5,155,625	\$29,175	\$4,125	\$33,299	-	-	-	-	No	No	N/A
C	\$1,839,808	-	\$1,839,808	\$10,411	\$1,472	\$11,883	-	-	-	-	No	No	N/A
D	\$2,497,179	-	\$2,497,179	\$14,131	\$1,998	\$16,129	-	-	-	-	No	No	N/A
E	\$991,477	-	\$991,477	\$5,611	\$793	\$6,404	-	-	-	-	No	No	N/A
Total	\$101,095,581	\$11,474,105	\$112,569,686	\$637,012	\$90,056	\$727,067	\$101,095	\$476,589	\$81,668	\$659,353			

FISCAL YEAR 2019-20

Secured AV & Incremental Revenue				City Tax Increment			Pledged to IRFD		Available	Total	Increment Collection & Year		
Project	Secured AV			0.565882%	0.0800%	0.645882%	17.50%	82.50%	for Bonds	IRFD	Trigger	Collection	
Area	Land	Structure	Total AV	IRFD	Coverage	Total Inc.	Housing	Facilities ⁽¹⁾	Coverage	Tax Inc.	Occurred	Commenced	Year
A	\$70,090,194	-	\$70,090,194	\$396,628	\$56,072	\$452,700	\$69,410	\$327,218	\$56,072	\$452,700	Yes	Yes	1
B	\$5,054,967	-	\$5,054,967	\$28,605	\$4,044	\$32,649	-	-	-	-	No	No	N/A
C	\$1,803,733	-	\$1,803,733	\$10,207	\$1,443	\$11,650	-	-	-	-	No	No	N/A
D	\$2,448,642	-	\$2,448,642	\$13,856	\$1,959	\$15,815	-	-	-	-	No	No	N/A
E	\$972,038	-	\$972,038	\$5,501	\$778	\$6,278	-	-	-	-	No	No	N/A
Total	\$80,369,574	-	\$80,369,574	\$454,797	\$64,296	\$519,093	\$69,410	\$327,218	\$56,072	\$452,700			

FISCAL YEAR 2018-19

Secured AV & Incremental Revenue				City Tax Increment			Pledged to IRFD		Available	Total	Increment Collection & Year		
Project	Secured AV			0.565882%	0.0800%	0.645882%	17.50%	82.50%	for Bonds	IRFD	Trigger	Collection	
Area	Land	Structure	Total AV	IRFD	Coverage	Total Inc.	Housing	Facilities ⁽¹⁾	Coverage	Tax Inc.	Occurred	Commenced	Year
A	\$68,568,818	-	\$68,568,818	\$388,019	\$54,855	\$442,874	-	-	-	-	Yes	No	0
B	\$4,883,740	-	\$4,883,740	\$27,636	\$3,907	\$31,543	-	-	-	-	No	No	N/A
C	\$1,768,367	-	\$1,768,367	\$10,007	\$1,415	\$11,422	-	-	-	-	No	No	N/A
D	\$2,848,093	-	\$2,848,093	\$16,117	\$2,278	\$18,395	-	-	-	-	No	No	N/A
E	\$577,630	-	\$577,630	\$3,269	\$462	\$3,731	-	-	-	-	No	No	N/A
Total	\$78,646,648	-	\$78,646,648	\$445,047	\$62,917	\$507,965	-	-	-	-			

FISCAL YEAR 2017-18

Secured AV & Incremental Revenue				City Tax Increment			Pledged to IRFD		Available	Total	Increment Collection & Year		
Project	Secured AV			0.565882%	0.0800%	0.645882%	17.50%	82.50%	for Bonds	IRFD	Trigger	Collection	
Area	Land	Structure	Total AV	IRFD	Coverage	Total Inc.	Housing	Facilities ⁽¹⁾	Coverage	Tax Inc.	Occurred	Commenced	Year
Total	-	-	-	-	-	-	-	-	-	-			

FISCAL YEAR 2016-17 (BASE YEAR)

Secured AV & Incremental Revenue				City Tax Increment			Pledged to IRFD		Available	Total	Increment Collection & Year		
Project	Secured AV			0.565882%	0.0800%	0.645882%	17.50%	82.50%	for Bonds	IRFD	Trigger	Collection	
Area	Land	Structure	Total AV	IRFD	Coverage	Total Inc.	Housing	Facilities ⁽¹⁾	Coverage	Tax Inc.	Occurred	Commenced	Year
Total	-	-	-	-	-	-	-	-	-	-			

Attachment B

GOOD FAITH ESTIMATES

For purposes of compliance with Section 5852.1 of the California Government Code, the following information are good faith estimates provided by the Underwriters, and the Municipal Advisor CSG Advisors Incorporated assuming an aggregate bond issuance of \$21,685,000 less than the not to exceed authorization of \$30,000,000:

1. True interest cost of the Bonds: 4.92%
2. Finance charge for the Bonds, including all fees and charges for third parties (including underwriter's compensation, municipal advisory fees, co-bond counsel fees, disclosure counsel fees, trustee fees and other payments to third parties): \$1,035,000.
3. Amount of Bond proceeds expected to be received by the IRFD, net of payments identified in 2 above and any reserve fund or capitalized interest funded with proceeds of the Bonds: \$20,975,000.
4. Total payment amount for the Bonds, being the sum of (a) debt service on the Bonds to final maturity, and (b) any financing costs not paid from proceeds of the Bonds: \$40,615,000.

The information set forth above is based up estimates of prevailing market conditions. Actual results may differ if assumed market conditions change.

From: [Conine-Nakano, Susanna \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#); [BLAKE, MARK \(CAT\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Brewer, Luke \(CON\)](#); [Van Degna, Anna \(CON\)](#)
Subject: Mayor -- Resolution -- Treasure Island IRFD
Date: Tuesday, March 22, 2022 4:03:44 PM
Attachments: [Mayor -- Resolution -- Treasure Island IRFD.zip](#)

Hello Clerks,

Attached for introduction to the Board of Supervisors is a Resolution of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) supplementing Resolution No. 7-17 to authorize the issuance and sale of one or more series of bonds in an aggregate principal amount not to exceed \$30,000,000, approving related documents, including an Official Statement, one or more Indentures of Trust, Bond Purchase Agreements and Continuing Disclosure Certificates and a Special Fund Administration Agreement, Approving bonds for purposes of Internal Revenue Code Section 147(f), Approving a Debt Policy for the IRFD, and determining other matters in connection therewith.

@BLAKE, MARK (CAT), can you please reply-all to confirm your approval? Thanks!

Please let me know if you have any questions.

Sincerely,
Susanna

Susanna Conine-Nakano
Office of Mayor London N. Breed
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 200
San Francisco, CA 94102
415-554-6147

From: [Blake, Mark \(CAT\)](#)
To: [BOS Legislation \(BOS\)](#)
Subject: RE: Mayor -- Resolution -- Treasure Island IRFD
Date: Wednesday, March 23, 2022 12:37:11 PM

Don't have any issues with the textual changes.

Will try to run down a couple of questions . . .

Mark D. Blake
Deputy City Attorney
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Direct: (415) 554-4738
Cell (510) 508-1454
Fax: (415) 554-4755
e-mail: mark.blake@sfcityatt.org

-----Original Message-----

From: BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Sent: Wednesday, March 23, 2022 12:33 PM
To: Conine-Nakano, Susanna (MYR) <susanna.conine-nakano@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Blake, Mark (CAT) <Mark.Blake@sfcityatt.org>
Cc: Paulino, Tom (MYR) <tom.paulino@sfgov.org>; Brewer, Luke (CON) <luke.brewer@sfgov.org>; Van Degna, Anna (CON) <anna.vandegna@sfgov.org>
Subject: RE: Mayor -- Resolution -- Treasure Island IRFD

Greetings,

Please see attached for proof of edits made to the titles and throughout the Resolution. Kindly review and confirm these edits are acceptable.

We are also seeking the approval from Deputy City Attorney Mark Blake for use of his electronic signature on the Resolution, by reply to this email.

There were some items we would like to flag and also seeking copies of documents as referenced in the Resolution:

- 1) Page 3, lines 24-25: references a civil court case number with the San Francisco Superior Court. Please confirm if the case number is correct, as it looks like there might be one extra digit listed? We are also seeking a copy of the judgment as referenced for the file.
- 2) Page 4, lines 1-3: Subordinate Pledge Agreement: we are seeking a copy as referenced for the file.
- 3) Page 4, lines 5-7: TIDA Promissory Note: we are seeking a copy as referenced for the file
- 4) Page 6, lines 10-12: Hearing Notice for a public hearing held by OFF: we are seeking a copy as well as the hearing date.

Thank you in advance.

Best regards,

Jocelyn Wong
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244 San Francisco, CA 94102
T: 415.554.7702 | F: 415.554.5163
jocelyn.wong@sfgov.org |
<https://url.avanan.click/v2/...www.sfbos.org...YXAzOnNmZHQzOmE6bz2MjQ4MDhMzA0MzhjZGU1YjYjMzksODYwZGcyY2YjMjE0YjY2I6ZWVMTc0ZDQ1ZGYzNjFhNTQzNz57TA0Szc4Zjg4ODU5YzM4MjZlNGEhNTEwMjQ5SjU1YjE0NDgzNjBjZjdiNzpwOk4>

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-----Original Message-----

From: Conine-Nakano, Susanna (MYR) <susanna.conine-nakano@sfgov.org>
Sent: Tuesday, March 22, 2022 4:02 PM
To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>; BLAKE, MARK (CAT) <Mark.Blake@sfcityatt.org>
Cc: Paulino, Tom (MYR) <tom.paulino@sfgov.org>; Brewer, Luke (CON) <luke.brewer@sfgov.org>; Van Degna, Anna (CON) <anna.vandegna@sfgov.org>
Subject: Mayor -- Resolution -- Treasure Island IRFD

Hello Clerks,

Attached for introduction to the Board of Supervisors is a Resolution of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) supplementing Resolution No. 7-17 to authorize the issuance and sale of one or more series of bonds in an aggregate principal amount not to exceed \$30,000,000, approving related documents, including an Official Statement, one or more Indentures of Trust, Bond Purchase Agreements and Continuing Disclosure Certificates and a Special Fund Administration Agreement, Approving bonds for purposes of Internal Revenue Code Section 147(f), Approving a Debt Policy for the IRFD, and determining other matters in connection therewith.

@BLAKE, MARK (CAT), can you please reply-all to confirm your approval? Thanks!

Please let me know if you have any questions.

Sincerely,
Susanna

Susanna Conine-Nakano
Office of Mayor London N. Breed
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 200 San Francisco, CA 94102
415-554-6147

From: [Groffenberger, Ashley \(MYR\)](#)
To: [Taufic, Camilla \(MYR\)](#)
Subject: RE: Board Documents for Introduction: Resolution authorizing Treasure Island IRFD Tax Increment Revenue Bonds not to exceed \$30,000,000
Date: Saturday, March 19, 2022 2:16:21 PM

Approved!

From: Taufic, Camilla (MYR)
Sent: Saturday, March 19, 2022 12:54 PM
To: Groffenberger, Ashley (MYR) <ashley.groffenberger@sfgov.org>
Subject: FW: Board Documents for Introduction: Resolution authorizing Treasure Island IRFD Tax Increment Revenue Bonds not to exceed \$30,000,000

Hi Ashley,

OPF would like to introduce a **resolution authorizing the issuance of bonds** on Tuesday 3/22. The **not to exceed is \$30M**, and is in response to a BOS vote on 2/15/22 that **added territory to the original financing plan** for the Infrastructure and Revitalization Financing District (**IRFD**). The \$30M proceeds from the bond will go to **Facilities and Housing specific Project Funds** and will cover admin costs/costs of issuance.

There is **no GF impact**.

Is it ok if they introduce on Tuesday?

Thanks,
Camilla

From: Brewer, Luke (CON)
Sent: Friday, March 18, 2022 5:52 PM
To: Conine-Nakano, Susanna (MYR) <susanna.conine-nakano@sfgov.org>; Paulino, Tom (MYR) <tom.paulino@sfgov.org>; Bruss, Andrea (MYR) <andrea.bruss@sfgov.org>; Power, Andres (MYR) <andres.power@sfgov.org>; Groffenberger, Ashley (MYR) <ashley.groffenberger@sfgov.org>; Taufic, Camilla (MYR) <camilla.taufic@sfgov.org>
Cc: Rosenfield, Ben (CON) <ben.rosenfield@sfgov.org>; Van Degna, Anna (CON) <anna.vandegna@sfgov.org>; Katz, Bridget (CON) <bridget.katz@sfgov.org>; Pereira Tully, Marisa (CON) <marisa.pereira.tully@sfgov.org>; McCloskey, Benjamin (MYR) <benjamin.mccloskey@sfgov.org>; Beck, Bob (ADM) <bob.beck@sfgov.org>; Hirschhorn, Liz (ADM) <liz.hirschhorn@sfgov.org>; Lee, Katie A. (ADM) <katie.a.lee@sfgov.org>; Faust, Kate (ADM) <kate.faust@sfgov.org>; BLAKE, MARK (CAT) <Mark.Blake@sfcityatty.org>; Chris Lynch <clynch@joneshall.com>
Subject: Board Documents for Introduction: Resolution authorizing Treasure Island IRFD Tax Increment Revenue Bonds not to exceed \$30,000,000

To All Concerned Parties:

Enclosed for your review is legislation, a staff report and associated documents related to a resolution authorizing the issuance and sale of not to exceed \$30,000,000 aggregate principal amount of City and County of San Francisco Infrastructure and Revitalization District No. 1 (Treasure Island) Tax Increment Revenue Bonds, approving related documents and approving bonds for purposes of Internal Revenue Code Section 147(f).

The resolution is expected to be introduced at the Board of Supervisors meeting on March 22, 2022, and we are requesting that the resolution be heard at the Budget and Finance Committee meeting on April 13, 2022 or alternatively GAO on April 6, 2022.

The following documents are included:

1. Resolution Authorizing Bonds (CAT signed)
2. Controller's Office of Public Finance Cover Memo
3. Form of the Facilities Indenture
4. Form of the Housing Indenture
5. Form of the Treasure Island Special Funds Administration Agreement
6. Form of the Bond Purchase Agreement – Facilities
7. Form of the Bond Purchase Agreement - Housing
8. Form of the Preliminary Official Statement, including:
 - Form of the Fiscal Consultant Report
 - Forms of the Continuing Disclosure Certificates (Facilities & Housing)

Please reach out with any questions. Thank you and have a great weekend!

Luke Brewer (he/him/his) | *Debt Specialist* | **Controller's Office of Public Finance**
CITY & COUNTY OF SAN FRANCISCO
1 Dr. Carlton B. Goodlett Place | City Hall, Room 338 | San Francisco, CA 94102
Mobile: (610) 241-0315 | Email: luke.brewer@sfgov.org

From: [Brewer, Luke \(CON\)](#)
To: [BOS Legislation, \(BOS\)](#); [Conine-Nakano, Susanna \(MYR\)](#); [BLAKE, MARK \(CAT\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Van Degna, Anna \(CON\)](#); [Chris Lynch](#)
Subject: RE: Mayor -- Resolution -- Treasure Island IRFD
Date: Thursday, March 24, 2022 1:48:40 PM
Attachments: [220294.docx](#)
[Fully executed original Subordinate Pledge Agreement.pdf](#)
[image001.png](#)
[Copy of the fully executed Promissory Note.pdf](#)
[3-25-22 TI IRFD TEFRA Notice for 4-7-22.pdf](#)

My apologies Jocelyn – I had missed those.

I am looping in Chris Lynch our Bond Counsel or requesting [@BLAKE, MARK \(CAT\)](#) re: providing a copy of the judgment in Item #1

1. Page 3, lines 24-25: references a civil court case number with the San Francisco Superior Court. Please confirm if the case number is correct, as it looks like there might be one extra digit listed? We are also seeking a copy of the judgment as referenced for the file.
 - You are correct, an extra 1 was added before 55. See corrected: **CGC-17-557496**
2. Page 4, lines 1-3: Subordinate Pledge Agreement: we are seeking a copy as referenced for the file.
 - Attached
3. Page 4, lines 5-7: TIDA Promissory Note: we are seeking a copy as referenced for the file.
 - Attached
4. Page 6, lines 10-12: Hearing Notice for a public hearing held by OPF: we are seeking a copy as well as the hearing date
 - Scheduled for April 7, 2022 at 10:00AM, Attached

Luke Brewer (he/him/his) | *Debt Specialist* | **Controller's Office of Public Finance**

CITY & COUNTY OF SAN FRANCISCO

1 Dr. Carlton B. Goodlett Place | City Hall, Room 338 | San Francisco, CA 94102

Mobile: (610) 241-0315 | Email: luke.brewer@sfgov.org

From: BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Sent: Thursday, March 24, 2022 10:52 AM
To: Brewer, Luke (CON) <luke.brewer@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Conine-Nakano, Susanna (MYR) <susanna.conine-nakano@sfgov.org>; BLAKE, MARK (CAT) <Mark.Blake@sfcityatty.org>
Cc: Paulino, Tom (MYR) <tom.paulino@sfgov.org>; Van Degna, Anna (CON) <anna.vandegna@sfgov.org>
Subject: RE: Mayor -- Resolution -- Treasure Island IRFD

Thank you. Mark Blake responded with his approval separately, but we will need the following information as soon as possible, as we are finalizing the file later today.

Best regards,

Jocelyn Wong

San Francisco Board of Supervisors

1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
T: 415.554.7702 | F: 415.554.5163
jocelyn.wong@sfgov.org | www.sfbos.org

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From: Brewer, Luke (CON) <luke.brewer@sfgov.org>
Sent: Wednesday, March 23, 2022 12:40 PM
To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Conine-Nakano, Susanna (MYR) <susanna.conine-nakano@sfgov.org>; BLAKE, MARK (CAT) <Mark.Blake@sfcityatty.org>
Cc: Paulino, Tom (MYR) <tom.paulino@sfgov.org>; Van Degna, Anna (CON) <anna.vandegna@sfgov.org>
Subject: RE: Mayor -- Resolution -- Treasure Island IRFD

Thank you Jocelyn,

These edits are OK with me. [@BLAKE, MARK \(CAT\)](#) can you provide your sign off? Thanks!

Luke Brewer (he/him/his) | *Debt Specialist* | **Controller's Office of Public Finance**
CITY & COUNTY OF SAN FRANCISCO
1 Dr. Carlton B. Goodlett Place | City Hall, Room 338 | San Francisco, CA 94102
Mobile: (610) 241-0315 | **Email:** luke.brewer@sfgov.org

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Sent: Wednesday, March 23, 2022 12:33 PM

To: Conine-Nakano, Susanna (MYR) <susanna.conine-nakano@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>; BLAKE, MARK (CAT) <Mark.Blake@sfcityatty.org>
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Subject: RE: Mayor -- Resolution -- Treasure Island IRFD

Greetings,

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We are also seeking the approval from Deputy City Attorney Mark Blake for use of his electronic signature on the Resolution, by reply to this email.

There were some items we would like to flag and also seeking copies of documents as referenced in the Resolution:

- 1) Page 3, lines 24-25: references a civil court case number with the San Francisco Superior Court. Please confirm if the case number is correct, as it looks like there might be one extra digit listed? We are also seeking a copy of the judgment as referenced for the file.
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Thank you in advance.

Best regards,
Jocelyn Wong
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244 San Francisco, CA 94102
T: 415.554.7702 | F: 415.554.5163
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Sent: Tuesday, March 22, 2022 4:02 PM
To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>; BLAKE, MARK (CAT) <Mark.Blake@sfcityatty.org>
Cc: Paulino, Tom (MYR) <tom.paulino@sfgov.org>; Brewer, Luke (CON) <luke.brewer@sfgov.org>; Van Degna, Anna (CON) <anna.vandegna@sfgov.org>
Subject: Mayor -- Resolution -- Treasure Island IRFD

Hello Clerks,

Attached for introduction to the Board of Supervisors is a Resolution of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) supplementing Resolution No. 7-17 to authorize the issuance and sale of one or more series of bonds in an aggregate principal amount not to exceed \$30,000,000, approving related documents, including an Official Statement, one or more Indentures of Trust, Bond Purchase Agreements and Continuing Disclosure Certificates and a Special Fund Administration Agreement, Approving bonds for purposes of Internal Revenue Code Section 147(f), Approving a Debt Policy for the IRFD, and determining other matters in connection therewith.

@BLAKE, MARK (CAT), can you please reply-all to confirm your approval? Thanks!

Please let me know if you have any questions.

Sincerely,
Susanna

Susanna Conine-Nakano
Office of Mayor London N. Breed
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 200 San Francisco, CA 94102
415-554-6147

1 [~~Resolution TEFRA Approval - Authorizing~~ Issuance of Bonds by Infrastructure and
2 Revitalization Financing District No. 1 (Treasure Island) - Not to Exceed \$30,000,000 ~~and~~
~~TEFRA Approval!~~]

3
4 **Resolution ~~of the City and County of San Francisco Infrastructure and Revitalization~~**
5 **~~Financing District No. 1 (Treasure Island)~~ supplementing Resolution No. 7-17, of the**
6 **City and County of San Francisco Infrastructure and Revitalization Financing District**
7 **No. 1 (Treasure Island) (IRFD), to authorize the issuance and sale of one or more series**
8 **of bonds in an aggregate principal amount not to exceed \$30,000,000, approving**
9 **related documents, including an Official Statement, one or more Indentures of Trust,**
10 **Bond Purchase Agreements and Continuing Disclosure Certificates and a Special Fund**
11 **Administration Agreement, ~~Approving approving~~ bonds for purposes of Internal**
12 **Revenue Code, Section 147(f), ~~Approving approving~~ a ~~Debt debt Policy policy~~ for the**
13 **IRFD, and determining other matters in connection therewith, as defined herein.**
14
15

16 WHEREAS, Under Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California
17 Government Code commencing with Section 53369 ("IRFD Law"), this Board of Supervisors is
18 authorized to establish an infrastructure and revitalization financing district and to act as the
19 legislative body for an infrastructure and revitalization financing district; and

20 WHEREAS, Pursuant to IRFD Law Section 53369.5, an infrastructure and revitalization
21 financing district may be divided into project areas; and

22 WHEREAS, The Board of Supervisors has conducted proceedings under and pursuant
23 to the IRFD Law to (a) form City and County of San Francisco Infrastructure and Revitalization
24 Financing District No. 1 (Treasure Island) ("IRFD") and four initial project areas ("Initial Project
25

1 Areas” and together with any future project areas that may be established in the IRFD,
2 “Project Areas”), (b) approve an infrastructure financing plan for the IRFD and the Project
3 Areas (“Infrastructure Financing Plan”) pursuant to Ordinance No. 29-22, adopted by the
4 Board of Supervisors on February 15, 2022, (c) provide a process for the future annexation of
5 territory to the IRFD, (d) establish an annual appropriations limit, as defined by subdivision (h)
6 of Section 8 of Article XIII B of the California Constitution, for the IRFD, and (e) authorize the
7 issuance from time to time of bonds or other debt in one or more series for the IRFD for the
8 purpose of financing certain improvements described in the Infrastructure Financing Plan in
9 the maximum aggregate principal amount of (i) \$780 million plus (ii) the principal amount of
10 bonds or other debt approved by this Board of Supervisors and the qualified electors of
11 annexation territory in connection with each annexation of annexation territory to the IRFD, so
12 long as the Board makes the finding specified in IRFD Law Section 53369.41(f), all as
13 described in those proceedings; and

14 WHEREAS, Capitalized terms used in this Resolution but not defined herein have the
15 meanings given them in the Infrastructure Financing Plan; and

16 WHEREAS, The Infrastructure Financing Plan provides for the allocation of Net
17 Available Increment by the City to the IRFD to finance IRFD Improvements, and further
18 provides that (i) 17.5% of the Net Available Increment (“Housing Increment”) shall be put in a
19 segregated account to be used by the Treasure Island Development Authority (“TIDA”) for
20 Housing Costs and (ii) 82.5% of the Net Available Increment (“Facilities Increment”) will be
21 used to finance certain Facilities (improvements required to serve development of Treasure
22 Island and Yerba Buena Island that will be provided by the private sector); and

23 WHEREAS, The Infrastructure Financing Plan also provides for the allocation to the
24 IRFD of Conditional City Increment for the limited purpose of paying debt service on bonds
25 and other debt of the IRFD in the event that Net Available Increment is insufficient for that

1 purpose, and the Infrastructure Financing Plan also provides for the repayment of the City by
2 the IRFD from Net Available Increment for any Conditional City Increment used by the IRFD
3 to pay debt service in an amount equal to the Conditional City Increment used to pay debt
4 service plus interest through the date of repayment; and

5 WHEREAS, Pursuant to Resolution No. 7-17, which was adopted by the Board of
6 Supervisors as the legislative body of the IRFD on January 24, 2017, and signed by the
7 Mayor on February 3, 2017 (“Original Resolution of Issuance”), this Board of Supervisors
8 authorized the issuance of bonds entitled "City and County of San Francisco Infrastructure
9 and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds"
10 in one or more series, in an aggregate principal amount not to exceed \$780 million; provided,
11 that (i) the aggregate principal amount does not include the principal amount of (A) any bonds
12 or other debt issued or incurred for the sole purpose of refunding the bonds, funding a reserve
13 fund for such refunding bonds and paying related costs of issuance and (B) any bonds or
14 other debt issued or incurred for the sole purpose of refunding such refunding bonds, funding
15 a reserve fund and paying related costs of issuance, and (ii) the Board of Supervisors may
16 increase the maximum aggregate principal amount described above by adopting a resolution
17 modifying Resolution No. 7-17; and

18 WHEREAS, In the Original Resolution of Issuance, the Board of Supervisors approved
19 the sale of one or more series of bonds, but provided that the bonds shall not be issued until
20 such time as (i) the Board of Supervisors has approved the terms of the sale to the investor(s)
21 and (ii) an Authorized Officer (as defined below) has caused the legal documents relating to
22 the bonds and any related disclosure document describing the bonds and the security for the
23 bonds to be prepared and caused such documents to be submitted to this Board of
24 Supervisors for its approval; and

25

1 WHEREAS, In the Original Resolution of Issuance, the Board of Supervisors also
2 authorized the filing of a judicial validation action with respect to the IRFD and the bonds
3 approved therein pursuant to Code of Civil Procedure, Section 860 et seq.; and

4 WHEREAS, On May 9, 2018, the Superior Court of the State of California, County of
5 San Francisco issued a judgment in Case No. CGC-17-1557496; and

6 WHEREAS, The IRFD has not previously issued any bonds or incurred any debt
7 except for a Subordinate Pledge Agreement, dated as of May 29, 2015 (“Subordinate Pledge
8 Agreement”), which was executed by the City on behalf of the IRFD for the benefit of the
9 United States of America, and is related to the payment of the purchase price for land on
10 Treasure Island and Yerba Buena Island and that certain Promissory Note (Initial
11 Consideration) dated May 29, 2015, executed by TIDA to the order of the United States of
12 America, acting by and through the Department of the Navy (“TIDA Promissory Note”); and

13 WHEREAS, This Board of Supervisors now wishes to supplement the Original
14 Resolution of Issuance to provide for the issuance by the IRFD of one or more series of bonds
15 (“2022 Bonds”) as further provided in this Resolution; and

16 WHEREAS, The 2022 Bonds shall be issued pursuant to one or more indentures of
17 trust (“Indenture of Trust”) by and between the IRFD and a trustee to be identified by the
18 Director of the Office of Public Finance (“Trustee”), forms of which have been submitted to this
19 Board of Supervisors that provide for the issuance of one series of 2022 Bonds to be payable
20 from Housing Increment and another series of 2022 Bonds to be payable from Facilities
21 Increment, and both of which provide for payment of debt service from Conditional City
22 Increment in a manner consistent with the Infrastructure Financing Plan; and

23 WHEREAS, There has also been submitted to this Board of Supervisors a form of
24 Preliminary Official Statement in connection with the marketing, sale and issuance of the 2022
25

1 Bonds, and this Board of Supervisors has reviewed the preliminary Official Statement
2 (“Preliminary Official Statement”); and

3 WHEREAS, There has also been submitted to this Board of Supervisors a form of bond
4 purchase agreement (“Bond Purchase Agreement”) among the IRFD, Stifel, Nicolaus &
5 Company, Inc. and Backstrom McCarley Berry & Co., LLC, as underwriters of the 2022 Bonds
6 (collectively, “Underwriter”), and a joint exercise of powers authority (“JPA”) established under
7 the Joint Exercise of Powers Act (commencing at Section 6500 of the California Government
8 Code) to be identified by the Director of the Office of Public Finance, under which the IRFD
9 will sell the 2022 Bonds to the JPA and the JPA will sell the 2022 Bonds to the Underwriter in
10 a manner consistent with California Government Code, Section 6589; and

11 WHEREAS, There has also been submitted to this Board of Supervisors a form of
12 special fund administration agreement (“Special Fund Administration Agreement”) with a
13 trustee to be identified by the Director of the Office of Public Finance (“Special Fund Trustee”),
14 providing for the administration of certain funds and accounts related to the IRFD and
15 community facilities districts established on Treasure Island and Yerba Buena Island; and

16 WHEREAS, This Board of Supervisors has reviewed the documents submitted to it in
17 connection with the issuance of the 2022 Bonds and found them to be in proper order; and

18 WHEREAS, In accordance with Government Code, Section 5852.1, this Board of
19 Supervisors has obtained and disclosed good faith estimates prepared by the City’s municipal
20 advisor of (a) the true interest cost of the 2022 Bonds, (b) the finance charge of the 2022
21 Bonds, (c) the amount of proceeds received by the IRFD for sale of the 2022 Bonds less the
22 finance charge and any reserves or capitalized interest paid or funded with proceeds of the
23 2022 Bonds, and (d) the sum total of all payments the IRFD will make to pay debt service on
24 the 2022 Bonds plus the finance charge of the 2022 Bonds not paid with the proceeds of the
25 2022 Bonds; and

1 WHEREAS, The IRFD anticipates using proceeds of the 2022 Bonds to finance
2 acquisition and construction of a housing project located on Treasure Island at 78 Johnson
3 Street, San Francisco, California (“501(c)(3) Project”), that will be owned by Mercy Housing
4 82, L.P., a California limited partnership, whose general partner is a nonprofit affiliate of Mercy
5 Housing California, a California nonprofit public benefit corporation (“~~Mercy~~”); Mercy is a
6 nonprofit public benefit corporation described in Section 501(c)(3) of the Internal Revenue
7 Code of 1986 (“Code”); and

8 WHEREAS, Pursuant to Section 147(f) of the Code, and the Treasury Regulations
9 promulgated thereunder, the issuance of the 2022 Bonds by the IRFD may qualify for tax
10 exemption under Section 103 of the Code only if the 2022 Bonds are approved by an
11 “applicable elected representative” of both the governmental unit issuing the 2022 Bonds or
12 on behalf of which the 2022 Bonds are to be issued, and a governmental unit having
13 jurisdiction over the geographic area in which the Project is located, after a public hearing held
14 following reasonable public notice; and

15 WHEREAS, The Controller’s Office of Public Finance of the City has caused a notice to
16 appear on its website, stating that a telephonic public hearing with respect to the issuance of
17 the Obligations would be held by the Controller’s Office of Public Finance on _____, 2022;
18 and

19 WHEREAS, The Controller’s Office of Public Finance of the City has held the public
20 hearing described above on _____, 2022, and an opportunity was provided for persons to
21 comment on the issuance and sale of the 2022 Bonds and the plan of financing of the
22 501(c)(3) Project; and

23 WHEREAS, It is intended that this Resolution shall constitute approval of the issuance
24 of the 2022 Bonds for purposes of Section 147(f) of the Code, and the Treasury Regulations
25 promulgated thereunder; and

1 WHEREAS, The Board of Supervisors wishes to adopt a debt policy for the IRFD in
2 accordance with Government Code, Section 8855(i); now, therefore, be it

3 WHEREAS, All conditions, things and acts required to exist, to have happened and to
4 have been performed precedent to and in the issuance of the 2022 Bonds as contemplated by
5 this resolution, have happened and have been performed in due time, form and manner as
6 required by the laws of the State of California, including the IRFD Law; now, therefore, be it

7 RESOLVED, That the foregoing recitals are all true and correct; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors is acting in its capacity as
9 legislative body of the IRFD; and

10 FURTHER RESOLVED, That pursuant to the IRFD Law, the Original Resolution of
11 Issuance, and this Resolution, the Board of Supervisors hereby authorizes the issuance of the
12 2022 Bonds in one or more series in an aggregate principal amount not to exceed
13 \$30,000,000; and, be it

14 FURTHER RESOLVED, That the 2022 Bonds shall be entitled “City and County of San
15 Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax
16 Increment Revenue Bonds” (or such other designation as the Director of the Office of Public
17 Finance deems necessary and appropriate) with (i) a series designation (such as “Series
18 20__ A”), (ii) a designation as to whether such 2022 Bonds are payable from Housing
19 Increment or Facilities Increment and (iii) a designation as to whether such 2022 Bonds are
20 issued as tax-exempt or taxable bonds under federal tax law; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors, as an applicable elected
22 representative of the governmental unit on behalf of which the 2022 Bonds will be issued and
23 having jurisdiction over the geographic area in which the 501(c)(3) Project is located, hereby
24 approves the issuance of the 2022 Bonds for the purpose of providing funds to finance the
25 501(c)(3) Project. It is the purpose and intent of the Board of Supervisors that this Resolution

1 constitute both “issuer” approval and “host” approval of the issuance of the 2022 Bonds by the
2 IRFD for purposes of Section 147(f) of the Code, and the Treasury Regulations promulgated
3 thereunder; and, be it

4 FURTHER RESOLVED, That the terms of the 2022 Bonds shall be as follows: (i) each
5 Bond shall be dated its date of issuance, (ii) the maturity date of each 2022 Bond shall be a
6 date not to exceed 30 years from the date of its issuance or such later date as is permitted by
7 the IRFD Law and approved by the Director of the Office of Public Finance, (iii) the 2022
8 Bonds shall be issued in denominations of \$5,000 or any integral multiple of \$5,000 or such
9 other denomination determined by the Director of the Office of Public Finance, (iv) the form of
10 the 2022 Bonds shall be substantially the form attached to the Indenture of Trust, (v) the 2022
11 Bonds shall be executed by the Director of the Office of Public Finance or such other
12 Authorized Officer (as defined below) identified in the Indenture of Trust, (vi) the principal of
13 and interest on the 2022 Bonds shall be payable in lawful money of the United States of
14 America, (vii) the 2022 Bonds shall be registered with the Trustee and shall be payable at the
15 principal office of or by check or wire of the Trustee and (viii) the 2022 Bonds shall be subject
16 to redemption prior to maturity at the times and subject to the premiums approved by the
17 Director of the Office of Public Finance; and, be it

18 FURTHER RESOLVED, That the Mayor, the Controller and the Director of the Office of
19 Public Finance, or such other official of the City as may be designated by such officials (each,
20 an “Authorized Officer”) is hereby authorized and directed, on behalf of the IRFD, to execute
21 and deliver the documents approved herein in substantially the form on file with the Clerk of
22 the Board of Supervisors, together with such additions or changes as are approved by such
23 Authorized Officer, including such additions or changes as are necessary or advisable to
24 permit the timely issuance, sale and delivery of the 2022 Bonds; the approval of such
25

1 additions or changes shall be conclusively evidenced by the execution and delivery by an
2 Authorized Officer of the documents herein specified; and, be it

3 FURTHER RESOLVED, That this Board of Supervisors hereby approves one or more
4 Indentures of Trust, in substantially the form on file with the Clerk of the Board of Supervisors;
5 ~~The the~~ terms and provisions of each Indenture of Trust, as executed, are incorporated
6 herein by this reference as if fully set forth herein. ~~A; a~~ an Authorized Officer is hereby
7 authorized and directed to execute each Indenture of Trust on behalf of the IRFD, with such
8 changes, additions or deletions as may be approved by the Authorized Officer, and the Clerk
9 of the Board of Supervisors is hereby authorized and directed to attest thereto; and, be it

10 FURTHER RESOLVED, That this Board of Supervisors hereby approves a Preliminary
11 Official Statement prepared in connection with the 2022 Bonds in substantially the form on file
12 with the Clerk of this Board of Supervisors, together with any changes therein or additions
13 thereto deemed necessary or advisable by an Authorized Officer. ~~S; s~~ subject to an Authorized
14 Officer deeming such Preliminary Official Statement “final” pursuant to Rule 15c2-12 under
15 the Securities Exchange Act of 1934 (“Rule”), this Board of Supervisors hereby approves and
16 authorizes the distribution by the Underwriter of the Preliminary Official Statement to
17 prospective purchasers of the 2022 Bonds, and authorizes and directs an Authorized Officer
18 on behalf of the IRFD to deem the Preliminary Official Statement “final” pursuant to the Rule
19 prior to its distribution to prospective purchasers of the 2022 Bonds. ~~T; t~~ the execution of the
20 final Official Statement, which shall include 2022 Bond pricing information, such other
21 changes and additions thereto deemed advisable by an Authorized Officer, and such
22 information permitted to be excluded from the Preliminary Official Statement pursuant to the
23 Rule, shall be conclusive evidence of the approval of such Official Statement by the IRFD;
24 and, be it

1 FURTHER RESOLVED, That this Board of Supervisors hereby approves one or more
2 Continuing Disclosure Certificates with respect to the 2022 Bonds in substantially the form
3 thereof attached to the preliminary Official Statement on file with the Clerk of the Board of
4 Supervisors. ~~A;~~ a Authorized Officer is hereby authorized and directed to execute each
5 Continuing Disclosure Certificate on behalf of the IRFD with such changes, additions or
6 deletions as may be approved by the Authorized Officer; and, be it

7 FURTHER RESOLVED, That this Board of Supervisors hereby approves one or more
8 Bond Purchase Agreements in substantially the form on file with the Clerk of the Board of
9 Supervisors. ~~A;~~ a Authorized Officer is hereby authorized and directed to execute the Bond
10 Purchase Agreement on behalf of the IRFD, with such changes, additions or deletions as may
11 be approved by the Authorized Officer and that are in accordance with the provisions of this
12 Resolution, such execution to be conclusive evidence of such approval; subject to the
13 requirement that the Underwriter's discount on the purchase of the 2022 Bonds may not
14 exceed 1.75% of the par amount of the 2022 Bonds and the interest rate may not exceed the
15 maximum rate permitted by applicable law. ~~T;~~ t this Board of Supervisors hereby approves the
16 negotiated sale of the 2022 Bonds to the Underwriter pursuant to such Bond Purchase
17 Agreement; and, be it

18 FURTHER RESOLVED, That this Board of Supervisors hereby approves the Special
19 Fund Administration Agreement in substantially the form on file with the Clerk of the Board of
20 Supervisors. An Authorized Officer is hereby authorized and directed to execute the Special
21 Fund Administration Agreement on behalf of the IRFD with such changes, additions or
22 deletions as may be approved by the Authorized Officer; and, be it

23 FURTHER RESOLVED, That this Board of Supervisors hereby ratifies and approves
24 the Subordinate Pledge Agreement, and finds and determines that the Subordinate Pledge
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1 Agreement shall only be included in the calculation of bonds and other debt to the extent that
2 the IRFD pays the principal balance of the TIDA Promissory Note; and, be it

3 FURTHER RESOLVED, That in order to comply with Government Code, Section
4 8855(i), the Board of Supervisors hereby adopts the Debt Management Policy of the City and
5 County of San Francisco as the debt policy of the IRFD to the extent applicable to tax
6 increment bonds and the internal control procedures of the City, and hereby determines that
7 the purposes for which the IRFD's debt proceeds may be used, the types of debt that may be
8 issued, the relationship of the debt to, and integration with, the City's capital improvement
9 program or budget, and the policy goals related to the City's planning goals and objectives. of
10 the IRFD's debt, are set forth in the DDA Financing Plan and the IRFD Financing Plan; and,
11 be it

12 FURTHER RESOLVED, That in Resolution No. 503-16, adopted by the Board of
13 Supervisors on December 6, 2016, and signed by the Mayor on December 16, 2016, entitled
14 the "Resolution of intention to establish City and County of San Francisco Infrastructure and
15 Revitalization Financing District No. 1 (Treasure Island) and project areas therein to finance
16 the construction and/or acquisition of facilities on Treasure Island and Yerba Buena Island; to
17 provide for future annexation; to call a public hearing on the formation of the district and
18 project areas therein and to provide public notice thereof; and determining other matters in
19 connection therewith", this Board of Supervisors made certain findings under the California
20 Environmental Quality Act ("CEQA") about the Final Environmental Impact Report ("FEIR") for
21 the disposition and development of a portion of Naval Station Treasure Island, and those
22 findings are incorporated in this Resolution as if set forth in their entirety herein; and, be it

23 FURTHER RESOLVED, That all actions heretofore taken by the officers and agents of
24 the City (including, but not limited to, the Authorized Officers) with respect to the
25 establishment of the IRFD and the Initial Project Areas, the execution and delivery of the

1 Subordinate Pledge Agreement and the sale and issuance of the 2022 Bonds are hereby
2 approved, confirmed and ratified; and, be it

3 FURTHER RESOLVED, That each of the Authorized Officers and any and all other
4 officers of the City are hereby authorized, for and in the name of and on behalf of the IRFD, to
5 do any and all things and take any and all actions, including execution and delivery of any and
6 all documents, assignments, certificates, requisitions, agreements, notices, consents,
7 instruments of conveyance, warrants and documents, which they, or any of them, may deem
8 necessary or advisable in order to effectuate the purposes of this Resolution; provided
9 however that any such actions be solely intended to further the purposes of this Resolution,
10 and are subject in all respects to the terms of the Resolution. ~~E~~; e each of the Authorized
11 Officers is further authorized to finalize the Infrastructure Financing Plan approved by this
12 Board of Supervisors pursuant to Ordinance No. 29-22 in a manner that is consistent with this
13 Resolution and the Indentures of Trust. All actions to be taken by an Authorized Officer, as
14 defined herein, may be taken by such Authorized Officer or any designee, with the same force
15 and effect as if taken by the Authorized Officer and, be it

16 FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or
17 word of this resolution, or any application thereof to any person or circumstance, is held to be
18 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
19 shall not affect the validity of the remaining portions or applications of this resolution, this
20 Board of Supervisors hereby declaring that it would have passed this resolution and each and
21 every section, subsection, sentence, clause, phrase, and word not declared invalid or
22 unconstitutional without regard to whether any other portion of this resolution or application
23 thereof would be subsequently declared invalid or unconstitutional; and, be it

24 FURTHER RESOLVED, That this Resolution shall take effect upon its enactment.
25 Enactment occurs when the Mayor signs the resolution, the Mayor returns the resolution

1 unsigned or does not sign the resolution within ten days of receiving it, or the Board of
2 Supervisors overrides the Mayor's veto of the resolution. The provisions of any previous

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8 resolutions in any way inconsistent with the provisions hereof in and for the issuance of the
9 2022 Bonds as herein described are hereby repealed.

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11 APPROVED AS TO FORM:
12 DAVID CHIU
13 City Attorney

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15 By: /s/ MARK D. BLAKE
16 MARK D. BLAKE
17 Deputy City Attorney
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