

File No. 231023

Committee Item No. 7

Board Item No. 15

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date October 25, 2023

Board of Supervisors Meeting Date October 31, 2023

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Draft Second Supplement</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Draft Special Tax Fiscal Agent Agreement</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Port Commission Resolution No. 23-41 9/8/2023</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Port Presentation 10/25/2023</u> |
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Completed by: Brent Jalipa Date October 19, 2023

Completed by: Brent Jalipa Date October 26, 2023

1 [Pledge Agreement Related Documents - CCSF Infrastructure Financing District No. 2 (Port of
2 San Francisco), Sub-Project Areas I-1 through I-13 - Special Tax Bonds - CCSF Special Tax
3 District No. 2020-1 (Mission Rock Facilities and Services)]

4 **Resolution approving certain documents and actions related to a Pledge Agreement by**
5 **City and County of San Francisco Infrastructure Financing District No. 2 (Port of**
6 **San Francisco) and Development Special Tax Bonds for City and County of**
7 **San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services);**
8 **and determining other matters in connection therewith, as defined herein.**

9
10 WHEREAS, California Statutes of 1968, Chapter 1333 (“Burton Act”) and Charter,
11 Section 4.114 and Appendix B, beginning at Section B3.581, empower the City and County of
12 San Francisco (“City”), acting through the San Francisco Port Commission (“Port” or “Port
13 Commission”), with the power and duty to use, conduct, operate, maintain, manage, regulate,
14 and control the lands within Port jurisdiction; and

15 WHEREAS, Seawall Lot 337 Associates, LLC, a Delaware limited liability company
16 (“Master Developer”) and the City, acting by and through the Port, are parties to a Disposition
17 and Development Agreement (as amended from time to time, “DDA”), including a Financing
18 Plan (as amended from time to time, “Financing Plan”), that governs the disposition and
19 development of certain parcels in the jurisdiction of the Port, including Seawall Lot 337, 3.53
20 acres located at Terry A. Francois Boulevard from Third Street to Mission Rock Street, China
21 Basin Park and one-half (½) acre to the east of Terry A. Francois Boulevard between Pier 48
22 and Pier 50 (“Project Site”), and also provides for development of Pier 48, which DDA was
23 approved by the Board of Supervisors of the City (“Board of Supervisors” or “Board”) by
24 Resolution No. 42-18, adopted on February 13, 2018, signed by the Mayor on February 23,
25

1 2018, and a copy of which is in Board File No. 180092 (“Mission Rock Project Resolution”);
2 and

3 WHEREAS, The Port collaborated with the State Lands Commission and the
4 Legislature to amend the Burton Act to lift or suspend certain statutory trust use restrictions
5 that impeded the Port’s ability to realize the development potential of Port lands; and under
6 Senate Bill 815 (Stats. 2007, ch. 660, as amended by Stats. 2016, ch. 529) (“SB 815”), the
7 Port is authorized to lease certain seawall lots south of Market Street, including the Project
8 Site, for nontrust purposes, providing revenues for rehabilitation of historic wharves and piers
9 and other trust uses; SB 815 allows long-term nontrust uses that are otherwise not
10 permissible under the Burton Act as a primary mechanism to generate Port revenues for trust
11 purposes, including the construction of infrastructure needed for development; and

12 WHEREAS, On November 3, 2015, San Francisco voters approved the Mission Rock
13 Affordable Housing, Parks, Jobs and Historic Preservation Initiative (“Proposition D”), which
14 authorized increased height limits on the Project Site, subject to environmental review, and
15 established a City policy to encourage development of the Project Site; Proposition D
16 specifically provides that it is intended to encourage and implement the lease and
17 development of the Project Site as described in SB 815 to support the purposes of the Burton
18 Act, especially the preservation of historic piers and historic structures and construction of
19 waterfront plazas and open space; and

20 WHEREAS, The proposed development of the Project Site, which is commonly
21 referred to as the Mission Rock project (“Project”), will be a new mixed-use neighborhood that
22 is proposed to include a mix of commercial/office, retail, parking, and market rate and
23 affordable residential uses and approximately eight acres of new and expanded parks and
24 shoreline access; and

25 WHEREAS, Under the DDA, (i) the Master Developer is responsible for master

1 development of the Project Site, including construction of public infrastructure, (ii) the Port and
2 Master Developer will enter into a master lease for all of the Project Site, (iii) the Port will
3 convey development parcels to vertical developers and those parcels will be released from
4 the master lease, and (iv) the Port may enter into a separate lease with the Master Developer
5 (or an affiliate of Master Developer) for development of Pier 48; and

6 WHEREAS, The City anticipates that, in addition to the infrastructure and private
7 development described above, future improvements will be necessary to ensure that the
8 shoreline, public facilities, and public access improvements will be protected should sea levels
9 rise in the vicinity of the Project Site; and

10 WHEREAS, At its hearing on October 5, 2017, and prior to recommending proposed
11 Planning Code amendments for approval, by Motion No. M-20017, the Planning Commission
12 certified a Final Environmental Impact Report (“FEIR”) for the Project pursuant to the
13 California Environmental Quality Act (“CEQA”) (California Public Resources Code, Section
14 21000 et seq.), the CEQA Guidelines (14 Cal. Code Reg., Section 15000 et seq.), and
15 Administrative Code, Chapter 31; a copy of said Motion is on file with the Clerk of the Board in
16 File No. 171117, and is incorporated herein by reference; and

17 WHEREAS, In recommending proposed Planning Code amendments for approval by
18 the Board at its hearing on October 5, 2017, by Motion No. M-20018, the Planning
19 Commission also adopted findings under CEQA, including a statement of overriding
20 consideration, and a Mitigation Monitoring and Reporting Program (“MMRP”), and copies of
21 said Motion and MMRP are on file with the Clerk of the Board in File No. 171117, and are
22 incorporated herein by reference; and

23 **Special Tax District**

24 WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code (as
25 it may be amended from time to time, “Code”), which Code incorporates by reference the

1 Mello-Roos Community Facilities Act of 1982, as amended (“Mello-Roos Act”), the Board is
2 authorized to establish a special tax district and to act as the legislative body for a special tax
3 district; and

4 WHEREAS, The Board of Supervisors has conducted proceedings under and pursuant
5 to the Code to form “City and County of San Francisco Special Tax District No. 2020-1
6 (Mission Rock Facilities and Services)” (“Special Tax District”), to authorize the levy of special
7 taxes upon the land within the Special Tax District pursuant to a rate and method of
8 apportionment of special tax (“Rate and Method”) and to authorize the issuance of bonds and
9 other debt (as defined in the Mello-Roos Act) secured by said special taxes for the purpose of
10 financing certain improvements (“Facilities”) and incidental expenses (“incidental expenses”),
11 all as described in those proceedings; and

12 WHEREAS, The Rate and Method provides for the levy of separate special taxes
13 within the Special Tax District, including, among others, the Development Special Tax, the
14 Office Special Tax and the Shoreline Special Tax; and

15 WHEREAS, Pursuant to Resolution No. 196-20, which was adopted on May 5, 2020,
16 and signed by the Mayor on May 15, 2020 (“Original Special Tax Bond Resolution”), the
17 Board of Supervisors authorized the issuance of up to \$3,700,000,000 of bonded
18 indebtedness and other debt on behalf of the Special Tax District and directed staff to prepare
19 documentation for such bonded indebtedness and other debt and return to the Board of
20 Supervisors for approval of such documentation; and

21 WHEREAS, Code Section 43.10.15.2 authorizes the City, on behalf of the Special Tax
22 District, to enter into an agreement with any third party that pledges to the Special Tax District
23 funds that will be used to pay for facilities or services that the Special Tax District is
24 authorized to finance or to pay debt service on bonds or debt issued by or for the Special Tax
25 District; and

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Infrastructure Financing District

WHEREAS, Under California Government Code Sections 53395 et seq. (“IFD Law”), the Board of Supervisors is authorized to establish an infrastructure financing district and to act as the legislative body for such an infrastructure financing district; more specifically, the Board of Supervisors is authorized to establish “waterfront districts” under IFD Law Section 53395.8, including one or more waterfront districts; and

WHEREAS, By Ordinance No. 27-16, which the Board of Supervisors adopted on March 1, 2016 and which was signed by the Mayor on March 11, 2016 (“Ordinance Establishing IFD”), the Board of Supervisors, among other things, declared “City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco)” (“IFD”) to be fully formed and established, approved an infrastructure financing plan for the IFD (“IFD Infrastructure Financing Plan”), and designated initial proposed project areas within the IFD; and

WHEREAS, In accordance with the DDA, by Ordinance No. 34-18, which the Board of Supervisors adopted on February 27, 2018, and which was signed by the Mayor on March 6, 2018 (“Ordinance Establishing Project Area I and Sub-Project Areas I-1 through I-13”), the Board of Supervisors, among other things, declared the following project area (“Project Area I”) and sub-project areas (collectively, “Sub-Project Areas”) within the Project Site to be fully formed and established and approved Appendix I to the IFD Infrastructure Financing Plan:

- (i) “Project Area I (Mission Rock),”
- (ii) “Sub-Project Area I-1 (Mission Rock),”
- (iii) “Sub-Project Area I-2 (Mission Rock),”
- (iv) “Sub-Project Area I-3 (Mission Rock),”
- (v) “Sub-Project Area I-4 (Mission Rock),”
- (vi) “Sub-Project Area I-5 (Mission Rock),”
- (vii) “Sub-Project Area I-6 (Mission Rock),”
- (viii) “Sub-Project Area I-7 (Mission Rock),”
- (ix) “Sub-Project Area I-8 (Mission Rock),”
- (x) “Sub-Project Area I-9 (Mission Rock),”
- (xi) “Sub-Project Area I-10 (Mission Rock),”

1 (xii) “Sub-Project Area I-11 (Mission Rock),” (xiii) “Sub-Project Area I-12 (Mission Rock),” and
2 (xiv) “Sub-Project Area I-13 (Mission Rock)”;

3 WHEREAS, Under Section 53395.2 of the IFD Law, the IFD is authorized to pledge
4 revenues available from the Sub-Project Areas and allocated to it pursuant to Article 3 of the
5 IFD Law (commencing with Section 53396) to pay the principal of, and interest on, bonds
6 issued pursuant to the Mello-Roos Act, the proceeds of which have been or will be used
7 entirely for allowable purposes of the IFD; and

8 WHEREAS, By Resolution No. 37-18, which the Board of Supervisors adopted on
9 February 13, 2018, and which was signed by the Mayor on February 23, 2018 (“Original
10 Pledge Resolution”), the Board of Supervisors, acting as the legislative body of the IFD,
11 authorized execution of one or more pledge agreements by the IFD that provides, among
12 other things, for the pledge of tax increment revenues allocated to the IFD with respect to all
13 or any of the Sub-Project Areas (“Tax Increment”), as applicable, to bonds issued for a special
14 tax district that is formed by the Board of Supervisors to finance all or any of the facilities that
15 can be financed by the IFD with Tax Increment; and

16 WHEREAS, A default judgment was entered on October 17, 2019, by the Superior
17 Court of the County of San Francisco in a judicial validation action related to, among other
18 things, the IFD, the Sub-Project Areas and such pledge agreements (Case No. CGC-18-
19 565561) (“Validation Judgment”); and

20 **Outstanding Development Special Tax Bonds**

21 WHEREAS, The City previously issued on behalf of the Special Tax District the
22 \$43,300,000 City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock
23 Facilities and Services) Development Special Tax Bonds, Series 2021A (“2021A Development
24 Special Tax Bonds”) pursuant to Resolution No. 565-20, which was approved by the Board of
25 Supervisors on December 8, 2020 and signed by the Mayor on December 18, 2020 (“First

1 Supplemental Development Special Tax Resolution of Issuance”) and a Fiscal Agent
2 Agreement, dated as of May 1, 2021 (“Development Special Tax Master Fiscal Agent
3 Agreement”), by and between the City and Zions Bancorporation, National Association, as
4 fiscal agent (“Fiscal Agent”); and

5 WHEREAS, In connection with the issuance of the 2021A Development Special Tax
6 Bonds, the IFD previously executed and delivered a Pledge Agreement, dated as of May 1,
7 2021 (“Pledge Agreement”), by and among the City, for and on behalf of the Special Tax
8 District, the IFD and the Fiscal Agent, pursuant to Resolution No. 569-20, which was
9 approved by the Board of Supervisors on December 8, 2020, and signed by the Mayor on
10 December 18, 2020 (“First Supplemental Pledge Resolution”); and

11 WHEREAS, The City subsequently issued on behalf of the Special Tax District the
12 \$54,280,000 City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock
13 Facilities and Services) Development Special Tax Bonds, Series 2021B (Federally Taxable)
14 (“2021B Development Special Tax Bonds”) and the \$10,000,000 City and County of
15 San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)
16 Development Special Tax Bonds, Series 2021C (“2021C Development Special Tax Bonds”;
17 together with 2021A Development Special Tax Bonds and 2021B Development Special Tax
18 Bonds, “Outstanding Development Special Tax Bonds”) pursuant to Resolution No. 224-21,
19 which was approved by the Board of Supervisors on May 11, 2021, and signed by the Mayor
20 on May 21, 2021 (“Second Supplemental Development Special Tax Resolution of Issuance”),
21 and a First Supplement to Fiscal Agent Agreement, dated as of November 1, 2021 (“First
22 Supplement to Development Special Tax Fiscal Agent Agreement”), by and between the City
23 and the Fiscal Agent; and

24 WHEREAS, In connection with the issuance of the 2021B Development Special Tax
25 Bonds and the 2021C Development Special Tax Bonds, the Board of Supervisors, in its

1 capacity as legislative body of the IFD, approved certain documents and actions pursuant to
2 Resolution No. 225-21, which was approved by the Board of Supervisors on May 11, 2021,
3 and signed by the Mayor on May 21, 2021 (“Second Supplemental Pledge Resolution”); and

4 WHEREAS, The Outstanding Development Special Tax Bonds are payable from
5 Revenues (as defined in the Master Development Special Tax Fiscal Agent Agreement),
6 which include (a) revenue from the Development Special Tax levied under the Rate and
7 Method, and not from other special taxes that may be levied under the Rate and Method and
8 (b) certain payments made by the IFD under the Pledge Agreement; and

9 **Proposed Development Special Tax Bonds**

10 WHEREAS, The Board of Supervisors is concurrently considering a resolution
11 supplementing the Original Special Tax Bond Resolution to provide for the issuance of one or
12 more additional series of City and County of San Francisco Special Tax District No. 2020-1
13 (Mission Rock Facilities and Services) Development Special Tax Bonds (the “2023
14 Development Special Tax Bonds”), which will be payable from Revenues (as defined in the
15 Master Fiscal Agent Agreement) on a parity basis with the Outstanding Development Special
16 Tax Bonds, to finance a portion of the Facilities and related costs and expenses; and

17 WHEREAS, On September 12, 2023, Port staff provided an update to the Port
18 Commission on the Project and plan of finance, including the proposed issuance of the 2023
19 Development Special Tax Bonds, and by Resolution No. 23-41, the Port Commission
20 recommended that the Board of Supervisors, as the legislative body of the IFD, approve
21 certain documents and actions related to the 2023 Development Special Tax Bonds; and

22 WHEREAS, A copy of Port Commission Resolution No. 23-41 is in Board File
23 No. 231023, and is incorporated in this Resolution by reference; and

24 WHEREAS, In the Ordinance Establishing Project Area I and Sub-Project Areas I-1
25 through I-13, the Board of Supervisors appointed the Port Commission to act as the agent of

1 the IFD with respect to Project Area I and the Sub-Project Areas (which is referred to as the
2 IFD Agent in the DDA), which under the DDA includes the authority to determine in
3 collaboration with the Office of Public Finance whether and in what amounts the IFD will issue
4 or incur indebtedness for the purposes specified in Appendix I to the Infrastructure Financing
5 Plan and enter into agreements related to such indebtedness; and

6 WHEREAS, In its capacity as legislative body of the IFD, the Board of Supervisors now
7 wishes to approve certain documents and actions in connection with the issuance of the 2023
8 Development Special Tax Bonds; and

9 **Special Fund Administration Agreement**

10 The Port, as CFD Agent and IFD Agent, and in its own proprietary capacity, has
11 entered into a Special Fund Administration Agreement, dated as of May 1, 2021 (“Special
12 Fund Administration Agreement”), with Zions Bancorporation, National Association (“Special
13 Fund Trustee”), for the purpose of facilitating a more orderly administration of the revenues
14 generated by the Special Tax District and the IFD; and

15 WHEREAS, All conditions, things and acts required to exist, to have happened and to
16 have been performed precedent to the execution and delivery of such documents and the
17 taking of such actions as contemplated by this Resolution and the documents referred to
18 herein exist, have happened and have been performed in due time, form and manner as
19 required by applicable law, including the IFD Law; now, therefore, be it

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

21 FURTHER RESOLVED, That the Port, in its capacity as IFD Agent, is hereby
22 authorized and directed to execute and deliver any amendment to the Special Fund
23 Administration Agreement that an appropriate officer of the City determines is necessary to
24 consummate the lawful issuance and delivery of the 2023 Development Special Tax Bonds in
25 accordance with this Resolution; and, be it

1 FURTHER RESOLVED, That all actions heretofore taken by the officers and agents of
2 the City (including, but not limited to the IFD Agent in accordance with the DDA and the
3 Ordinance Establishing Project Area I and Sub-Project Areas I-1 through I-13) with respect to
4 the establishment of the IFD, Project Area I and the Sub-Project Areas, the approval of the
5 IFD Infrastructure Financing Plan and Appendix I, and the execution and delivery of the
6 Pledge Agreement are hereby approved, confirmed and ratified, and the appropriate officers
7 of the City (including, but not limited to the IFD Agent in accordance with the DDA and the
8 Ordinance Establishing Project Area I and Sub-Project Areas I-1 through I-13) are hereby
9 authorized and directed to do any and all things and take any and all actions and execute any
10 and all certificates, agreements and other documents on behalf of the IFD, which they, or any
11 of them, may deem necessary or advisable in connection with the 2023 Development Special
12 Tax Bonds in accordance with this Resolution, including but not limited to any actions required
13 in connection with issuance of ratings or obtaining a municipal bond insurance policy with
14 respect to the 2023 Development Special Tax Bonds, and any certificate, agreement, and
15 other document described in the documents herein approved; all actions to be taken by the
16 officers and agents of the City may be taken by such officer or agent or any designee, with the
17 same force and effect as if taken by the officer or agent; and, be it

18 FURTHER RESOLVED, That this Resolution shall take effect from and after its
19 adoption and approval.

20 APPROVED AS TO FORM:
21 DAVID CHIU, City Attorney

22 By: /s/ Mark D. Blake
23 MARK D. BLAKE
24 Deputy City Attorney

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<p>Items 6 & 7 Files 23-1022 & 23-1023</p>	<p>Department: Controller’s Office of Public Finance, Port</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • File 23-1022 is a resolution that would authorize the City to issue Special Tax Bonds in an amount not to exceed \$58,335,000 and approve the related documents. • File 23-1023 is a resolution that would approve certain documents and actions related to a Pledge Agreement for proposed Development Special Tax Bonds, allowing for incremental property revenue generated within the Mission Rock Project Area to be used in combination with Mission Rock Special Tax revenues to pay for bond debt service. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Phase 1 of the Mission Rock Development Project includes housing, office space, retail, creation of China Basin Park, and horizontal infrastructure, such as streets and utilities. The development agreement between the Port and Seawall Lot 337 Associate, LLC requires the developer to build horizontal infrastructure and the Port to reimburse those costs. • Three of the four Phase 1 buildings have received temporary certificates of occupancy, and the fourth building is anticipated to receive its certificate in mid-2024. • The Board of Supervisors previously approved Project Area I (Mission Rock) within the Port’s Infrastructure Financing District, allowing incremental property taxes generated within that area to be used for infrastructure costs. In addition, the Board has approved the Mission Rock Special Tax District and levy of special taxes within that area. • The City has issued three series of Development Special Tax Bonds, previously authorized by the Board of Supervisors, totaling \$107.58 million. Based on market conditions as of September 2023 and the tax revenue generating capacity of the district, the Port is proposing to issue up to \$47.0 million of Special Tax Bonds, which is less than the not to exceed amount in the proposed resolution. • The bonds would be repaid with Development Special Tax, Office Special Tax, and Shoreline (Tax Zone 1) Special Tax revenues collected within the Mission Rock Special Tax District. Incremental property tax revenues may also be used to pay for proposed debt service under the Pledge Agreement for the Development Special Tax Bonds only. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • As of September 2023, the proposed bonds are expected to generate \$45.5 million in bond proceeds, have 27- to 30-year terms, and true interest cost of 5.86 percent. Total debt service is expected to be \$101.8 million or approximately \$3.4 million on average, per year. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolutions. 	

MANDATE STATEMENT

Section 53395.8(c)(3) of the California Government Code designates the Board of Supervisors as the legislative body for the Port Infrastructure Financing District.

Section 43.10.9 of the Administrative Code incorporates the 1982 Mello-Roos Community Facilities Act, which designates the Board of Supervisors the legislative body for Community Facilities Districts within San Francisco.

BACKGROUND

Mission Rock Development Project

The Mission Rock development project area comprises two pieces of Port property, Seawall Lot 337 and Pier 48. In February 2018, the Board of Supervisors approved a Disposition and Development Agreement (DDA) between the Port and Seawall Lot 337 Associates, LLC, a joint venture of the San Francisco Giants and Tishman Speyer (File 18-0092). The DDA requires the developer to build horizontal and vertical improvements within the Mission Rock Project Area and the Port to reimburse the developer for certain infrastructure costs.

Phase 1 will include two residential buildings (Parcels A & F) with 537 housing units and two commercial office/life science buildings (Parcels B & G) totaling 620,000 square feet. Phase 1 will also include the development of China Basin Park, a 4.5-acre public park and related infrastructure and is expected to be complete in 2024. The area was previously a parking lot. Exhibit 1 shows the four project phases.

Exhibit 1: Mission Rock Development Project Phases 1-4



Source: Port

Financing Plan

To finance Phase 1 horizontal infrastructure costs, the Port intends to use pre-payment on ground leases, tax-increment financing,¹ and special taxes². Horizontal infrastructure includes entitlements, demolition, raising the site to protect against sea level rise, hazardous soil removal, wet and dry utilities, earthwork and retaining walls, roadways and street utilities, as well as public open space.

Prior Issuances of Special Tax Bonds

The City has issued three series of Development Special Tax Bonds, previously authorized by the Board of Supervisors, totaling \$107.58 million. In May 2021, the City issued \$43.3 million in Development Special Tax Bonds (Series 2021A).³ In November 2021, the City issued \$54.28 million in taxable Development Special Tax Bonds (Series 2021B) and \$10.0 million in tax-exempt Development Special Tax Bonds (Series 2021C).⁴

Phase 1 Project Status

Three of the four buildings have received temporary certificates of occupancy, and the fourth building (Parcel F) is anticipated to receive a temporary certificate of occupancy in mid-2024. Residents began moving into one of the residential buildings (Parcel A) in June 2023. Tenant improvements are in process for Parcel G, which will be Visa's global headquarters. According to the Preliminary Official Statement, leasing efforts are underway for Parcel B, but tenants have not been identified yet. The Port anticipates that China Basin Park will be open in early 2024.

¹ The Board of Supervisors formed the Port Infrastructure Financing District 2 (Port IFD) in March 2016 (File 13-0264). The Port IFD includes eight project areas which are eligible to receive property tax increment revenues, each of which is subject to Board of Supervisors' approval. In February 2018, the Board of Supervisors established Project Area I (Mission Rock) and Sub-Project Areas I-1 through I-13 within the Port's Infrastructure Financing District 2 (File 17-1314), approved the Infrastructure Financing Plan for that Project Area (File 17-1314), and approved the issuance of up to \$1.378 billion tax increment bonds to finance construction of infrastructure within each Project Sub-Area (File 17-1315).

² The 1982 Mello-Roos Community Facilities Act allows for the formation of special tax districts to fund public infrastructure improvements. In April 2020, the Board of Supervisors approved a resolution forming Special Tax District No. 2020-1 (Mission Rock Facilities and Services) (File 20-0120) and in May 2020, the Board approved special taxes to be levied in that special tax district to fund infrastructure improvements (File 20-0125) and the sale and issuance of up to \$3.7 billion in special tax bonds for infrastructure improvements (File 20-0124).

³ In December 2020, the Board of Supervisors approved: (1) a resolution (File 20-1292) authorizing the Port to issue Development Special Tax Bonds in an amount not to exceed \$43.3 million and approve related documents; and (2) a resolution (File 20-1302) approving the revised Pledge Agreement for the bonds, allowing for incremental property revenue generated within the Mission Rock Project Area to be used in combination with Mission Rock Special Tax revenues to pay for bond debt service.

⁴ In May 2021, the Board of Supervisors approved: (1) a resolution (File 21-0385) authorizing the Port to issue Development Special Tax Bonds in an amount not to exceed \$64.9 million and approve related documents; and (2) a resolution (File 21-0386) approving the revised Pledge Agreement for the bonds.

Completion of Phase 1 is two years behind schedule based on the target completion date of February 2022 in the DDA Schedule of Performance. According to Port staff, delays are due to several factors, including delays in obtaining a key horizontal permit (the Street Improvement Permit), complexity of sequencing as vertical construction on all four parcels was done concurrently as horizontal construction was also proceeding, construction of complex district sustainability features (such as the blackwater treatment plant and energy system), supply chain issues due to the COVID-19 pandemic, and unforeseen conditions related to underground utilities, soils, and dewatering.

Phase 1 Budget

The Phase 1 horizontal infrastructure construction budget has increased from \$145.4 million in 2019 to \$218.5 million as of October 2023, an increase of \$73.0 million (50 percent). Increases are due to the complexity of project sequencing, unforeseen conditions described above, unanticipated security improvements and reinforcement of concrete in China Basin Park (including moving China Basin Park into Phase 1), inflation, sea-level rise protection, and design features (such as non-standard finishes and hardscapes plus the infrastructure associated with the district sustainability systems) that required additional Developer and City staff costs to implement the project according to the October 6, 2023 memo from the Port Executive Director to the Port Commission on the Phase 1 revised final budget (Port Phase 1 Budget Memo).

The first \$201.92 million of the construction budget is expected to be funded by Developer equity, followed by an anticipated \$16.53 million in Port capital contribution.⁵ Developer equity and Port capital are repaid along with a return on investment (18 percent for the Developer and 10 percent for the Port) by proceeds from prepaid ground leases, CFD bond issuances, pay-as-you-go (Pay-Go) special taxes not dedicated to bond debt service, and tax increment. Entitlements for the project were also funded by prepayments on ground leases and CFD bond issuances.

DETAILS OF PROPOSED LEGISLATION

File 23-1022: The proposed resolution would authorize the Port to issue Special Tax Bonds in an amount not to exceed \$58,335,000 and approve the related documents: Official Statement, a Second Supplement to Development Fiscal Agent Agreement, Office Special Tax Fiscal Agent Agreement, Shoreline (Tax Zone 1) Special Tax Fiscal Agent Agreement, Bond Purchase Agreement, and Continuing Disclosure Certificate. The proposed resolution would authorize a negotiated sale for the proposed bonds.

File 21-0385 would also clarify that the Rate and Method of Apportionment of Special Tax will be administered in such a way that treats the Shoreline Special Tax levied in Tax Zone 1 and the

⁵ In October 2023, the Port Commission approved a capital contribution of up to \$16,525,375 for Phase 1 to be repaid from project sources before Phase 2 Developer equity. The Port may seek a supplemental appropriation from the Board of Supervisors for the capital contribution if necessary or include it in a future Annual Appropriations Ordinance.

Shoreline Special Tax levied in Tax Zone 2 as separate special taxes. This will allow the Shoreline Special Tax Bonds to be secured in a way that reflects the distinctions between Zone 1 and Zone 2 Shoreline Special Taxes.

File 23-1023: The proposed resolution would approve certain documents and actions related to a Pledge Agreement for the Port IFD and the proposed Development Special Tax Bonds, including approval of the financing plan and authorization of appropriate officers of the City to execute any certificates, agreements, and other documents and take any other actions necessary on behalf of the Port IFD in connection with the proposed Development Special Tax Bonds.

Mission Rock Special Taxes & Bond Series

The CFD includes four separate special taxes, including (1) the Development Special Tax, which funds horizontal infrastructure with an expected 45-year life; (2) the Office Special Tax which funds horizontal infrastructure with an expected 120-year life; (3) the Shoreline Special Tax which funds ongoing shoreline protection studies as well as facilities and tax revenue from Phase 1 can also fund horizontal infrastructure with an expected 120-year life; and (4) Contingent Services Special Tax which funds ongoing maintenance and services if not provided by the Master Association.

The proposed bonds would be issued in up to four series, secured by separate special taxes:

1. The 2023A Development Special Tax Bonds (tax-exempt)
2. The 2023B-1 Office Special Tax Bonds (tax-exempt)
3. The Taxable 2023B-2 Office Special Tax Bonds
4. The 2023C Shoreline (Tax Zone 1) Special Tax Bonds (tax-exempt)

Pledge Agreement

Under the previously approved Pledge Agreement, property tax increment generated within the Mission Rock Project Area may be used in combination with Mission Rock Special Tax revenues to pay for bond debt service.⁶ Property Tax increment would only be used for the Development Special Tax Bonds and not the Office and Shoreline Special Tax Bonds, as per the Rate and Method of Apportionment of Special Tax.

Fiscal Agent Agreements

The Fiscal Agreement and the First Supplement to the Fiscal Agent Agreement document the bond attributes for the previously authorized series of bonds, including the maturity and interest rate, the use of Development Special Taxes and tax increments to repay the proposed bonds, and allowable uses of bond proceeds and reserves. The Second Supplement to the Fiscal Agent

⁶ Under the DDA's Financing Plan, although the proposed Development Special Tax Bonds will be secured by the Mission Rock Development Special Tax revenue, ground lease tenants will receive a credit on their Development Special Taxes based on the prior year's tax increment revenue. According to the Port, this reduction in taxes enhances the value of the land, which is owned by the Port, and ground lease proceeds. Ground lease proceeds were used to finance a portion of the horizontal infrastructure entitlement costs.

Agreement will document the bond attributes for the proposed Development Special Tax Bond (Series 2023A). Bond attributes for the proposed Office Special Tax Bonds (Series 2023B) and the Shoreline (Tax Zone 1) Special Tax Bonds (Series 2023C) are documented in separate Fiscal Agent Agreements.

The Fiscal Agent Agreements are between the City and Zions Bancorporation, National Association, the fiscal agent responsible for holding and disbursing bond proceeds consistent with the Fiscal Agent Agreements and Pledge Agreement. According to the Port, Zions Bancorporation, the National Association was selected through a competitive process undertaken by the Port's municipal advisor, PFM.

Bond Purchase Agreement

The City intends to issue the proposed bonds as a negotiated, rather than a competitive sale. According to the October 3, 2023 memo from the Controller's Office of Public Finance on the proposed bond issuance (Office of Public Finance Memo), this is necessary because the Mission Rock Project Area is a real estate development project, and bonds will be sold without a rating. The City's independent Municipal Advisor (PFM) recommended a negotiated sale for these transactions.

The Bond Purchase Agreement is between the City and Stifel, Nicolaus & Company, Incorporated, on behalf of itself and Piper, Sandler & Company, the underwriters for the proposed bonds. According to the Office of Public Finance Memo, the two firms were selected as the underwriters through a competitive solicitation from the Office of Public Finance's pool of qualified underwriters.

Official Statement & Continuing Disclosure Statement

The Preliminary Official Statement describes the legal structure of the bonds as well as sources of revenue and significant risks related to repayment for the benefit of prospective investors. The final Official Statement includes the same information as the Preliminary Official Statement and the results of the pricing of the Bonds for the benefit of prospective purchasers of the Bonds.

The proposed resolution allows the Port and the Office of Public Finance to issue an annual Continuing Disclosure Statement, which provides financial information relevant to existing and prospective bond investors.

Bond Sizing

Under the City's Amended and Restated Local Goals and Policies for Community Facilities Districts and Special Tax Districts, the amount of CFD special tax bonds sold is constrained by the: (a) appraised value of the taxable property within the special tax district; and (b) the tax revenue generating capacity of the Special Tax District. The appraised value of the taxable property within the Special Tax District must be at least three times the par value of the proposed bonds and outstanding bonds. In addition, the ongoing tax capacity less administrative expenses must be at least 110 percent of the debt service requirement of the special tax bonds.

In this case, the tax revenue-generating capacity of the special tax district is the limiting factor.⁷ According to the Port, the total maximum tax revenue after projected administrative expenses of the Mission Rock Development, Office, and Shoreline (Zone 1) Special Taxes for FY 2023-24 is \$8.8 million. The estimated debt service is \$8.0 million (including annual debt service for the first three bond series of \$5.5 million and the proposed issuance of \$2.5 million), which provides 110 percent coverage.

Not to Exceed Amount

Based on market conditions as of September 5, 2023 and the tax revenue generating capacity of the district, the Port expects to issue up to \$47.0 million of Special Tax Bonds, which is less than the not to exceed amount of \$58,335,000 in the proposed resolution. Due to volatility in the municipal bond market, the Port conducted a sensitivity analysis to project the sizing of the bonds if interest rates change. Based on this analysis, the par amount of the bonds could be as low as \$40,860,000 if interest rates increase by one percent and as high as \$58,335,000 (the not to exceed amount in the proposed resolution) if interest rates decrease by 1.5 percent.

FISCAL IMPACT

Exhibit 2 below shows the sources and uses of the proposed bonds. Based on market conditions as of September 5, 2023, the Port intends to issue up to \$47.0 million of Special Tax Bonds net of a discount of \$1.5 million. If interest rates decline, the Port could issue up to \$58,335,000 in Special Tax Bonds, as discussed above.

⁷ The appraised value as of September 15, 2023 of the leasehold interests within the Mission Rock Special Tax Area is \$698,880,000, which permits up to \$232,960,000 in total bond proceeds using a three-to-one value to lien ratio. The first three issuances totaling \$107,580,000 together with the proposed second issuance of up to \$58,335,000 in Bonds would result in \$165,915,000 in total issuance, which is within the permitted amount based on the appraised value.

Exhibit 2: Sources and Uses of Proposed 2023 Special Tax Bonds

	Development Tax	Office Tax	Shoreline Tax	Total
Sources				
Par Amount	\$9,120,000	\$19,520,000	\$18,405,000	\$47,045,000
Discount	(262,844)	(643,700)	(607,165)	(1,513,709)
Total Sources	\$8,857,156	\$18,876,300	\$17,797,836	\$45,531,291
Uses				
Project Fund	7,656,763	16,370,586	15,435,022	39,462,371
Debt Service Reserve	869,736	1,797,992	1,695,517	4,363,246
Delivery Expenses	330,657	707,722	667,296	1,705,675
<i>Cost of Issuance</i>	<i>193,857</i>	<i>414,922</i>	<i>391,221</i>	<i>1,000,000</i>
<i>Underwriter's Discount</i>	<i>136,800</i>	<i>292,800</i>	<i>276,075</i>	<i>705,675</i>
Total Uses	\$8,857,156	\$18,876,300	\$17,797,836	\$45,531,291

Source: Office of Public Finance

The proposed resolution in File 23-1022 limits the underwriter’s discount to 1.5 percent of the bonds’ par value. Based on the values in Exhibit 2 above, the estimated underwriter’s discount is 1.5 percent of the bonds’ par value. The debt service reserve amount is based on 125 percent of the average annual debt service and will depend on market conditions at the time of sale. Costs of issuance include legal and consultant fees.

Debt Service

The proposed Development Special Tax Bonds assume a 27-year term, and the Office and Shoreline Special Tax Bonds assume a 30-year term. Based on an estimated true interest cost of 5.86 percent, total debt service is expected to be \$101.8 million, or approximately \$3.4 million on average, per year. The bonds would be repaid with Development Special Tax, Office Special Tax, and Shoreline (Tax Zone 1) Special Tax revenues collected within the Mission Rock Special Tax District. Incremental property tax revenues captured by the Infrastructure Financing District may also be used to pay for proposed debt service under the Pledge Agreement for the Development Special Tax Bonds only. The Port anticipates that tax increment will fully offset the Development Special Tax once the property is determined to be fully assessed under the Rate and Method of Apportionment. The Office of Public Finance expects the bonds will be issued in December 2023.

As we noted in our report on the Mission Rock Development & Disposition Agreement (File 18-0092), the Agreement states that the developer cannot compel the City to use General Fund or Harbor Fund monies (except for lease revenues generated in the project site and Port capital committed to the Project in a Port Commission approval of a Phase Budget) to reimburse the developer for its costs to develop the horizontal infrastructure or other developer obligations under the DDA.

Impact on Phase 1 Budget

The proposed bonds, which have an estimated interest rate of 5.86 percent (based on market conditions as of September 2023), would repay developer equity earning the higher of an 18 percent return or 1.5 times peak equity for the phase. According to the Port, replacing higher-interest developer equity with low-interest public financing, preserves the Port’s land value in later phases of the project. The Phase 1 budget assumes a Developer equity contribution of \$201.92 million, which will accrue an 18 percent annual return. Increasing the amount of bond proceeds will allow the City to repay the Developer’s equity contribution more quickly and replace the 18 percent per year debt with lower interest bond debt service.

The previously issued bonds totaling \$107.58 million repaid \$99.03 million of developer equity for Phase 1 costs, and the proposed bonds would further repay an estimated \$39.5 million in developer equity with approximately \$48.1 million remaining in developer equity to be repaid as of October 2023. This amount, as well as the anticipated Port Capital Contribution of \$16.53 million plus interest will be repaid from Phase 2 sources, including prepaid ground leases, future bonds, and pay-go taxes.

POLICY CONSIDERATION

Phase 1 Commercial Space

Reductions in the demand for office space have resulted in higher vacancy rates and lower rents. Parcel G is under a 15-year lease to Visa according to the Preliminary Official Statement, but leasing for Parcel B, the other Phase 1 commercial parcel, is still in progress. According to Port staff, the parcel leasehold owner is responsible for paying the Mission Rock Special Taxes (even if vacancies persist), and the Developer does not anticipate that vacancies will impact the ability to pay taxes. In the unlikely event that the parcel owner is unable to pay taxes, the Port would initiate foreclosure proceedings.

Phase 2 Start Date is Pending

According to the Port Phase 1 Budget Memo, the Phase 2 budget is not currently viable due to high construction costs, high interest rates, and high commercial vacancies. Phase 2 is currently on hold pending improvements in market conditions, and the start date is unknown. Until Phase 2 financing sources are available, any remaining developer equity and the Port capital contribution for Phase 1 will continue to accrue an 18 percent and 10 percent rate of return, respectively. Port staff have hired a consultant to assist the Port Staff and Developer in monitoring market conditions and will continue to update the Port Commission. According to the Port, if Phase 2 starts in March 2026, the total estimated developer return on the horizontal infrastructure construction budget would be \$62.10 million, and the estimated Port Capital return would be \$2.64, for total Phase 1 costs of \$283.19 million including the cost of construction.

RECOMMENDATION

Approve the proposed resolutions.

Mission Rock Special Tax District No. 2020-1 2023 Special Tax Bonds

Budget & Finance Committee Presentation

October 25, 2023

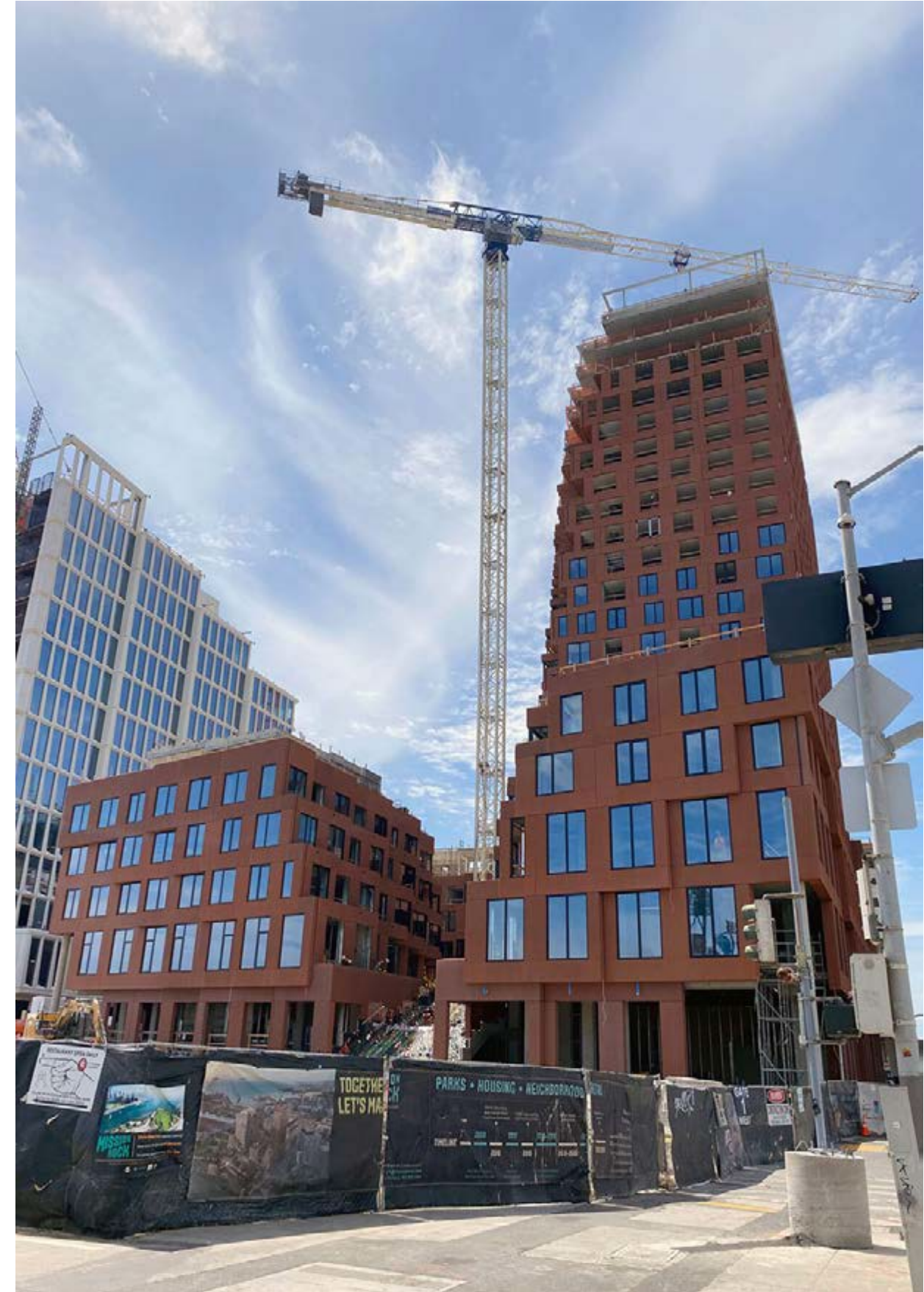


Items for Consideration

- Resolution Authorizing the Issuance of Special Tax Bonds for City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) in the aggregate principal amount not to exceed \$58,335,000
- Resolution Approving Certain Documents Related to a Pledge Agreement by City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) and Development Special Tax Bonds for City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)

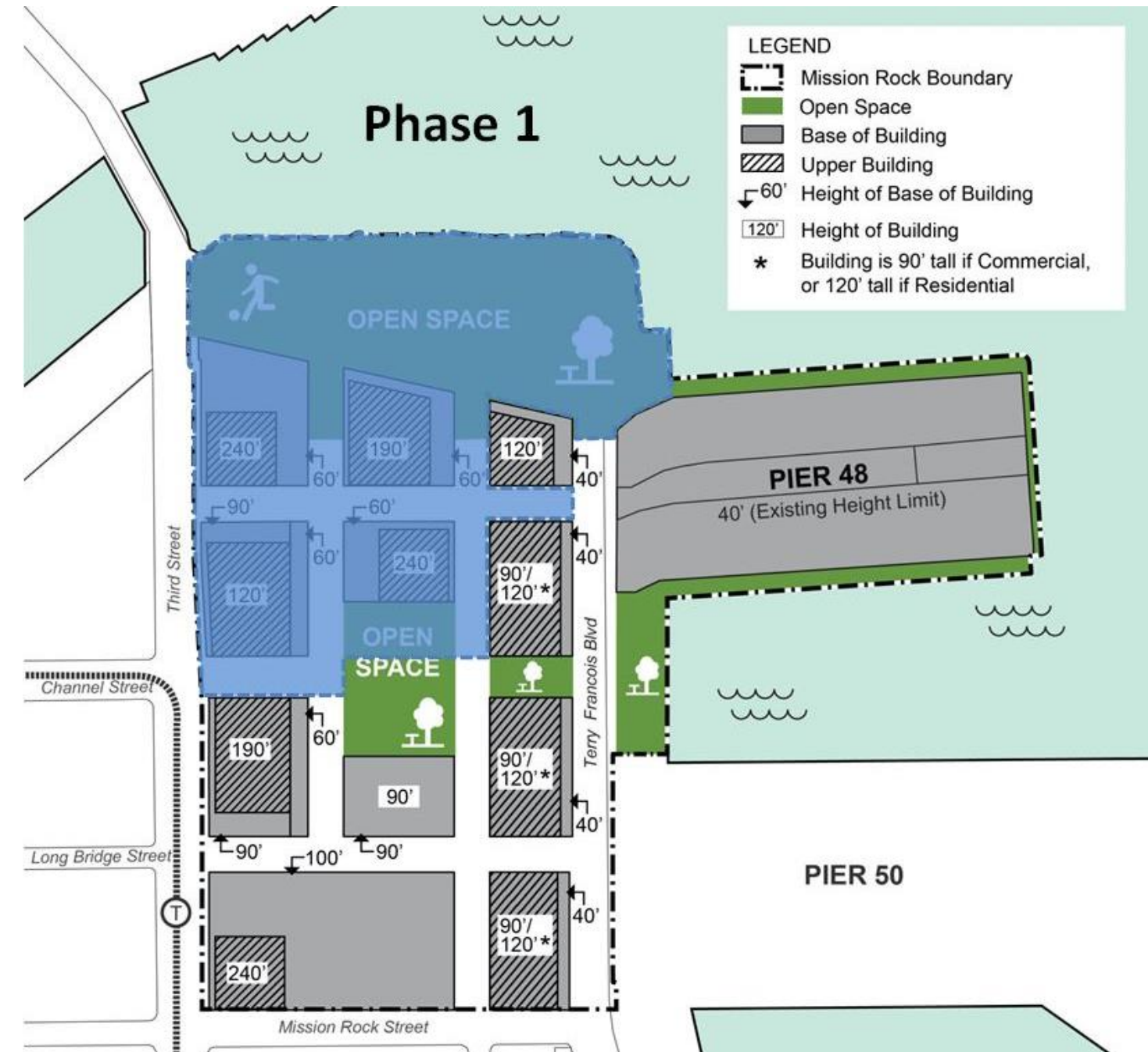
Agenda

- Phase 1 Background and Update
- Project Financial Structure
- Mission Rock Special Tax District
- 2023 Bonds
- Next Steps



Mission Rock Planned Phase 1

- Housing
 - Two buildings 537 rental units total
 - 199 affordable
- Commercial Office
 - Two fully office buildings
 - ~550,000 gross square feet across all buildings
- Ground Floor Retail
 - ~65,000 square feet
- China Basin Park
 - ~5 Acre Waterfront Park



Phase 1 Update

Parcel A

- 283 apartments, including 102 Affordable
- District Energy System
- First residents moved in in June 2023
- Currently leasing both market-rate and Affordable

Parcel B

- 274k sq. ft. office/life science
- Blackwater Recycling Plant
- Ground Floor Retail including Ike's Love & Sandwiches, Blades Co. Barbershop, and LuxFit Gym
- Leasing in progress

Parcel F

- 254 apartments, including 97 affordable
- Ground Floor Retail will include Ariscault Baker
- Estimate first residents move in in Summer 2024

Parcel G

- Future Visa Global Headquarters
- Anticipated occupancy early 2024

China Basin Park

- 4.4-acre waterfront park
- Estimated completion in early 2024



Parcel A



Parcel B



Parcel G

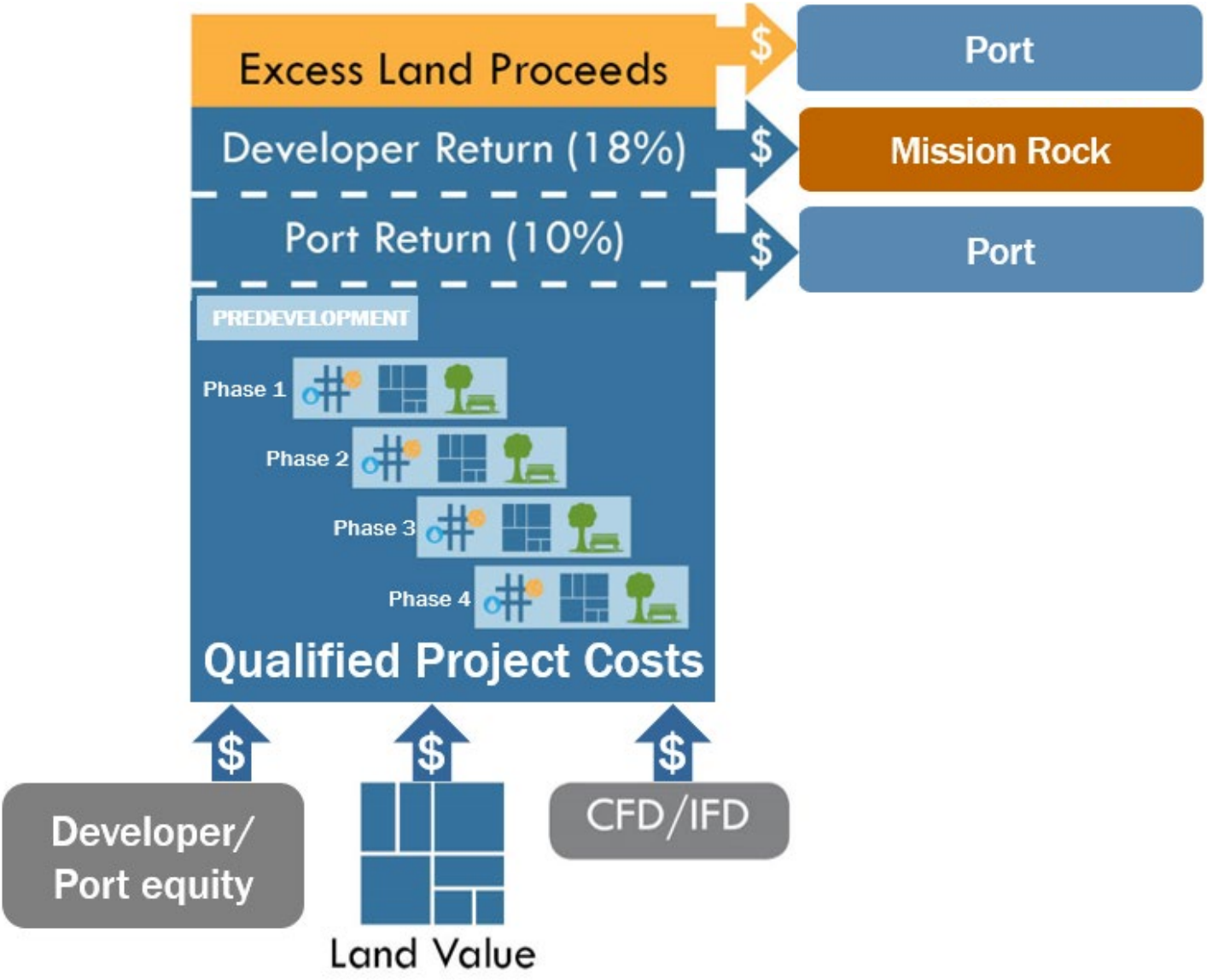


Parcel F



China Basin Park

Project Financial Structure



Strategies to limit Developer Capital and Return:

- Use CFD/IFD sources when possible
- Maximize public financing
- Use tax-exempt debt
- Use Port Capital

Mission Rock Special Tax District

The Mission Rock CFD was formed in April 2020 and levies four distinct Special Taxes:

- 1. Development Special Tax** – funds horizontal infrastructure on the site; 45-year life
 - Offset by tax increment from IFD No. 2 (Project Areas I-1 to I-13)
 - Series 2021A (\$43.3M) and 2021B (\$54.28M) & 2021C (\$10M) secured by Development Special Taxes
- 2. Office Special Tax** – funds horizontal infrastructure on the site; 120-year life
- 3. Shoreline Special Tax** – a source for ongoing shoreline protection studies and facilities; Shoreline Taxes from Phase I fund horizontal infrastructure on the site; 120-year life
- 4. Contingent Services Special Tax** – funds ongoing maintenance and services of the area if the Master Association does not provide these services
 - Not currently levied

Considerations for a Third Bond Issuance

Amount of bonds issued constrained by prudent debt management practices:

1. Appraised or assessed value of the CFD (value-to-lien constraint). The City is required to maintain a minimum aggregate 3:1 value-to-lien (VTL) ratio when issuing additional debt

- Appraised value (9/15/25 effective date): \$698.88M
- Net of outstanding principal (~\$106M), the CFD could issue an additional ~\$127M (inclusive of the 2023 Bonds) and maintain a 3:1 VTL

2. Tax Revenues (*financial constraint*). Ongoing tax capacity less administrative expenses must be 110% of the debt service requirement on any CFD special tax bonds

- Property becoming Developed Property (per the RMA) has increased available taxes beginning FY2023-24
- Recommend issuing up to \$58.335M bonds with separate series secured by Development Special Tax (with a pledge of tax increment), Office Special Tax, and Shoreline (Zone 1) Special Taxes, respectively

2023 Bonds – Estimated Financing Terms

- Proceeds expected to reimburse horizontal infrastructure expenses and developer return
- Estimated Financing Terms
 - Estimated Final maturity:
 - 9/1/2050 Development Special Tax Bonds
 - 9/1/2053 Office and Shorelines Special Tax Bonds
 - Estimated True Interest Cost: 5.86%
 - Estimated Bond Proceeds: \$39.5M
 - Estimated Financing Costs: \$1.7M
 - Estimated Total Debt Service: \$101.8M

Source: Stifel; Market conditions as of September 5, 2023

Sources	Development Tax	Office Tax	Shoreline (Tax Zone 1) Tax	Total
Bond Proceeds				
Par Amount	\$9,120,000	\$19,520,000	\$18,405,000	\$47,045,000
OID	(262,844)	(643,700)	(607,165)	(1,513,709)
Total Sources	8,857,156	18,876,300	17,797,836	45,531,291
Uses				
Project Fund	7,656,763	16,370,586	15,435,022	39,462,371
Debt Service Reserve Fund	869,736	1,797,992	1,695,517	4,363,246
<i>Delivery Date Expenses:</i>				
Cost of Issuance	193,857	414,922	391,221	1,000,000
Underwriter's Discount	136,800	292,800	276,075	705,675
Total Uses	\$8,857,156	\$18,876,300	\$17,797,836	\$45,531,291

2023 Bonds – Risk Factors

- The proposed Bonds will be sold without a rating (non-rated)
- Certain Risk factors for the Bonds are discussed on pg. 99-120 of the Preliminary Official Statement (POS)
- Unique real estate risks associated with these non-rated land secured bonds are discussed on pg. 99-103 of POS, certain factors are highlighted below:
 - Adverse changes in local market conditions which may impact future development and special tax payments
 - Concentration of ownership of leasehold interests
 - Failure to develop properties
 - Public infrastructure construction delays
- Other significant risk factors include: COVID-19, seismic risks, and sea level rise

2023 Bonds – Security

- The Bonds are limited obligations of the City, secured by and payable solely from a pledge of the special taxes levied in in the Mission Rock CFD and tax increment generated in IFD Project Area I for the Development Special Tax Bonds
- The General Fund of the City and Port Harbor Fund are not liable for the payment of principal or interest on the Bonds, and the credit of the City and the Port are not pledged to the payment of the Bonds
- The City, on behalf of the CFD, has covenanted for the benefit of the owners of the Bonds that, under certain circumstances the City will commence judicial foreclosure proceedings with respect to delinquent special taxes on property within the CFD

2023 Bonds – Preliminary Official Statement

- Board members are deemed to have a 'gatekeeping' responsibilities under federal securities laws and cannot approve a preliminary official statement POS if they are aware that it contains material misstatements or material omissions.
- Board members should review relevant portions of the POS to ensure that staff is aware of information that board members may have unique in their capacity as board members that would have a material bearing of the capacity of the CFD to repay the bonds.
- The POS describes:
 - Terms of the Bonds
 - Sources of repayment and security of the Bonds
 - Information about the CFD, its operations, and its financial ability to make timely payment of principal and interest on the Bonds
 - Risk factors related to investment of the Bonds
- Prior to the distribution of the POS (and final Official statement with pricing information), the POS will have been thoroughly and critically reviewed by Port and City staff, in consultation with City Attorney, Disclosure Counsel and members of the financing team, to ensure that the City fulfills its legal disclosure obligations to prospective investors.

Next Steps

Item	Date
Port Commission Approval of Bond Resolution	September 12, 2023
Introduction of Resolutions to Board of Supervisors	October 3, 2023
Port Commission Approval of Phase 1 Budget Amendment	October 10, 2023
Capital Planning Committee	October 16, 2023
Budget & Finance Committee Consideration of Resolutions	October 25, 2023
Board Consideration of Resolutions	October 31, 2023
Sale and Closing of Bonds	November/December 2023

Thank you.
Questions?

SECOND SUPPLEMENT TO FISCAL AGENT AGREEMENT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Fiscal Agent**

Dated as of November 1, 2023

RELATING TO

**\$ _____
CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2020-1
(MISSION ROCK FACILITIES AND SERVICES)
DEVELOPMENT SPECIAL TAX BONDS,
SERIES 2023A**

**SECOND SUPPLEMENT TO FISCAL AGENT AGREEMENT
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SECOND SUPPLEMENT TO FISCAL AGENT AGREEMENT

THIS SECOND SUPPLEMENT TO FISCAL AGENT AGREEMENT, dated as of November 1, 2023 (the “**Second Supplement to Fiscal Agent Agreement**”), by and between 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 and on behalf of the "City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)" (the “**Special Tax District**”), and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America with a corporate trust office located in Los Angeles, California, as fiscal agent (the “**Fiscal Agent**”);

WITNESSETH:

WHEREAS, the Board of Supervisors of the City (the “**Board of Supervisors**”) previously conducted proceedings under and pursuant to the provisions of the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X), as amended from time to time (the “**Special Tax Financing Law**”), which incorporates the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the California Government Code) (the “**Act**”), to form the Special Tax District; and

WHEREAS, the Board of Supervisors, as the legislative body with respect to the Special Tax District, is authorized under the Special Tax Financing Law to levy special taxes pursuant to the Rate and Method (as defined in the Agreement described below) within the Special Tax District on the Leasehold Interest in each Taxable Parcel (as those terms are defined in the Rate and Method) to pay for the costs of facilities and to authorize the issuance of bonds secured by said special taxes under the Special Tax Financing Law; and

WHEREAS, the Rate and Method provides for the levy of separate special taxes within the Special Tax District, including, among others, the Development Special Tax; and

WHEREAS, on May 5, 2020, the Board of Supervisors adopted Resolution No. 196-20, which resolution was signed by the Mayor on May 15, 2020 authorizing the issuance of special tax bonds on behalf of the Special Tax District; and

WHEREAS, on December 8, 2020, the Board of Supervisors adopted Resolution No. 565-20, which resolution was signed by the Mayor on December 18, 2020 (the “**First Supplemental Development Special Tax Resolution**”), and authorized the issuance of the \$43,300,000 City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Development Special Tax Bonds, Series 2021A (the “**2021A Bonds**”) on behalf of the Special Tax District; and

WHEREAS, the 2021A Bonds were issued pursuant to a Fiscal Agent Agreement, dated as of May 1, 2021 (the “**Master Fiscal Agent Agreement**”; as supplemented, the “**Agreement**”);

WHEREAS, on May 11, 2021, the Board of Supervisors adopted Resolution No. 224-21, which resolution was signed by the Mayor on May 21, 2021 (the “**Second Supplemental**”

Development Special Tax Resolution") and authorized the issuance of the \$54,280,000 City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Development Special Tax Bonds, Series 2021B (Federally Taxable) (the "**2021B Bonds**") and the \$10,000,000 City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Development Special Tax Bonds, Series 2021C (the "**2021C Bonds**");

WHEREAS, the 2021B Bonds and the 2021C Bonds were issued pursuant to a First Supplement to Fiscal Agent Agreement, dated as of November 1, 2021 (the "**First Supplement to Fiscal Agent Agreement**"), by and between the City and the Fiscal Agent;

WHEREAS, the City wishes to provide for the issuance of a series of Parity Bonds (as defined in the Master Fiscal Agent Agreement) on behalf of the Special Tax District under Section 3.06 of the Master Fiscal Agent Agreement for the purpose of paying for the costs of acquiring and constructing the Facilities, which Parity Bonds shall be entitled "City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Development Special Tax Bonds, Series 2023A" (the "**2023A Bonds**"); and

WHEREAS, the City wishes to fund a 2023A Reserve Fund (as defined herein) for the 2023A Bonds, and, as a result, the 2023A Bonds will not be issued as 2021A Related Parity Bonds (as defined in the Master Fiscal Agent Agreement) or 2021B Related Parity Bonds (as defined in the First Supplement to Fiscal Agent Agreement); and

WHEREAS, the 2021A Bonds, the 2021B Bonds, the 2021C Bonds, the 2021A Related Parity Bonds and the 2021B Related Parity Bonds will have no claim to the 2023A Reserve Fund, and the 2023A Bonds and the 2023A Related Parity Bonds (as defined herein) will have no interest in or claim to the 2021A Reserve Fund or the 2021B Reserve Fund established under the Agreement; and

WHEREAS, Sections 8.01(B)(v) and 8.01(C) of the Master Fiscal Agent Agreement provide that the Master Fiscal Agent Agreement and the rights and obligations of the City and of the Owners may be modified or amended at any time by a Supplemental Agreement in connection with the issuance of Parity Bonds, without the consent of any Owners, but with the written consent of the Fiscal Agent, after the Fiscal Agent has been furnished an opinion of counsel that the amendment is consistent with Section 8.01 of the Master Fiscal Agent Agreement; and

WHEREAS, the Fiscal Agent has received an opinion of counsel that this First Supplement to Fiscal Agent Agreement, to the extent it amends the Master Fiscal Agent Agreement as described in the preceding Whereas clause, is consistent with Section 8.01 of the Master Fiscal Agent Agreement; and

WHEREAS, on _____, 2023, the Board of Supervisors adopted Resolution No. _____ (the "**Third Supplemental Development Special Tax Resolution**") authorizing the issuance of the 2023A Bonds for and on behalf of the Special Tax District (which Third Supplemental Development Special Tax Resolution was signed by the Mayor on _____, 2023); and

WHEREAS, in order to provide for the authentication and delivery of the 2023A Bonds as Parity Bonds, the Board of Supervisors has authorized the execution and delivery of this Second Supplement to Fiscal Agent Agreement; and

WHEREAS, it is in the public interest and for the benefit of the City, the Special Tax District and the persons responsible for the payment of special taxes that the City enter into this Second Supplement to Fiscal Agent Agreement to provide for the issuance of the 2023A Bonds hereunder to finance the acquisition and construction of facilities for the Special Tax District and to provide for the disbursement of proceeds of the 2023A Bonds, the disposition of the Revenues securing the 2023A Bonds and the administration and payment of the 2023A Bonds; and

WHEREAS, the Bonds shall be payable from Development Special Taxes levied under the Rate and Method and not from any other special tax levied under the Rate and Method; and

WHEREAS, the City has determined that all acts and proceedings required by law and the Master Fiscal Agent Agreement necessary to make the 2023A Bonds, when executed by the City, authenticated and delivered by the Fiscal Agent and duly issued, the valid, binding and legal special obligations of the City, and to constitute this Second Supplement to Fiscal Agent Agreement a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Second Supplement to Fiscal Agent Agreement have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1. Authorization. Each of the parties represents and warrants that it has full legal authority and is duly empowered to enter into this Second Supplement to Fiscal Agent Agreement and has taken all actions necessary to authorize the execution of this Second Supplement to Fiscal Agent Agreement by the officers and persons signing it.

Section 2. Pledge for the Benefit the 2023A Bonds. As Parity Bonds issued pursuant to Section 3.06 of the Master Fiscal Agent Agreement, the 2023A Bonds shall be secured by a lien and charge upon the Revenues and the funds and accounts set forth in the first paragraph of Section 3.02 of the Master Fiscal Agent Agreement equal to and on a parity with the lien and charge securing the outstanding 2021A Bonds, the outstanding 2021B Bonds and the outstanding 2021C Bonds.

In addition, the 2023A Bonds shall be secured by a first pledge of all moneys deposited in the 2023A Reserve Fund. The moneys in the 2023A Reserve Fund (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the 2023A Bonds and all 2023A Related Parity Bonds as provided in the Agreement and in the IFD Law and the Special Tax Financing Law until all of the 2023A Bonds and all 2023A Related Parity Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under Section 9.03.

The Owners of the 2021A Bonds, the 2021B Bonds, the 2021C Bonds, all 2021A Related Parity Bonds and all 2021B Related Parity Bonds will have no interest in or claim to the 2023A Reserve Fund established under the Agreement, and the Owners of the 2023A Bonds and any 2023A Related Parity Bonds will have no interest in or claim to the 2021A Reserve Fund or the 2021B Reserve Fund.

The 2023A Bonds shall be secured by a pledge of all moneys deposited in the 2023A Capitalized Interest Account.

Section 3. Supplement to Master Fiscal Agent Agreement. In accordance with the provisions of Section 8.01(v) of the Master Fiscal Agent Agreement, the Master Fiscal Agent Agreement is hereby amended by adding a supplement thereto consisting of new articles to be designated as Article XIII, XIV and X. Such Articles shall read in their entirety as follows:

ARTICLE XIII

DEFINITIONS; AUTHORIZATION AND PURPOSE OF 2023A BONDS; EQUAL SECURITY

Section 13.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 13.01 shall, for all purposes of Articles XIII, XIV and XV and for other purposes of this Agreement, to the extent applicable, have the respective meanings specified in this Section 13.01. All terms used in Articles XIII, XIV and XV and not otherwise defined in this Section 13.01 shall have the respective meanings given to such terms in Section 1.03 of the Agreement.

“**Closing Date**” means the date of initial issuance and delivery of the 2023A Bonds hereunder.

“Interest Payment Date” for the 2023A Bonds means March 1 and September 1 of each year, commencing March 1, 2024.

“Original Purchaser” and **“Participating Underwriter”** means, collectively, Stifel, Nicolaus & Company, Incorporated and Piper Sandler & Co., as the first purchaser of the 2023A Bonds from the City.

“Qualified Reserve Account Credit Instrument” means an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent, provided that all of the following requirements are met at the time of acceptance thereof by the Fiscal Agent: (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, insurance policy 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 2023A Reserve Requirement with respect to which funds are proposed to be released; and (d) the Fiscal Agent is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments with respect to the 2023A Bonds and any 2023A Related Parity Bonds.

“2021A Bonds” has the meaning given that term in the Recitals.

“2021B Bonds” has the meaning given that term in the Recitals.

“2021C Bonds” has the meaning given that term in the Recitals.

“2023A Bonds” means the Bonds so designated and authorized to be issued under Section 14.01 hereof.

“2023A Capitalized Interest Account” means the fund designated the “2023A Capitalized Interest Account” which fund is established pursuant to Section 15.02.

“2023A Costs of Issuance Fund” means the fund designated the “2023A Costs of Issuance Fund” which fund is established pursuant to Section 15.03.

“2023A Improvement Fund” means the fund designated the “2023A Improvement Fund” which fund is established pursuant to Section 15.05.

“2023A Related Parity Bonds” means any series of Parity Bonds for which (i) the Proceeds are deposited into the 2023A Reserve Fund so that the balance therein is equal to the 2023A Reserve Requirement following issuance of such Parity Bonds and (ii) the related Supplemental Agreement specifies that the 2023A Reserve Fund shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Parity Bonds.

“2023A Reserve Fund” means the fund designated the “City and County of San Francisco, Special Tax District No. 2020-1 (Mission Rock Facilities and Services), Development Special Tax Bonds, 2023A Reserve Fund” established and administered under Section 15.05.

“2023A Reserve Requirement” means the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the 2023A Bonds and 2023A Related Parity Bonds, if any, between the date of such calculation and the final maturity of such Bonds, (b) 125% of average Annual Debt Service on the 2023A Bonds and 2023A Related Parity Bonds, if any, between the date of such calculation and the final maturity of such Bonds, and (c) 10% of the outstanding principal of the 2023A Bonds and 2023A Related Parity Bonds, if any; provided, however:

(A) that with respect to the calculation of clause (c), the issue price of the 2023A Bonds or any 2023A Related Parity Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the 2023A Bonds or any 2023A Related Parity Bonds was less than 98% or more than 102% of the original principal amount of the 2023A Bonds or any 2023A Related Parity 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 2023A Reserve Fund on the date of issuance of the 2023A Bonds (if they are the only Bonds covered by the 2023A Reserve Fund) or the most recently issued series of 2023A Related Parity Bonds (if any 2023A Related Parity Bonds are covered by the 2023A Reserve Fund) except in connection with any increase associated with the issuance of 2023A Related Parity Bonds; and

(C) that in no event shall the amount required to be deposited into the 2023A Reserve Fund in connection with the issuance of a series of 2023A Related Parity Bonds exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested at an unrestricted yield.

“2023A Term Bonds” means the 2023A Bonds maturing on September 1, _____.

Section 13.02. Rules of Construction. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Agreement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to the Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE XIV

ISSUANCE OF 2023A BONDS

Section 14.01. Terms of 2023A Bonds.

(A) **Principal Amount; Designation.** The 2023A Bonds in the aggregate principal amount of _____ Dollars (\$_____) are hereby authorized to be issued by the City under and subject to the Resolution, the Special Tax Financing Law, the Act, other applicable laws of the State of California and the terms of the Agreement.

(B) **Maturity Dates; Interest Rates.** The 2023A Bonds shall be dated the Closing Date, issued in fully registered form without coupons in denominations of \$5,000, and shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum set forth in the following schedule:

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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(T)=2023A Term Bond

(C) **Form; Denominations; Authentication.** The 2023A Bonds shall be issued as fully registered Bonds without coupons. The 2023A Bonds shall be lettered and numbered in a customary manner as determined by the Fiscal Agent. The 2023A Bonds shall be issued in the denominations of \$5,000 or any integral multiple in excess thereof.

The 2023A Bonds, the Fiscal Agent's certificate of authentication and the assignment, to appear thereon, shall be substantially in the form set forth in Exhibit J attached hereto and by this reference incorporated herein, respectively, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution and the Special Tax Financing Law.

(D) **CUSIP Identification Numbers.** "CUSIP" identification numbers may, at the election of the Original Purchaser of the 2023A Bonds, be imprinted on the 2023A Bonds, but such numbers shall not constitute a part of the contract evidenced by the 2023A Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the 2023A Bonds. In addition, failure on the part of the City or the Fiscal Agent to use such CUSIP numbers in any notice to Owners shall not constitute an event of default or any violation of the City's contract with such Owners and shall not impair the effectiveness of any such notice.

(E) **Interest.** The 2023A Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest on all 2023A Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each 2023A Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless

(i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Dated Date; provided, however, that if at the time of authentication of a 2023A Bond, interest is in default thereon, such 2023A Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(F) Method of Payment. Interest on the 2023A Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent 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 Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer to an account located in the United States of America made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of 2023A Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which instructions shall continue in effect until revoked in writing, or until such 2023A Bonds are transferred to a new Owner. The interest, principal of and any premium on the 2023A Bonds are payable in lawful money of the United States of America, with principal and any premium payable upon surrender of the 2023A Bonds at the Principal Office of the Fiscal Agent. All 2023A Bonds paid by the Fiscal Agent pursuant this Section shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled 2023A Bonds and issue a certificate of destruction of such Bonds to the City.

Section 14.02. Other Terms of the Bonds.

(A) Additional Transfer Restrictions Applicable to the 2023A Bonds. No transfer, sale or other disposition of any 2023A Bond, or any beneficial interest therein, may be made except to an entity that is a Qualified Purchaser that is purchasing such 2023A Bond for its own account for investment purposes and not with a view to distributing such 2023A Bond. Each transferee of a 2023A Bond, or any beneficial interest therein, shall be deemed to have acknowledged, represented, warranted and agreed with and to the City, the Participating Underwriter and the Fiscal Agent that (i) such transferee is a Qualified Purchaser that is purchasing such 2023A Bond for its own account for investment purposes and not with a view to distributing such 2023A Bond in violation of the Securities Act of 1933 or other applicable securities laws, (ii) the 2023A Bonds are payable from Revenues and such other funds described in the Fiscal Agent Agreement, (iii) the 2023A Bonds, or any beneficial interest therein, may only be transferred to a Qualified Purchaser and (iv) the City, the Participating Underwriter and the Fiscal Agent and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements. Each 2023A Bond shall bear a legend describing or referencing the foregoing restrictions on transferability.

Neither the Participating Underwriter nor any Owner or Beneficial Owner of the 2023A Bonds shall deposit the 2023A 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 Participating Underwriter nor any Owner or Beneficial Owner shall deposit the 2023A Bonds in any trust or account under its control the majority of the assets of which constitute the 2023A Bonds, and sell shares, participatory interest or certificates in such trust or account except to Qualified Purchasers.

Each entity that is or that becomes a Beneficial Owner of a 2023A Bond shall be deemed by the acceptance or acquisition of such beneficial ownership interest to have agreed to be bound by the provisions of this Section 14.02(A). In the event that a holder of the 2023A Bonds makes an assignment of its beneficial ownership interest in the 2023A Bonds, the assignor will notify the assignee of the restrictions on purchase and transfer described herein.

Any transfer of a 2023A Bond to any entity that is not a Qualified Purchaser shall be deemed null and void.

(B) Other Terms. Except as otherwise set forth in this Article XIV, Sections 2.05-2.10 shall govern the 2023A Bonds.

Section 14.03. Redemption of 2023A Bonds.

(A) Optional Redemption. The 2023A Bonds are subject to optional redemption as directed by the City from sources of funds other than prepayments of Development Special Taxes, prior to their stated maturities, on any date on or after September 1, 20__, in whole or in part, as directed by the City at a redemption price expressed as percentage of the principal amount of the 2023A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, ____ through August 31, ____	%
September 1, ____ through August 31, ____	
September 1, ____ through August 31, 2031	
September 1, ____ and thereafter	

(B) Mandatory Sinking Fund Redemption. The 2023A Term Bonds are subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Term 2023A Bonds Maturing September 1, ____	
Sinking Fund Redemption Date <u>(September 1)</u>	Principal Amount <u>Subject to Redemption</u>

Provided, however, if some but not all of the 2023A Term Bonds have been redeemed under subsection (A) above or subsection (C) below, the total amount of all future Sinking Fund Payments shall be reduced by the aggregate principal amount of

2023A Term Bonds 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 City, notice of which determination (which shall consist of a revised sinking fund schedule) shall be given by the City to the Fiscal Agent.

(C) Redemption from Development Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the 2023A Reserve Fund pursuant to Section 15.05(F) shall be used to redeem 2023A Bonds on the next Interest Payment Date for which notice of redemption can timely be given under Section 2.03(D)(i), among series and maturities so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the 2023A Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before March 1, ____	%
On September 1, ____ and March 1, ____	
On September 1, ____ and March 1, ____	
On September 1, ____ and any Interest Payment Date thereafter	

(D) Notice to Fiscal Agent. The City shall give the Fiscal Agent written notice of its intention to redeem Bonds under Section 14.03 (A) and (C) not less than forty-five (45) days prior to the applicable redemption date or such lesser number of days as shall be allowed by the Fiscal Agent.

(E) Purchase of Bonds in Lieu of Redemption. In lieu of redemption under Section 14.03, moneys in the Bond Fund or other funds provided by the City may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2023A Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2023A Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2023A Bonds were to be redeemed in accordance with this Agreement. Any 2023A Bonds purchased pursuant to this Section 14.03(E) shall be treated as outstanding 2023A Bonds under this Fiscal Agent Agreement, except to the extent otherwise directed by the Finance Director.

(F) Redemption Procedure by Fiscal Agent. The provisions of Section 2.03(D) shall govern the procedure for redemption of the 2023A Bonds.

(G) Selection of 2023A Bonds for Redemption. Whenever the City has called for redemption of less than all of the 2023A Bonds, the City shall determine which maturities shall be redeemed, as set forth in Section 14.03(A), (B) and (C). Whenever provision is made in this Agreement for the redemption of less than all of the Bonds of any maturity, the Fiscal Agent shall select the Bonds of such maturity to be redeemed by lot in any manner which the Fiscal Agent in its sole discretion deems appropriate.

(H) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2023A Bonds so called for redemption shall have been deposited in the Bond Fund, such 2023A Bonds so

called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in the notice of redemption. All 2023A Bonds redeemed by the Fiscal Agent under this Section 14.03 shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled 2023A Bonds in accordance with the Fiscal Agent's retention policy then in effect.

Section 14.04. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the City on the Closing Date relating to the 2023A Bonds. Notwithstanding any other provision of the Master Fiscal Agent Agreement or this Second Supplement to Fiscal Agent Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Fiscal Agent shall, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding 2023A Bonds, and upon receipt of indemnity satisfactory to the Fiscal Agent, or any holder or beneficial owner of the 2023A Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 14.05. Private Activity Bond Limitations. The City shall assure that the proceeds of the 2023A Bonds are not so used as to cause the 2023A Bonds to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Code.

Section 14.06. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the 2023A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

Section 14.07. Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Tax 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 2023A Bonds. The Finance Director shall take note of any investment of monies hereunder in excess of the yield on the 2023A Bonds, and shall take such actions as are necessary to ensure compliance with this Section 14.07, such as increasing the portion of the Development Special Tax levy for Administrative Expenses as appropriate to have funds available to satisfy any rebate liability under this Section. If necessary to satisfy its obligations under this Section 14.07, the City may use:

- (A) Amounts in the 2023A Reserve Fund if the amount on deposit in the 2023A Reserve Fund, following the proposed transfer, is at least equal to the 2023A Reserve Requirement, and amounts in any other reserve account for Parity Bonds that are not 2023A Related Parity Bonds to the extent permitted by the Supplemental Agreement;
- (B) Development Special Taxes available for that purpose;
- (C) Amounts on deposit in the Administrative Expense Fund; and
- (D) Any other funds available to the City, including amounts advanced by the City, in its sole discretion, to be repaid as soon as practicable from amounts described in the preceding clauses (A), (B) and (C).

Section 14.08. No Arbitrage. The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2023A 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 2023A Bonds would have caused the 2023A Bonds to be “arbitrage bonds” within the meaning of section 148 of the Tax Code.

Section 14.09. Yield of the 2023A Bonds. In determining the yield of the 2023A Bonds to comply with Sections 14.07 and 14.08, the City will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the Closing Date, regarding prepayments of Development Special Taxes and use of prepayments for redemption of the 2023A Bonds, without regard to whether or not prepayments are received or 2023A Bonds redeemed.

Section 14.10. Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the 2023A Bonds from the gross income of the Owners of the 2023A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the 2023A Bonds.

Section 14.11. Allocation of Investments – 2023A Reserve Fund. The City hereby covenants and agrees to make any allocations required by Treasury Regulation §1.148-6(e)(6)(i) with respect to allocations of investments within the 2023A Reserve Fund at least every 3 years after the date hereof and on each date that an issue becomes secured by the 2023A Reserve Fund.

ARTICLE XV

ISSUE OF 2023A BONDS

Section 15.01. Issuance of 2023A Bonds. Upon the execution and delivery of the Second Supplement to Fiscal Agent Agreement and satisfaction of the requirements for issuance of Parity Bonds under Section 3.06, the City shall execute and deliver the 2023A Bonds in the aggregate principal amount set forth in Section 14.01 to the Fiscal Agent for authentication and delivery to the Original Purchaser thereof upon receipt by the Fiscal Agent of an Officer's Certificate requesting authentication and delivery.

The Authorized Officers of the City are hereby authorized and directed to execute and deliver any and all documents and instruments necessary to cause the issuance of the 2023A Bonds in accordance with the provisions of the Special Tax Financing Law, the Resolution and this Agreement, to authorize the payment of Costs of Issuance and costs of the Project by the Fiscal Agent from the proceeds of the 2023A Bonds and to do and cause to be done any and all acts and things necessary or convenient for the timely delivery of the 2023A Bonds to the Original Purchaser.

The Fiscal Agent is hereby authorized and directed to authenticate the 2023A Bonds and deliver them to the Original Purchaser, upon receipt of the purchase price for the 2023A Bonds.

Section 15.02. Application of Proceeds of Sale of 2023A Bonds. The proceeds of the 2023A Bonds received from the Original Purchaser in the amount of \$_____ (which is equal to the principal amount of the 2023A Bonds, *plus/minus* an original issue premium/discount, *less* an underwriter's discount of \$_____) shall be paid to the Fiscal Agent, which shall deposit the proceeds on the Closing Date, as follows:

- (i) \$_____ into the 2023A Costs of Issuance Fund;
- (ii) \$_____ into the 2023A Reserve Fund equaling the initial 2023A Reserve Requirement;
- (iii) \$_____ into the Bond Fund maintained and administered by the Fiscal Agent in accordance with Section 4.04 (which shall represent capitalized interest and be deposited into a 2023A Capitalized Interest Account, which is hereby established);
- (iv) \$_____ into the 2023A Improvement Fund to pay for Project costs.

Amounts on deposit in the 2023A Capitalized Interest Account shall be used and withdrawn by the Fiscal Agent solely for the payment of interest on the 2023A Bonds. When the amount in the 2023A Capitalized Interest Account is fully expended for the payment of interest, the account shall be closed.

Section 15.03. 2023A Costs of Issuance Fund.

(A) Establishment of 2023A Costs of Issuance Fund. The 2023A Costs of Issuance Fund is hereby established as a separate fund to be held by the Fiscal Agent, to the credit of which deposit shall be made as required by Section 15.02. Moneys in the 2023A Costs of Issuance Fund shall be held by the Fiscal Agent for the benefit of the City and shall be disbursed as provided in subsection (B) of this Section for the payment or reimbursement of Costs of Issuance.

(B) Disbursement. Amounts in the 2023A Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance attributable to the issuance of the 2023A Bonds, as set forth in a requisition substantially in the form of Exhibit K hereto, executed by the Finance Director, containing respective amounts to be paid to the designated payees and delivered to the Fiscal Agent. Each such requisition shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

(C) Investment. Moneys in the 2023A Costs of Issuance Fund shall be invested and deposited by the Fiscal Agent under Section 6.01. Interest earnings and profits resulting from such investment shall be retained by the Fiscal Agent in the 2023A Costs of Issuance Fund to be used for the purposes of such fund.

(D) Closing of Fund. The Fiscal Agent shall maintain the 2023A Costs of Issuance Fund for a period of 90 days from the Closing Date and then the Fiscal Agent shall transfer any moneys remaining therein, including any investment earnings thereon, into the 2023A Improvement Fund.

Section 15.04. 2023A Improvement Fund.

(A) Establishment of 2023A Improvement Fund. The 2023A Improvement Fund is hereby established as a separate fund to be held by the Fiscal Agent and to the credit of which fund deposits shall be made as required by Sections 15.02 and 15.03.

Moneys in the 2023A Improvement Fund shall be disbursed, except as otherwise provided in subsections (B) and (D) of this Section, for the payment or reimbursement of costs of the Project.

(B) Procedure for Disbursement. Disbursements from the 2023A Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate substantially in the form of Exhibit L attached hereto which shall:

(i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made (which shall be for payment of a Project cost or to reimburse expenditures of the City or any other party for Project costs previously paid), and the person to which the disbursement is to be paid; and

(ii) certify that no portion of the amount then being requested to be disbursed was set forth in any Officers Certificate previously filed requesting disbursement.

Each such requisition shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

(C) Investment. Moneys in the 2023A Improvement Fund shall be invested in accordance with Section 6.01. Interest earnings and profits from such investment shall be retained in the 2023A Improvement Fund to be used for the purpose of such fund.

(D) Closing of Fund. At such time as there are no moneys in the 2023A Improvement Fund, the Fiscal Agent shall close such Fund without any further direction from the City. As long as there are moneys in the 2023A Improvement Fund, such Fund may be closed as set forth below.

When the City believes that the Project has been completed, it shall provide a written notice to the Developer that the City believes the Project has been completed and that the 2023A Improvement Fund should be closed. The Developer shall have 30 days after receipt of such notice to dispute the City's finding or to concur that the Project is complete. If the Developer concurs that the Project is complete, or fails to respond to the notice by the end of the 30-day period, the City may file an Officer's Certificate directing the Fiscal Agent to close the 2023A Improvement Fund.

Upon the filing of an Officer's Certificate stating that the Project has been completed and that all costs of the Project have been paid or are not required to be paid from the 2023A Improvement Fund, the Fiscal Agent shall transfer the amount, if any, remaining in the 2023A Improvement Fund to the Bond Fund for application to Debt Service payments due on the next succeeding Interest Payment Date and the 2023A Improvement Fund shall be closed. Moneys transferred from the 2023A Improvement Fund to the Bond Fund shall be used to pay Debt Service on the Bonds in the manner specified by the City in an Officer's Certificate.

Section 15.05. 2023A Reserve Fund.

(A) Establishment of Fund. The 2023A Reserve Fund is hereby established as a separate fund to be held by the Fiscal Agent to the credit of which a deposit shall be made as required by Section 15.02, which deposit, as of the Closing Date, is equal to the initial 2023A Reserve Requirement with respect to the 2023A Bonds, and deposits shall be made as provided in Sections 3.06(C), 4.05 and 4.06. Moneys in the 2023A Reserve Fund shall be held by the Fiscal Agent for the benefit of the Owners of the 2023A Bonds and any 2023A Related Parity Bonds as a reserve for the payment of the principal of, and interest and any premium on, the 2023A Bonds and any 2023A Related Parity Bonds and shall be subject to a lien in favor of the Owners of the 2023A Bonds and any 2023A Related Parity Bonds.

(B) Use of Reserve Fund. Except as otherwise provided in this Section, all amounts deposited in the 2023A Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the 2023A Bonds and any 2023A Related Parity Bonds or, in accordance with the provisions of this Section, for the purpose of redeeming 2023A Bonds and any

2023A Related Parity Bonds from the Bond Fund. Whenever a transfer is made from the 2023A Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund for payment of the principal of, and interest and any premium on, the 2023A Bonds and any 2023A Related Parity Bonds, the Fiscal Agent shall provide written notice thereof to the Finance Director, specifying the amount withdrawn.

(C) Transfer of Excess of Reserve Requirement. Whenever, on or before any Interest Payment Date, or on any other date at the request of the Finance Director, the amount in the 2023A Reserve Fund exceeds the 2023A Reserve Requirement, the Fiscal Agent shall transfer an amount equal to the excess from the 2023A Reserve Fund to (i) the Improvement Fund(s) for any Outstanding 2023A Related Parity Bonds on a pro rata basis as directed by the City, to be used to pay for Project costs and (ii) after such Improvement Funds are no longer open, the Bond Fund, to be used to pay interest on the 2023A Bonds and any 2023A Related Parity Bonds on the next Interest Payment Date.

(D) Transfer for Rebate Purposes. Amounts in the 2023A Reserve Fund shall be withdrawn for purposes of making payment to the federal government to comply with Section 14.07, upon receipt by the Fiscal Agent of an Officer's Certificate 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 2023A Reserve Fund shall be used for rebate unless the amount in the 2023A Reserve Fund following such withdrawal equals the 2023A Reserve Requirement.

(E) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the 2023A Reserve Fund exceeds the amount required to redeem or pay the Outstanding 2023A Bonds and all Outstanding 2023A Related Parity Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall, upon the written request of the Finance Director, transfer any cash or Permitted Investments in the 2023A Reserve Fund to the Bond Fund to be applied, on the redemption date to the payment and redemption, in accordance with Section 4.04 or 14.03 and the provisions of the Supplemental Agreement related to the 2023A Related Parity Bonds, as applicable, of all of the Outstanding 2023A Bonds and Outstanding 2023A Related Parity Bonds. In the event that the amount so transferred from the 2023A Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding 2023A Bonds and Outstanding 2023A Related Parity Bonds, the balance in the 2023A Reserve Fund shall be transferred to the Finance Director to be used by the City for any lawful purpose.

Notwithstanding the provisions of the first paragraph of this Section 15.05(E), no amounts shall be transferred from the 2023A Reserve Fund under this Section 15.015(E) until after: (i) the calculation of any amounts due to the federal government under Section 14.07 and withdrawal of any such amount under Section 15.05(D) for purposes of making such payment to the federal government; and (ii) payment of any fees and expenses due to the Fiscal Agent.

(F) Transfer Upon Special Tax Prepayment. Whenever Special Taxes are prepaid and 2023A Bonds or any 2023A Related Parity Bonds are to be redeemed with the proceeds of such prepayment pursuant to Section 14.03(C) or

a Supplemental Agreement related to any 2023A Related Parity Bonds, any resulting reduction in the 2023A Reserve Requirement shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the 2023A Bonds pursuant to Section 14.03(C) or a Supplemental Agreement related to any 2023A Related Parity Bonds. The Finance Director shall deliver to the Fiscal Agent an Officer's Certificate specifying any amount to be so transferred, and the Fiscal Agent may rely on any such Officer's Certificate.

(G) Investment. Moneys in the 2023A Reserve Fund shall be invested by the Fiscal Agent under Section 6.01.

(H) Qualified Reserve Account Credit Instruments. The City shall have the right at any time to direct the Fiscal Agent to release funds from the 2023A Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (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 2023A Bonds or any 2023A Related Parity 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 Fiscal Agent, and upon delivery by the City to the Fiscal Agent of a written calculation of the amount permitted to be released from the 2023A Reserve Fund (upon which calculation the Fiscal Agent may conclusively rely), the Fiscal Agent shall transfer such funds from the 2023A Reserve Fund to the Improvement Funds for the 2023A Bonds and any 2023A Related Parity Bonds as directed by the City to be used for the purposes thereof. The Fiscal Agent shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this Section. Upon the scheduled expiration of any Qualified Reserve Account Credit Instrument, the City 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 Fiscal Agent an amount of funds equal to the 2023A Reserve Requirement, to be derived from the first available Revenues. If the 2023A 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 Bond Fund with respect to the 2023A Bonds and any 2023A Related Parity Bonds. If the 2023A 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 Bond Fund with respect to the 2023A Bonds and any 2023A Related Parity 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 Bonds, a separate subaccount in the 2023A Reserve Fund may be established for such series, and the calculation of the 2023A Reserve Requirement with respect to any 2023A

Related Parity Bonds shall exclude the debt service on such issue of 2023A Related Parity Bonds.

The City will have no obligation to replace a Qualified Reserve Account Credit Instrument or to fund the 2023A Reserve Fund with cash if, at any time that the 2023A 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 or if for any reason insufficient amounts are available to be drawn upon under the Qualified Reserve Account Credit Instrument; provided, however, that the City shall reimburse the provider, in accordance with the terms of the Qualified Reserve Account Credit Instrument, for any draws made thereon.

The City and the Fiscal Agent 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.

Section 4. Attachment of Exhibit J. The Master Fiscal Agent Agreement is hereby further amended by attaching thereto and incorporating therein an Exhibit J setting forth the form of the 2023A Bonds, which shall read substantially as set forth in Appendix 1 which is attached hereto and by this reference incorporated herein.

Section 5. Attachment of Exhibit K. The Master Fiscal Agent Agreement is hereby further amended by attaching thereto and incorporating therein an Exhibit K, which shall read substantially as set forth in Appendix 2 which is attached hereto and by this reference incorporated herein.

Section 6. Attachment of Exhibit L. The Master Fiscal Agent Agreement is hereby further amended by attaching thereto and incorporating therein an Exhibit L, which shall read substantially as set forth in Appendix 3 which is attached hereto and by this reference incorporated herein.

Section 7. Limitation on Principal Amount of Parity Bonds. Notwithstanding the provisions of Section 5.12 of the Master Fiscal Agent Agreement, following the issuance of the 2023A Bonds, the City will not issue more than \$ _____ initial principal amount of Parity Bonds (exclusive of any Refunding Bonds).

Section 8. Applicable Law. This Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Section 9. Conflict with Special Tax Financing Law. In the event of a conflict between any provision of this Second Supplement to Fiscal Agent Agreement and any provision of the Special Tax Financing Law as in effect on the Closing Date, the provision of the Special Tax Financing Law shall prevail over the conflicting provision of this Agreement.

Section 10. Conclusive Evidence of Regularity. 2023A Bonds issued pursuant to this Second Supplement to Fiscal Agent Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Special Tax Financing Law relative to their issuance and the levy of the Development Special Taxes.

Section 11. Confirmation of Master Fiscal Agent Agreement; Conflict With Master Fiscal Agent Agreement. All representations, covenants, warranties and other provisions of the Master Fiscal Agent Agreement, unless specifically amended, modified or supplemented by this Second Supplement to Fiscal Agent Agreement, are hereby confirmed as applicable to this Second Supplement to Fiscal Agent Agreement. In the event of any conflict between the provisions of this Second Supplement to Fiscal Agent Agreement and the Master Fiscal Agent Agreement, the provisions of this Second Supplement to Fiscal Agent Agreement shall govern.

Section 12. Counterparts. This Second Supplement to Fiscal Agent Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the City and the Fiscal Agent have caused this Second Supplement to Fiscal Agent Agreement to be executed as of the date first written above.

CITY AND COUNTY OF SAN FRANCISCO,
for and on behalf of
City and County of San Francisco Special Tax
District No. 2020-1 (Mission Rock Facilities and
Services)

By _____
Director of the Office of Public Finance

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION,
as Fiscal Agent

By: _____
Mark D. Petrasso
Senior Vice President
Zions Bank Division

APPENDIX 1

EXHIBIT J

FORM OF 2023A BOND

THIS BOND IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND MAY ONLY BE TRANSFERRED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 14.02(A) OF THE FISCAL AGENT AGREEMENT. NO TRANSFER, SALE OR OTHER DISPOSITION OF THIS BOND, OR ANY BENEFICIAL INTEREST HEREIN, MAY BE MADE EXCEPT TO A PERSON THAT IS A QUALIFIED PURCHASER THAT IS PURCHASING THIS BOND FOR ITS OWN ACCOUNT FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO DISTRIBUTING THIS BOND. EACH TRANSFEREE OF THIS BOND, OR ANY BENEFICIAL INTEREST THEREIN, SHALL BE DEEMED TO HAVE REPRESENTED TO THE CITY AND THE FISCAL AGENT THAT SUCH TRANSFEREE IS A QUALIFIED PURCHASER THAT IS PURCHASING SUCH BOND FOR ITS OWN ACCOUNT FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO DISTRIBUTING SUCH BOND. EACH ENTITY THAT IS OR THAT BECOMES AN OWNER OR A BENEFICIAL OWNER OF THIS BOND IS DEEMED BY THE ACCEPTANCE OR ACQUISITION OF THIS BOND OR SUCH BENEFICIAL OWNERSHIP INTEREST TO HAVE AGREED TO BE BOUND BY THE PROVISIONS OF SAID SECTION 14.02(A). ANY TRANSFER OF A BOND TO ANY ENTITY THAT IS NOT A QUALIFIED PURCHASER SHALL BE DEEMED NULL AND VOID.

No. ____

\$_____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO

CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2020-1
(MISSION ROCK FACILITIES AND SERVICES)
DEVELOPMENT SPECIAL TAX BOND,
SERIES 2023A

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
____ %	September 1, _____	_____, 2023	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

*****DOLLARS

The City and County of San Francisco (the "City") for and on behalf of the "City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)" (the "Special Tax District"), for value received, hereby promises to pay solely from the Revenues (as defined in the hereinafter defined Agreement) to be collected in the Special Tax District or amounts in certain funds and accounts held under the Agreement (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 from the Dated Date set forth above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for (unless this Bond is authenticated on or before an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to February 15, 2024, in which event it shall bear interest from the Dated Date identified above, payable semiannually on each March 1 and September 1, commencing March 1, 2024 (each an "Interest Payment Date"), 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 Bond, interest is in default on this Bond, this 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 Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent (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 Fiscal Agent 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 Bonds delivered to the Fiscal Agent prior to the applicable Record Date. The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Fiscal Agent or such other place designated by the Fiscal Agent.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$_____ approved by resolutions of the Board of Supervisors of the City on May 15, 2020, and _____, 2023 (together, the "Resolution"), under the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X), as amended from time to time (the "Special Tax Financing Law"), which incorporates the Mello-Roos Community Facilities Act of 1982, as amended, sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose of funding certain facilities for the City, and is one of the series of bonds designated "City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Development Special Tax Bonds, Series 2023A" (the "Bonds"). The issuance of the Bonds and the terms and conditions thereof are provided for by a Fiscal Agent Agreement, dated as of May 1, 2021, as supplemented, including a Second Supplement to Fiscal Agent Agreement, dated as of _____ 1, 2023 (the "Agreement"), between the City and Zions Bancorporation, National Association (the "Fiscal Agent") and this reference incorporates the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Agreement is authorized under, this Bond is issued under and both are to be construed in accordance with, the laws of the State of California.

The Bonds are payable from the Revenues and moneys in certain funds and accounts described in the Resolution on a parity basis with certain outstanding bonds, as set forth in the Agreement.

The Bonds do not constitute obligations of the City for which the City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described in the Agreement. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth in the Agreement), the Port Commission or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Optional Redemption. The Bonds are subject to optional redemption as directed by the City from sources of funds other than prepayments of Development Special Taxes, prior to their stated maturities, on any date on or after September 1, 20__, in whole or in part, as directed by the City at a redemption price expressed as percentage of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, ____ through August 31, ____	%
September 1, ____ through August 31, ____	
September 1, ____ through August 31, 2031	
September 1, ____ and thereafter	

Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, in the aggregate respective principal amounts all as set forth in the following tables:

Term Bonds Maturing September 1, _____	
<u>Sinking Fund Redemption Date (September 1)</u>	<u>Principal Amount Subject to Redemption</u>

Provided, however, if some but not all of the Term Bonds of a given maturity have been redeemed as a result of an optional redemption or a redemption from Development Special Tax Prepayments, the total amount of all future Sinking Fund Payments relating to such maturity shall be reduced by the aggregate principal amount of Term 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 City, notice of which determination shall be given by the City to the Fiscal Agent.

Redemption From Development Special Tax Prepayments. Development Special Tax Prepayments and any corresponding transfers from the 2023A Reserve Fund shall be used to redeem Bonds on the next Interest Payment Date for which notice of redemption can timely be given under the Fiscal Agent Agreement, among series or maturities so as to maintain substantially the same Debt Service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before March 1, ____	%
On September 1, ____ and March 1, ____	
On September 1, ____ and March 1, ____	
On September 1, ____ and any Interest Payment Date thereafter	

Notice of redemption with respect to the 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 Agreement.

This 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 Bond shall be entered by the Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

The Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein. The principal of the Bonds is not subject to acceleration upon a default under the Agreement or any other document.

This 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 Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the City that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Fiscal Agent for registration of transfer, exchange, or payment, and any 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 has caused this Bond to be to be signed by the manual or facsimile signature of its Mayor and countersigned by the facsimile signature of the Clerk.

Clerk of the Board of Supervisors

Mayor

[FORM OF FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the Agreement which has been authenticated on _____, 2021.

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Signatory

Bond #

Maturity Date

Principal Amount

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 Fiscal Agent, with
full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed
by an eligible guarantor.

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 Fiscal Agent

APPENDIX 2

EXHIBIT K

\$ _____
CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2020-1
(MISSION ROCK FACILITIES AND SERVICES)
DEVELOPMENT SPECIAL TAX BONDS,
SERIES 2023A

OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT
FROM 2023A COSTS OF ISSUANCE FUND

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Director of the Office of Public Finance of the City and County of San Francisco, a chartered duly organized and existing under the Constitution and the laws of the State of California (the "City") and as such, am familiar with the facts herein certified and am authorized to certify the same.

(ii) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of May 1, 2021 (the "Master Fiscal Agent Agreement"), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"), as supplemented, including by a Second Supplement to Fiscal Agent Agreement, dated as of _____ 1, 2023 (the "Second Supplement"; together with the Master Fiscal Agent Agreement, as previously supplemented, the "Fiscal Agent Agreement") by and between the City and the Fiscal Agent.

(iii) Under Section 15.03 of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the 2023A Costs of Issuance Fund established under the Fiscal Agent Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth in an invoice submitted by each such payee but no more than the amount set forth opposite such payee, for payment or reimbursement of previous payment of Costs of Issuance (as that term is defined in the Fiscal Agent Agreement) as described on attached Schedule A. Payments shall be made by check or wire transfer in accordance with the payment instructions set forth on Schedule A (or the invoice attached thereto) and the Fiscal Agent shall rely on such payment instructions as though given by the City 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.

(iv) The disbursements described on the attached Schedule A constitute Costs of Issuance, and are properly chargeable to the 2023A Costs of Issuance Fund.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Director of the Office of Public Finance

SCHEDULE A

PAYEE NAME AND ADDRESS	PURPOSE OF OBLIGATION	AMOUNT

APPENDIX 3

EXHIBIT L

\$ _____
CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2020-1
(MISSION ROCK FACILITIES AND SERVICES)
DEVELOPMENT SPECIAL TAX BONDS,
SERIES 2023A

OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT
FROM 2023A IMPROVEMENT FUND

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Director of the Office of Public Finance of the City and County of San Francisco, a chartered city organized and existing under the Constitution and laws of the State of California (the "City") and as such, am familiar with the facts herein certified and am authorized to certify the same.

(ii) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of May 1, 2021 (the "Master Fiscal Agent Agreement"), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"), as supplemented, including by a Second Supplement to Fiscal Agent Agreement, dated as of _____ 1, 2023 (the "Second Supplement"; together with the Master Fiscal Agent Agreement, as previously supplemented, the "Fiscal Agent Agreement") by and between the City and the Fiscal Agent.

(iii) Under Section 15.04 of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the 2023A Improvement Fund established under the Fiscal Agent 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 a Project cost (as Project is defined in the Fiscal Agent Agreement) as described on attached Schedule A.

(iv) The disbursements described on the attached Schedule A are properly chargeable to the 2023A Improvement Fund.

(v) No portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed requesting disbursement.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Director of the Office of Public Finance

SCHEDULE A

Payee Name and Address	Purpose of Obligation	Amount	Account from which Amounts should be paid

FISCAL AGENT AGREEMENT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION
as Fiscal Agent**

Dated as of November 1, 2023

Relating to:

**\$ _____
City and County of San Francisco
Special Tax District No. 2020-1
(Mission Rock Facilities and Services)
Office Special Tax Bonds, Series
2023B-1**

**\$ _____
City and County of San Francisco
Special Tax District No. 2020-1
(Mission Rock Facilities and Services)
Office Special Tax Bonds, Series
2023B-2 (Federally Taxable)**

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FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the “**Agreement**”) is made, entered into and dated as of November 1, 2023, by and between 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 and on behalf of the "City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)" (the “**Special Tax District**”), and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America with a corporate trust office located in Los Angeles, California, as fiscal agent (the “**Fiscal Agent**”).

WITNESSETH:

WHEREAS, Seawall Lot 337 Associates, LLC, a Delaware limited liability company (“**Developer**”) and the City, acting by and through the San Francisco Port Commission (“**Port**” or “**Port Commission**”), are parties to a Disposition and Development Agreement (as amended from time to time, “**DDA**”), including a Financing Plan (as amended from time to time, “**Financing Plan**”), that governs the disposition and development of certain parcels in the jurisdiction of the Port, including Seawall Lot 337, 3.53 acres located at Terry A. Francois Boulevard from Third Street to Mission Rock Street, China Basin Park and ½ acre to the east of Terry A. Francois Boulevard between Pier 48 and Pier 50 (“**Mission Rock Site**”); and

WHEREAS, the Board of Supervisors of the City has formed the Special Tax District under the provisions of the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X), as amended from time to time (the “**Special Tax Financing Law**”), which incorporates the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the California Government Code) (the “**Act**”); and

WHEREAS, the Board of Supervisors, as the legislative body with respect to the Special Tax District, is authorized under the Special Tax Financing Law to levy special taxes pursuant to the Rate and Method (as defined herein) within the Special Tax District on the Leasehold Interest in each Taxable Parcel (as those terms are defined in the Rate and Method) to pay for the costs of facilities and to authorize the issuance of bonds secured by said special taxes under the Special Tax Financing Law; and

WHEREAS, the Rate and Method provides for the levy of separate special taxes within the Special Tax District, including, among others, the Office Special Tax; and

WHEREAS, on May 5, 2020, the Board of Supervisors adopted Resolution No. 196-20, which resolution was signed by the Mayor on May 15, 2020 (the “**Original Resolution**”) authorizing the issuance of special tax bonds on behalf of the Special Tax District; and

WHEREAS, on _____, 2023, the Board of Supervisors adopted Resolution No. _____, which resolution was signed by the Mayor on _____, 2023 (the “**First Supplemental Office Special Tax Resolution**”); together with the Original Resolution and any subsequent resolutions approving the issuance of Bonds, the “**Resolution**”) authorizing the issuance of special tax bonds payable from Office Special Taxes (the “**2023 Bonds**”) on behalf of the Special Tax District; and

WHEREAS, the San Francisco Special Tax Financing Law incorporates the Mello-Roos Act by reference; and

WHEREAS, the Port, as agent of the Special Tax District, and in its own proprietary capacity, has entered into a Special Fund Administration Agreement, dated as of May 1, 2021 (the “**Special Fund Administration Agreement**”), with Zions Bancorporation, National Association (the “**Special Fund Trustee**”); and

WHEREAS, it is in the public interest and for the benefit of the City, the Special Tax District and the persons responsible for the payment of special taxes that the City enter into this Agreement to provide for the issuance of the Bonds (as defined below) hereunder to finance the acquisition and construction of facilities for the City and other eligible amounts under the Resolution of Formation and to provide for the disbursement of proceeds of the Bonds, the disposition of the special taxes securing the Bonds and the administration and payment of the Bonds; and

WHEREAS, the Bonds shall be payable from Office Special Taxes levied under the Rate and Method and not from any other special tax levied under the Rate and Method; and

WHEREAS, the City has determined that all things necessary to cause the 2023 Bonds, when authenticated by the Fiscal Agent and issued as provided in the Special Tax Financing Law (including the Act, to the extent applicable), the Resolution and this Agreement, to be legal, valid, binding and limited obligations in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Agreement and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Agreement. This Agreement is entered into pursuant to the Special Tax Financing Law (as herein defined) and the Resolution.

Section 1.02. Agreement for Benefit of Owners of the Bonds. The provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the Owners of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Agreement.

Section 1.03. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Agreement, of any Supplemental Agreement, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof. Any capitalized term not defined in this Section 1.03 shall have the meaning given to such term in the recitals of this Agreement or the Financing Plan (including the Appendix to Transaction Documents for the Mission Rock Project referenced therein), as applicable.

"Acquisition Agreement" means that certain Acquisition and Reimbursement Agreement, dated for reference August 15, 2018, by and among City, acting by and through the San Francisco Port Commission, and the Developer.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Section 53311 *et seq.* of the California Government Code.

"Administrative Expenses" means costs directly related to the administration of the Special Tax District consisting of: the actual costs of computing the Office Special Taxes and preparing the annual Office Special Tax collection schedules (whether by a City employee or consultant or both) and the actual costs of collecting the Office Special Taxes (whether by the City or otherwise); the actual costs of remitting the Office Special Taxes to the Fiscal Agent; actual costs of the Special Fund Trustee related to the Office Special Taxes and the Bonds; actual costs of the Fiscal Agent (including its legal counsel) in the discharge of its duties under this Agreement; the actual costs of the City or its designee of complying with the disclosure provisions of the Special Tax Financing Law and this Agreement, including those related to public inquiries regarding the Office Special Tax and disclosures to Owners of the Bonds and the Original Purchaser; costs of the dissemination agent, whether for the City or another party that has undertaken to provide continuing disclosure; the actual costs of the City or its designee related to an appeal of the Office Special Tax; any amounts required to be rebated to the federal government; an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto; and costs related to credit enhancement and liquidity support for any Bonds. Administrative Expenses shall also include amounts advanced by the City for any administrative purpose of the Special Tax District, including costs related to

prepayments of Office Special Taxes, recordings related to such prepayments and satisfaction of Office Special Taxes, amounts advanced to ensure maintenance of tax exemption, and the costs of prosecuting foreclosure of delinquent Office Special Taxes, which amounts advanced are subject to reimbursement from other sources, including proceeds of foreclosure.

“Administrative Expense Fund” means the fund designated the “City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Administrative Expense Fund” established and administered under Section 4.07.

“Agreement” means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions hereof.

“Aggregate 2023B-1/2023B-2 Reserve Requirement” means the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the 2023B-1 Bonds, any 2023B-1 Related Parity Bonds, the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds, between the date of such calculation and the final maturity of such Bonds (which, for the avoidance of doubt, shall be calculated based on the aggregate debt service on such Bonds), (b) 125% of average Annual Debt Service on the 2023B-1 Bonds, any 2023B-1 Related Parity Bonds, the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds (which, for the avoidance of doubt, shall be calculated based on the aggregate Annual Debt Service on such Bonds), and (c) 10% of the outstanding principal of the 2023B-1 Bonds, any 2023B-1 Related Parity Bonds, the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds; provided, however:

(A) that with respect to the calculation of clause (c) of any Bonds the interest on which is excluded from gross income for federal income tax purposes, the issue price of such Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of such Bonds was less than 98% or more than 102% of the original principal amount of such Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount; and

(B) that, with respect to each of the 2021A Reserve Fund and the 2021B Reserve Fund, considered separately, in no event shall the amount calculated hereunder exceed the amount on deposit in such Fund on the date of issuance of the most recent issue of Bonds secured by such Fund.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year).

“Applicable Spread” means, except as set forth in a Supplemental Agreement, 50 basis points.

“Auditor” means the tax collector of the City, or such other official at the City who is responsible for preparing property tax bills.

“Authorized Officer” means the Mayor, the Controller, the Director of the Office of Public Finance, the Clerk of the Board of Supervisors, or any other officer or employee authorized by the Board of Supervisors of the City or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

“Board of Supervisors” means the Board of Supervisors of the City, in its capacity as the legislative body of the Special Tax District.

“Bond” or “Bonds” means the 2023 Bonds and, if the context requires, any Parity Bonds, at any time Outstanding under this Agreement or any Supplemental Agreement.

“Bond Counsel” means Jones Hall, A Professional Law Corporation or any other attorney or firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Fund” means the fund designated the “City and County of San Francisco, Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Office Special Tax Bonds, Bond Fund” established and administered under Section 4.05.

“Bond Year” means the one-year period beginning on September 2nd in each year and ending on September 1 in the following year, except that the first Bond Year shall begin on the Closing Date and shall end on September 1, 2024.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

“CFD Administrative Costs Account” the account of that name established and held by the Special Fund Trustee in the Administrative Costs Fund under the Special Fund Administration Agreement.

“CDIAC” means the California Debt and Investment Advisory Commission of the Office of the State Treasurer, or any successor agency, board or commission.

“City” means the City and County of San Francisco, and any successor thereto.

“City Attorney” means any attorney or firm of attorneys employed by the City in the capacity of general counsel.

“Closing Date” means, with respect to the 2023 Bonds, the date upon which there is a physical delivery of the 2023 Bonds in exchange for the amount representing the purchase price of the 2023 Bonds by the Original Purchaser.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of the 2023 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale, delivery and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, appraisal costs, filing and recording fees, fees and expenses of counsel to the City, initial fees and charges of the Fiscal Agent including its first annual administration fees and its legal fees and charges, including the allocated costs of in-house attorneys, expenses incurred by the City in connection with the issuance of the Bonds, Bond (underwriter’s) discount, legal fees and charges, including bond counsel, and counsel to any financial consultant, financial

consultant's fees, charges for execution, authentication, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

“Dated Date” means, with respect to the 2023 Bonds, the dated date of the 2023 Bonds, which is the Closing Date.

“DDA” means the Disposition and Development Agreement, dated August 15, 2018, including a Financing Plan, between the City and County of San Francisco, acting by and through the Port Commission, and the Developer, as amended from time to time.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the 2023 Bonds under Sections 2.02 and 2.03 and the scheduled amount of interest and amortization of principal (including any mandatory sinking fund payments) payable on any Parity Bonds during the period of computation, in each case excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository for book-entry under Section 2.10.

“Developer” means Seawall Lot 337 Associates, LLC, a Delaware limited liability company, and its successors and assigns.

“Development Special Tax Bonds” means bonds issued by the City for and on behalf of the Special Tax District that are payable from Development Special Taxes as defined in the Rate and Method.

“Development Special Tax Bonds Fiscal Agent Agreement” means that certain Fiscal Agent Agreement, dated as of May 1, 2021, by and between the City and Zions Bancorporation, National Association, as fiscal agent, as supplemented from time to time.

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

“Fair Market Value” means with respect to the Bonds 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 Tax 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 Tax 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 Tax 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 City and related parties do not own more than a 10% beneficial interest if the return paid by such fund is without regard to the source of the investment.

“Federal Securities” means: (a) any direct 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), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Finance Director” means the Director of the 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.

“Fiscal Agent” means Zions Bancorporation, National Association, the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01.

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“Horizontal Improvements” has the meaning given that term in the DDA, and generally consisting of public capital facilities and infrastructure built or installed at or near the Mission Rock Site.

“Improvement Fund” means a fund established under this Agreement for the purpose of holding Bond proceeds to pay Project costs. The Improvement Fund for the 2023B-1 Bonds will be the 2023B-1 Improvement Fund; the Improvement Fund for the 2023B-2 Bonds will be the 2023B-2 Improvement Fund.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the City or the Finance Director, and who, or each of whom:

(i) is judged by the Finance Director to have experience in matters relating to the issuance and/or administration of bonds under the Special Tax Financing Law or the Act;

(ii) is in fact independent and not under the domination of the City;

(iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the Special Tax District, or any real property in the Special Tax District; and

(iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Interest Payment Date” means each March 1 and September 1 of every calendar year, commencing with March 1, 2024.

“Leasehold Interest” has the meaning given that term in the Rate and Method.

“Make-Whole Redemption Price” means, except as set forth in a Supplemental Agreement, the greater of (i) 100 percent of the principal amount of the Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on

which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus the Applicable Spread.

“Master Lease” means the interim lease for a portion of the Mission Rock Site that allows Developer to take possession of the Mission Rock Site and construct Horizontal Improvements approved under the DDA and to conduct other uses as provided therein.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“Mello-Roos Bonds Account (Office Special Taxes)” means the account of that name established and held by the Special Fund Trustee under the Special Fund Administration Agreement.

“Moody’s” means Moody’s Investors Service, Inc., and its successors.

“MSRB” means the Municipal Securities Rulemaking Board, through its EMMA system, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the City may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Office Special Tax Prepayments” means the proceeds of any Office Special Tax prepayments received by the City, as calculated pursuant to the Rate and Method or the Act, less any administrative fees or penalties collected as part of any such prepayment.

“Office Special Tax Prepayments Account” means the account by that name established within the Bond Fund under Section 4.05(A).

“Office Special Tax Revenues” means the proceeds of the Office Special Taxes received by the City, including any scheduled payments thereof and any Office Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Office Special Taxes to the amount of said lien and interest thereon, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

“Office Special Tax” means the Office Special Tax levied by the Board of Supervisors within the Special Tax District under the Special Tax Financing Law, the Rate and Method, the Ordinance and this Agreement.

“Office Special Taxes Subaccount of the CFD Remainder Account” means the account of that name established and held by the Special Fund Trustee under the Special Fund Administration Agreement.

“Office Special Taxes Subaccount of the Facilities Special Tax Account” means the account of that name established and held by the Special Fund Trustee under the Special Fund Administration Agreement.

“Officer’s Certificate” means a written certificate of the City signed by an Authorized Officer of the City.

“Ordinance” means any ordinance of the Board of Supervisors of the City levying the Office Special Taxes, including but not limited to Ordinance No. 79-20 introduced by the Board of Supervisors on May 5, 2020, and adopted by the Board of Supervisors on May 12, 2020, and signed by the Mayor on May 22, 2020.

“Original Purchaser” means, collectively, with respect to the 2023 Bonds, Stifel, Nicolaus & Company, Incorporated Piper Sandler & Co., the first purchasers of the 2023 Bonds from the City.

“Other Special Tax Bonds” means the following:

(a) bonds issued by or for a community facilities district or special tax district other than the Special Tax District that are outstanding and payable at least partially from special taxes to be levied on parcels of land within the Special Tax District, and

(b) bonds issued by or for the Special Tax District that are payable from special taxes levied under the Rate and Method other than the Office Special Tax and that do not constitute Bonds under this Agreement.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.04) all Bonds except (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City under this Agreement or any Supplemental Agreement.

“Owner” or “Bondowner” means any person who shall be the registered owner of any Outstanding Bond.

“Parcel Lease” has the meaning given that term in the Rate and Method.

“Parity Bonds” means additional bonds issued and payable on a parity with the Bonds under Section 3.06.

“Participating Underwriter” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Investments” means the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities.

(b) any of the following direct or indirect obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank; (ii) certificates of beneficial ownership issued by the Farmers Home Administration; (iii) participation certificates issued by the General Services Administration; (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (v) project notes issued by the United States

Department of Housing and Urban Development; and (vi) public housing notes and bonds guaranteed by the United States of America;

(c) interest-bearing demand or time deposits (including certificates of deposit), including those placed by a third party pursuant to a separate agreement between the City and the Fiscal Agent, banking deposit products, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, interest bearing money market accounts or deposit accounts in federal or state chartered savings and loan associations or in federal or State of California banks (including the Fiscal Agent, its parent, if any, and affiliates), provided that (i) the unsecured short-term obligations of such commercial bank or savings and loan association shall be rated in the highest short-term rating category by any Rating Agency, or (ii) such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation;

(d) commercial paper rated at the time of purchase in the highest short-term rating category by any Rating Agency, issued by corporations which are organized and operating within the United States of America, and which matures not more than 180 days following the date of investment therein;

(e) bankers acceptances, consisting of bills of exchange or time drafts drawn on and accepted by a commercial bank, including its parent (if any), affiliates and subsidiaries, whose short-term obligations are rated in the highest short-term rating category by any Rating Agency, or whose long-term obligations are rated A or better by any Rating Agency, which mature not more than 270 days following the date of investment therein;

(f) obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by any Rating Agency, or (b) fully secured as to the payment of principal and interest by Federal Securities;

(g) obligations issued by any corporation organized and operating within the United States of America having assets in excess of \$500,000,000, which obligations are rated A or better by any Rating Agency;

(h) money market mutual funds (including money market funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory, transfer agency, custodial or other management services for which it receives and retains a fee for such services to the fund) which invest in Federal Securities or which are rated in the highest short-term rating category by any Rating Agency including those funds for which the Fiscal Agent or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise; and

(i) any investment agreement representing general unsecured obligations of a financial institution rated A or better by any Rating Agency, by the terms of which the Fiscal Agent is permitted to withdraw all amounts invested therein in the event any such rating falls below A.

(j) the Local Agency Investment Fund established pursuant to Section 16429.1 of the Government Code of the State of California, *provided, however,* that the Fiscal Agent shall be permitted to make investments and withdrawals in its own name and the Fiscal Agent may restrict investments in the such fund if necessary to keep moneys available for the purposes of this Fiscal Agent Agreement.

(k) the California Asset Management Program.

“Port” or “Port Commission” means the San Francisco Port Commission.

“Principal Office” means such corporate trust office of the Fiscal Agent as may be designated from time to time by written notice from the Fiscal Agent to the City, initially being at the address set forth in Section 9.06, or such other office designated by the Fiscal Agent from time to time.

“Proceeds” when used with reference to the Bonds, means the face amount of the Bonds, plus any accrued interest and premium, less any original issue and/or underwriter’s discount.

“Project” means those items described as the “Facilities” in the Resolution of Formation.

“Qualified Purchaser” means (a) a qualified institutional buyer, as that term is defined in Securities and Exchange Commission Rule 144A promulgated under the Securities Act of 1933, as amended and (b) an “institutional accredited investor,” which consists of accredited investors as defined in subsections (a)(1), (2), (3) and (7) of Securities and Exchange Commission Rule 501 promulgated under the Securities Act of 1933, as amended.

“Qualified Reserve Account Credit Instrument” means, with respect to the 2023B-1 Reserve Fund, an irrevocable standby or direct pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent, provided that all of the following requirements are met at the time of acceptance thereof by the Fiscal Agent: (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, insurance policy 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 2023B-1 Reserve Requirement with respect to which funds are proposed to be released; and (d) the Fiscal Agent is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments with respect to the 2023B-1 Bonds and any 2023B-1 Related Parity Bonds.

“Qualified Reserve Account Credit Instrument” means, with respect to the 2023B-2 Reserve Fund, an irrevocable standby or direct pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent, provided that all of the following requirements are met at the time of acceptance thereof by the Fiscal Agent: (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, insurance policy 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 2023B-2 Reserve Requirement with respect to which funds are proposed to be released; and (d) the Fiscal Agent is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments with respect to the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds.

"Qualifying Taxable Parcel" has the meaning given that term in Section 3.06.

"Rate and Method" means the Rate and Method of Apportionment of Special Tax for the Special Tax District set forth in the Resolution of Formation.

"Record Date" means the fifteenth day of the calendar month next preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

"Refunding Bonds" means bonds issued by the City for the Special Tax District, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds; provided that the principal and interest on the Refunding Bonds to their final maturity date is less than the principal and interest on the Bonds being refunded to their final maturity date, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

"Regulations" means temporary and permanent regulations promulgated under the Tax Code.

"Replacement DDA" means a disposition and development agreement executed by the Port Commission to replace the DDA (or a successor to the DDA) that covers substantially the same real property and improvements as the DDA and establishes substantially the same rights and responsibilities as the DDA (or successor to the DDA).

"Replacement Lease" means a lease agreement obtained by the City in replacement of a lease that is subject to the Office Special Taxes, which establishes a Leasehold Interest with a term that ends on or after the final maturity date of the Bonds and that covers substantially the same real property and improvements as the existing lease.

"Resolution" has the meaning given that term in the recitals hereof.

"Resolution of Formation" means Resolution No. 160-20, adopted by the Board of Supervisors on April 14, 2020, forming the Special Tax District, and signed by Mayor London Breed on April 24, 2020.

"Resolution of Necessity" means Resolution No. 161-20 adopted by the Board of Supervisors on April 14, 2020, and signed by the Mayor on April 24, 2020.

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

“Securities Depositories” means 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.

“Special Fund Administration Agreement” means that certain Special Fund Administration Agreement by and among the Port, as agent of the CFD and in its proprietary capacity, and the Special Fund Trustee, as amended from time to time.

“Special Fund Trustee” means Zions Bancorporation, National Association, in its capacity under the Special Fund Administration Agreement, its successors and assigns, and any other corporation or association which may at any time be substituted in its place pursuant to the Special Fund Administration Agreement.

“Special Tax District” means the "City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)" formed under the Resolution of Formation.

“Special Tax District Value” means the estimated market value, as of the date of the appraisal described below and/or the date of the most recent City real property tax roll, as applicable, of the Leasehold Interests in all Taxable Parcels subject to the levy of the Office Special Taxes and not delinquent in the payment of any Office Special Taxes then due and owing, including with respect to such nondelinquent Leasehold Interests the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in an Improvement Fund and with the proceeds of any proposed series of Parity Bonds, as determined with respect to any parcel or group of parcels by reference to (i) an appraisal performed within six (6) months of the date of issuance of any proposed Parity Bonds by an MAI appraiser (the “Appraiser”) selected by the City, or (ii) in the alternative, the assessed value of all such nondelinquent Leasehold Interests as shown on the then current City real property tax roll available to the Finance Director. It is expressly acknowledged that, in determining the Special Tax District Value, the City may rely on an appraisal to determine the value of some or all of the Leasehold Interests in the Special Tax District and/or the most recent City real property tax roll as to the value of some or all of the Leasehold Interests in the Special Tax District. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any Appraiser pursuant to this definition.

“State” means the State of California.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Special Tax Financing Law and which agreement is amendatory of or supplemental to this Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

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

“Tax Consultant” means an independent financial or tax consultant retained by the City for the purpose of computing the Office Special Taxes.

“Taxable Parcel” has the meaning given that term in the Rate and Method.

“Taxable Parcel Value” means the estimated market value, as of the date of the appraisal described below and/or the date of the most recent City real property tax roll, as applicable, of the Leasehold Interest in a Taxable Parcel, including with respect to such Leasehold Interest the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in an Improvement Fund and with the proceeds of any proposed series of Parity Bonds, as determined by reference to (i) an appraisal performed within six (6) months of the date of issuance of any proposed Parity Bonds by an Appraiser selected by the City, or (ii) in the alternative, the assessed value as shown on the then current City real property tax roll available to the Finance Director. It is expressly acknowledged that, in determining the Taxable Parcel Value, the City may rely on an appraisal to determine the value of some or all of the Leasehold Interests in the Special Tax District and/or the most recent City real property tax roll as to the value of some or all of the Leasehold Interests in the Special Tax District. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any Appraiser pursuant to this definition.

“Term Bonds” means (i) the 2023B-1 Bonds maturing on September 1, ____, September 1, ____, September 1, ____, September 1, ____, September 1, ____, and September 1, ____, (ii) the 2023B-2 Bonds maturing on September 1, ____, September 1, ____, September 1, ____, September 1, ____, September 1, ____, and September 1, ____, and (iii) the Parity Bonds designated as term bonds under a Supplemental Agreement.

“Treasury Rate” means, except as set forth in a Supplemental Agreement, with respect to any redemption date for a particular Bond, the yield to maturity as of such Valuation Date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available on the Valuation Date selected by the City (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Bond (taking into account any sinking fund installments for such Bonds) to be redeemed; provided, however, that if the period from the redemption date to such maturity date (taking into account any sinking fund installments for such Bonds) is less than one year, the weekly average yield on actual traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“Valuation Date” means, except as set forth in a Supplemental Agreement, a Business Day not later than the third Business Day preceding the redemption date but no more than 45 calendar days prior to the redemption date.

“2023 Bonds” means, collectively, the 2023B-1 Bonds and the 2023B-2 Bonds.

“2023B-1 Bonds” means the Bonds so designated and authorized to be issued under Section 2.01 hereof.

“2023B-1 Costs of Issuance Fund” means the fund designated the “City and County of San Francisco, Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Office Special Tax Bonds, 2023B-1 Costs of Issuance Fund” established and administered under Section 4.02.

“2023B-1 Improvement Fund” means the fund designated “City and County of San Francisco, Special Tax District No. 2020-1 (Mission Rock Facilities and Services), Special Tax Bonds, 2023B-1 Improvement Fund,” established under Section 4.08.

“2023B-1 Related Parity Bonds” means any series of Parity Bonds for which (i) the Proceeds are deposited into the 2023B-1 Reserve Fund so that the balance therein is equal to the 2023B-1 Reserve Requirement following issuance of such Parity Bonds and (ii) the related Supplemental Agreement specifies that the 2023B-1 Reserve Fund shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Parity Bonds.

“2023B-1 Reserve Fund” means the fund designated the “City and County of San Francisco, Special Tax District No. 2020-1 (Mission Rock Facilities and Services), Office Special Tax Bonds, 2023B-1 Reserve Fund” established and administered under Section 4.03.

“2023B-1 Reserve Requirement” means the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the 2023B-1 Bonds and 2023B-1 Related Parity Bonds, if any, between the date of such calculation and the final maturity of such Bonds, (b) 125% of average Annual Debt Service on the 2023B-1 Bonds and 2023B-1 Related Parity Bonds, if any, between the date of such calculation and the final maturity of such Bonds, and (c) 10% of the outstanding principal of the 2023B-1 Bonds and 2023B-1 Related Parity Bonds, if any; provided, however:

(A) that with respect to the calculation of clause (c), the issue price of the 2023B-1 Bonds or any 2023B-1 Related Parity Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the 2023B-1 Bonds or any 2023B-1 Related Parity Bonds was less than 98% or more than 102% of the original principal amount of the 2023B-1 Bonds or any 2023B-1 Related Parity 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 2023B-1 Reserve Fund on the date of issuance of the 2023B-1 Bonds (if they are the only Bonds covered by the 2023B-1 Reserve Fund) or the most recently issued series of 2023B-1 Related Parity Bonds (if any 2023B-1 Related Parity Bonds are covered by the 2023B-1 Reserve Fund) except in connection with any increase associated with the issuance of 2023B-1 Related Parity Bonds; and

(C) that in no event shall the amount required to be deposited into the 2023B-1 Reserve Fund in connection with the issuance of a series of 2023B-1 Related Parity Bonds exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested at an unrestricted yield.

“2023B-2 Bonds” means the Bonds so designated and authorized to be issued under Section 2.01 hereof.

“2023B-2 Costs of Issuance Fund” means the fund designated the “City and County of San Francisco, Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Office Special Tax Bonds, 2023B-2 Costs of Issuance Fund” established and administered under Section 4.02.

“2023B-2 Improvement Fund” means the fund designated “City and County of San Francisco, Special Tax District No. 2020-1 (Mission Rock Facilities and Services), Special Tax Bonds, 2023B-2 Improvement Fund,” established under Section 4.09.

“2023B-2 Related Parity Bonds” means any series of Parity Bonds for which (i) the Proceeds are deposited into the 2023B-2 Reserve Fund so that the balance therein is equal to the 2023B-2 Reserve Requirement following issuance of such Parity Bonds and (ii) the related Supplemental Agreement specifies that the 2023B-2 Reserve Fund shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Parity Bonds.

“2023B-2 Reserve Fund” means the fund designated the “City and County of San Francisco, Special Tax District No. 2020-1 (Mission Rock Facilities and Services), Office Special Tax Bonds, 2023B-2 Reserve Fund” established and administered under Section 4.04.

“2023B-2 Reserve Requirement” means (i) an amount equal to the Aggregate 2023A/B Reserve Requirement less (ii) an amount equal to the 2023B-1 Reserve Requirement; provided, however, that in no event shall the amount calculated hereunder exceed the amount on deposit in the 2023B-2 Reserve Fund on the date of issuance of the 2023B-2 Bonds (if they are the only Bonds covered by the 2023B-2 Reserve Fund) or the most recently issued series of 2023B-2 Related Parity Bonds (if any 2023B-2 Related Parity Bonds are covered by the 2023B-2 Reserve Fund) except in connection with any increase associated with the issuance of 2023B-2 Related Parity Bonds.

ARTICLE II

THE BONDS

Section 2.01. Principal Amount; Designation. Bonds in the aggregate principal amount of bonds authorized to be issued under the Resolution of Necessity are hereby authorized to be issued by the City for the Special Tax District under and subject to the terms of the Special Tax Financing Law (including the Act, to the extent incorporated therein), the Resolution, this Agreement and other applicable laws of the State of California.

The 2023B-1 Bonds shall be designated as the “City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Office Special Tax Bonds, Series 2023B-1,” and shall be in the initial principal amount of \$_____.

The 2023B-2 Bonds shall be designated as the “City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Office Special Tax Bonds, Series 2023B-2 (Federally Taxable),” and shall be in the initial principal amount of \$_____.

Section 2.02. Terms of the 2023 Bonds.

(A) Form; Denominations; Initial Purchasers. The 2023 Bonds shall be issued as fully registered Bonds without coupons. The 2023 Bonds shall be lettered and numbered in a customary manner as determined by the City. The 2023 Bonds shall be issued in the denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof.

(B) Date of 2023 Bonds. The 2023 Bonds shall be dated the Closing Date.

(C) CUSIP Identification Numbers. “CUSIP” identification numbers may, at the election of the Original Purchaser of the Bonds, be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the City or the Fiscal Agent to use such CUSIP numbers in any notice to Owners shall not constitute an event of default or any violation of the City’s contract with such Owners and shall not impair the effectiveness of any such notice.

(D) Maturities; Interest Rates. The 2023 Bonds shall mature and become payable on each September 1, and shall bear interest at the rates per annum indicated in the below table.

2023B-1 Bonds

Maturity (<u>September 1</u>)	Principal <u>Amount</u>	Interest <u>Rate</u>
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* Term Bond

2023B-2 Bonds

<u>Maturity</u> (<u>September 1</u>)	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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* Term Bond

(E) Interest. The 2023 Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest on all Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless

(i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or

(ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or

(iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Dated Date;

provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(F) Method of Payment. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent 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 Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer to an account located in the United States made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which shall continue in effect until revoked in writing, or until such Bonds are transferred to a new Owner.

The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Fiscal Agent. All Bonds paid by the Fiscal Agent pursuant to this Section shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds and, upon request of the City, issue a certificate of destruction of such Bonds to the City.

Section 2.03. Redemption.

(A) Redemption Provisions.

(i) Optional Redemption.

(a) Optional Redemption of the 2023B-1 Bonds. The 2023B-1 Bonds maturing on or after September 1, _____ are subject to optional redemption as directed by the City, from sources of funds other than prepayments of Office Special Taxes, prior to their stated maturity on any date on or after September 1, _____, as a whole or in part as directed by the City, at a redemption price (expressed as a percentage of the principal amount of the 2023B-1 Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u> %
September 1, _____ through August 31, _____	
September 1, _____ through August 31, _____	
September 1, _____ through August 31, _____	
September 1, _____ and any date thereafter	

(b) Optional Redemption of the 2023B-2 Bonds – Prior to September 1, _____.

The 2023B-2 Bonds are subject to optional redemption by the City prior to their stated maturity dates, as directed by the City from sources of funds other than prepayments of Office Special Taxes, as a whole or in part, on any Business Day prior to September 1, _____, at the Make-Whole Redemption Price, plus accrued and unpaid interest on the 2023B-2 Bonds to be redeemed on the date fixed for redemption.

At the request of the City or the Fiscal Agent, the Make-Whole Redemption Price of the 2023B-2 Bonds, with respect to clause (ii) of the definition of Make-Whole Redemption Price, will be calculated by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City's expense. The City and the Fiscal Agent may conclusively rely on the determination of the Treasury Rate by the investment banking firm or financial advisory firm and on any Make-Whole Redemption Price calculated by an independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

(c) Optional Redemption of the 2023B-2 Bonds – On or After September 1, _____.

The 2023B-2 Bonds maturing on or after September 1, _____ are subject to optional redemption as directed by the City, from sources of funds other than prepayments of Office Special Taxes, prior to their stated maturity on any date on or after September 1, _____, as a whole or in part as directed by the City, at a redemption price (expressed as a percentage of the principal amount of the 2023B-2 Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u> %
September 1, ____ through August 31, ____	
September 1, ____ through August 31, ____	
September 1, ____ through August 31, ____	
September 1, ____ and any date thereafter	

(ii) **Mandatory Sinking Fund Redemption.** The 2023B-1 Term Bond maturing on September 1, ____, is subject to mandatory redemption in part by lot, from sinking fund payments made by the City 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>	Sinking Fund <u>Payments</u>
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The 2023B-1 Term Bond maturing on September 1, ____, is subject to mandatory redemption in part by lot, from sinking fund payments made by the City 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>	Sinking Fund <u>Payments</u>
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The 2023B-2 Term Bond maturing on September 1, ____, is subject to mandatory redemption in part by lot, from sinking fund payments made by the City 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>	Sinking Fund <u>Payments</u>
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The 2023B-2 Term Bond maturing on September 1, _____, is subject to mandatory redemption in part by lot, from sinking fund payments made by the City 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>)	Sinking Fund <u>Payments</u>
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Provided, however:

(i) if some but not all of the 2023B-1 Term Bonds have been redeemed under subsection (A) above or subsection (C) below, the total amount of all future Sinking Fund Payments shall be reduced by the aggregate principal amount of 2023B-1 Term Bonds 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 City, notice of which determination (which shall consist of a revised sinking fund schedule) shall be given by the City to the Fiscal Agent and

(ii) if some but not all of the 2023B-2 Term Bonds have been redeemed under subsection (A) above or subsection (C) below, the total amount of all future Sinking Fund Payments shall be reduced by the aggregate principal amount of 2023B-2 Term Bonds 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 City, notice of which determination (which shall consist of a revised sinking fund schedule) shall be given by the City to the Fiscal Agent.

(iii) **Redemption from Office Special Tax Prepayments.** Office Special Tax Prepayments and any corresponding transfers from the 2023B-1 Reserve Fund pursuant to Section 4.03(F) shall be used to redeem 2023B-1 Bonds on the next Interest Payment Date for which notice of redemption can timely be given under Section 2.03(D), among series and maturities so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the 2023B-1 Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	Redemption <u>Price</u>
Any Interest Payment Date on or before March 1, _____	%
September 1, _____ and March 1, _____	
September 1, _____ and March 1, _____	
September 1, _____ and any Interest Payment Date thereafter	

Office Special Tax Prepayments and any corresponding transfers from the 2023B-2 Reserve Fund pursuant to Section 4.04(F) shall be used to redeem 2023B-2 Bonds on the next Interest Payment Date for which notice of redemption can timely be given under Section 2.03(D), among series and maturities so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the 2023B-2 Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before March 1, ____	%
September 1, ____ and March 1, ____	
September 1, ____ and March 1, ____	
September 1, ____ and any Interest Payment Date thereafter	

Any other Bonds redeemed in connection with an Office Special Tax Prepayment may also be redeemed from transfers from other applicable debt service reserve funds (if any) with respect to such other series of Bonds.

(B) Notice to Fiscal Agent. The City shall give the Fiscal Agent written notice of its intention to redeem Bonds under subsection (A)(i) and (A)(iii) not less than 45 days prior to the applicable redemption date or such lesser number of days as shall be acceptable to the Fiscal Agent.

(C) Purchase of Bonds in Lieu of Redemption. In lieu of redemption under Section 2.03(A), moneys in the Bond Fund or other funds provided by the City may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2023 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with this Agreement.

(D) Redemption Procedure by Fiscal Agent.

(i) **Notices.** The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, or posted, at least twenty (20) days but not more than sixty (60) days prior to the date fixed for redemption, to the Securities Depositories and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds. In addition, the Fiscal Agent shall file each notice of redemption with the MSRB through its EMMA system.

(ii) **Contents of Notices.** Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption shall state as to any Bond called in part the principal amount thereof to be redeemed, and shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further

interest on such Bonds will not accrue from and after the redemption date. The cost of mailing any such redemption notice and any expenses incurred by the Fiscal Agent in connection therewith shall be paid by the City.

Any notice of optional redemption may be conditioned upon receipt of the funds necessary to pay the redemption price. The City has the right to rescind any notice of the optional redemption of Bonds by written notice to the Fiscal Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled 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 Bonds then called for redemption, and such cancellation shall not constitute a default under this Agreement. The City and the Fiscal Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under this Section.

(iii) **Selection of Bonds for Redemption.** Whenever the City has called for redemption of less than all of the Bonds, the City shall determine which maturities shall be redeemed, as set forth in Section 2.03(A). Whenever provision is made in this Agreement for the redemption of less than all of the Bonds of any maturity, the Fiscal Agent shall select the Bonds of such maturity to be redeemed by lot in any manner which the Fiscal Agent in its sole discretion deems appropriate.

(iv) **New Bonds.** Upon surrender of Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds of such registered Owner.

(E) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Bond Fund, such Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in the notice of redemption. All Bonds redeemed and purchased by the Fiscal Agent under this Section 2.03 shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds in accordance with the Fiscal Agent's retention policy then in effect.

Section 2.04. Form of Bonds. The 2023 Bonds, the Fiscal Agent's certificate of authentication and the assignment, to appear thereon, shall be substantially in the forms, respectively, set forth in Exhibits A-1 and A-2 attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution and the Special Tax Financing Law.

Section 2.05. Execution and Authentication of Bonds.

(A) Execution. The Bonds shall be executed on behalf of the City by the manual or facsimile signatures of its Mayor and its Clerk of the Board of Supervisors who are in office on the date of execution of this Agreement or at any time thereafter. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the Owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the Owner. Any Bond may be signed and attested on behalf of the City by such persons as at the actual date of the execution of such Bond shall be the proper officers of the City although at the nominal date of such Bond any such person shall not have been such officer of the City.

(B) Authentication. Only such Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibits A-1 and A-2, executed and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of authentication of the Fiscal Agent shall be conclusive evidence that the Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

Section 2.06. Transfer or Exchange of Bonds.

(A) General. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept under the provisions of Section 2.07 by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent. Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds, for a like aggregate principal amount. No transfers or exchanges of Bonds shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption; or (iii) between a Record Date and the succeeding Interest Payment Date.

(B) Additional Transfer Restrictions Applicable to the 2023 Bonds. No transfer, sale or other disposition of any 2023 Bond, or any beneficial interest therein, may be made except to an entity that is a Qualified Purchaser that is purchasing such 2023 Bond for its own account for investment purposes and not with a view to distributing such 2023 Bond. Each transferee of a 2023 Bond, or any beneficial interest therein, shall be deemed to have acknowledged, represented, warranted and agreed with and to the City, the Participating Underwriter and the Fiscal Agent that (i) such transferee is a Qualified Purchaser that is purchasing such 2023 Bond for its own account for investment purposes and not with a view to distributing such 2023 Bond in violation of the Securities Act of 1933 or other applicable securities laws, (ii) the 2023 Bonds are payable from Office Special Tax Revenues and such other funds described in the Fiscal Agent Agreement, (iii) the 2023 Bonds, or any beneficial interest therein, may only be transferred to a Qualified Purchaser and (iv) the City, the Participating Underwriter and the Fiscal Agent and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations,

warranties and agreements. Each 2023 Bond shall bear a legend describing or referencing the foregoing restrictions on transferability.

Neither the Participating Underwriter nor any Owner or Beneficial Owner of the 2023 Bonds shall deposit the 2023 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 Participating Underwriter nor any Owner or Beneficial Owner shall deposit the 2023 Bonds in any trust or account under its control the majority of the assets of which constitute the 2023 Bonds, and sell shares, participatory interest or certificates in such trust or account except to Qualified Purchasers.

Each entity that is or that becomes a Beneficial Owner of a 2023 Bond shall be deemed by the acceptance or acquisition of such beneficial ownership interest to have agreed to be bound by the provisions of this Section 2.06(B). In the event that a holder of the 2023 Bonds makes an assignment of its beneficial ownership interest in the 2023 Bonds, the assignor will notify the assignee of the restrictions on purchase and transfer described herein.

Any transfer of a 2023 Bond to any entity that is not a Qualified Purchaser shall be deemed null and void.

Section 2.07. Bond Register. The Fiscal Agent will keep, or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the Bonds which books shall show the series number, date, amount, rate of interest and last known owner of each Bond and shall at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as hereinbefore provided. The City and the Fiscal Agent will treat the Owner of any Bond whose name appears on the Bond register as the absolute Owner of such Bond for any and all purposes, and the City and the Fiscal Agent shall not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the Owner as it appears in the Bond register for any and all purposes.

Section 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the City, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds, it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent shall designate, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Agreement as definitive Bonds authenticated and delivered hereunder.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen.

(A) Mutilated. If any Bond shall become mutilated, at the expense of the Owner of such Bond, the City shall execute and the Fiscal Agent shall authenticate and deliver a replacement Bond of like tenor and principal amount in exchange and substitution for the Bond

so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed by the Fiscal Agent, in accordance with the Fiscal Agent's retention policy then in effect.

(B) Destroyed or Stolen. If any Bond shall be lost, destroyed or stolen, the City shall execute and the Fiscal Agent shall authenticate and deliver a replacement Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen, at the expense of the Owner, but only following provision by the Owner to the Fiscal Agent of indemnity for the City and the Fiscal Agent satisfactory to the Fiscal Agent and the City. The City may require payment of a sum not exceeding the actual cost of preparing each a replacement Bond delivered under this Section and the City and the Fiscal Agent may require payment of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery thereof. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with all other Bonds issued under this Agreement.

(C) Additional Stock. If the Fiscal Agent has an insufficient stock of unauthenticated printed Bonds for such purpose, it shall communicate with the Finance Director with respect to the printing of an additional stock of Bonds, in such quantities and as otherwise approved in writing by the Finance Director.

Section 2.10. Book-Entry Only System. DTC shall act as the initial Depository for the Bonds. One Bond for each maturity of the Bonds shall be initially executed, authenticated, and delivered as set forth herein with a separate fully registered certificate (in print or typewritten form). Upon initial execution, authentication, and delivery, the ownership of the Bonds shall be registered in the Bond register kept by the Fiscal Agent for the Bonds in the name of Cede & Co., as nominee of DTC or such nominee as DTC shall appoint in writing.

The Authorized Officers of the City and the Fiscal Agent are hereby authorized to take any and all actions as may be necessary and not inconsistent with this Agreement to qualify the Bonds for the Depository's book-entry system, including the execution of the Depository's required representation letter.

With respect to Bonds registered in the Bond register in the name of Cede & Co., as nominee of DTC, neither the City nor the Agent shall have any responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds Bonds as Depository from time to time (the "DTC Participants") or to any person for which a DTC Participant acquires an interest in the Bonds (the "Beneficial Owners"). Without limiting the immediately preceding sentence, neither the City nor the Fiscal Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any notice with respect to the Bonds, including any Bonds to be redeemed in the event the City elects to redeem the Bonds, in part, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the City elects to redeem the Bonds in part, (iv) the payments to any DTC Participant, any Beneficial Owner, or any person, other than DTC, of any amount with respect to the principal of or interest or premium on the Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Bonds.

Except as set forth above, the City and the Fiscal Agent may treat as and deem DTC to be the absolute Owner of each Bond, for which DTC is acting as Depository for the purpose of payment of the principal of and premium and interest on such Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bonds, for the purpose of registering transfers with respect to such Bonds, and for all purposes whatsoever. The Fiscal Agent on behalf of the City shall pay all principal of and premium and interest on the Bonds only to or upon the order of the Owners as shown on the Bond register, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to the principal of and premium and interest on the Bonds to the extent of the sums or sums so paid.

No person other than an Owner, as shown on the Bond register, shall receive a physical Bond. Upon delivery by DTC to the City and the Fiscal Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.06 hereof, references to "Cede & Co." in this Section 2.10 shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and to the Fiscal Agent during any time that the Bonds are Outstanding, and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of DTC with respect to the Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the Bonds or that continuation of the system of book-entry transfer through DTC is not in the best interest of the Beneficial Owners, and the City shall mail notice of such termination to the Fiscal Agent.

Upon termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions hereunder can be found which is willing to undertake such functions upon reasonable or customary terms, or if the City determines that it is in the best interest of the Beneficial Owners of the Bonds that they be able to obtain certified Bonds, the Bonds shall no longer be restricted to being registered in the Bond register of the Fiscal Agent in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Owners shall designate at that time, in accordance with Section 2.06.

To the extent that the Beneficial Owners are designated as the transferee by the Owners, in accordance with Section 2.06, the Bonds will be delivered to such Beneficial Owners.

ARTICLE III

ISSUANCE OF BONDS

Section 3.01. Issuance and Delivery of 2023 Bonds. At any time after the execution of this Agreement, the City may issue the 2023 Bonds for the Special Tax District in the aggregate principal amount set forth in Section 2.01 and deliver the 2023 Bonds to the Fiscal Agent for authentication and delivery to the Original Purchaser. The Authorized Officers of the City are hereby authorized and directed to execute and deliver any and all documents and instruments necessary to cause the issuance of the 2023 Bonds in accordance with the provisions of the Special Tax Financing Law, the Resolution and this Agreement, to authorize the payment of Costs of Issuance and costs of the Project by the Fiscal Agent from the proceeds of the 2023 Bonds and to do and cause to be done any and all acts and things necessary or convenient for the timely delivery of the 2023 Bonds to the Original Purchaser.

The Fiscal Agent is hereby authorized and directed to authenticate the 2023 Bonds and deliver them to the Original Purchaser, upon receipt of the purchase price for the 2023 Bonds.

Section 3.02. Pledge of Office Special Tax Revenues. The Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent herein provided) of all of the Office Special Tax Revenues and all moneys deposited in the Bond Fund (including the Office Special Tax Prepayments Account), and, until disbursed as provided herein, in the Office Special Taxes Subaccount of the Facilities Special Tax Account and the Mello-Roos Bonds Account (Office Special Taxes). The Office Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided herein and in the Special Tax Financing Law until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under Section 9.03.

The 2023B-1 Bonds and all 2023B-1 Related Parity Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent herein provided) of all moneys deposited in the 2023B-1 Reserve Fund. The moneys in the 2023B-1 Reserve Fund (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the 2023B-1 Bonds and all 2023B-1 Related Parity Bonds as provided herein and in the Special Tax Financing Law until all of the 2023B-1 Bonds and all 2023B-1 Related Parity Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under Section 9.03.

The 2023B-2 Bonds and all 2023B-2 Related Parity Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent herein provided) of all moneys deposited in the 2023B-2 Reserve Fund. The moneys in the 2023B-2 Reserve Fund (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the 2023B-2 Bonds and all 2023B-2 Related Parity Bonds as provided herein and in the Special Tax Financing Law until all of the 2023B-2 Bonds and all 2023B-2 Related Parity Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under Section 9.03.

Amounts in an Improvement Fund (and the accounts therein), the Administrative Expense Fund, the 2023B-1 Costs of Issuance Fund and the 2023B-2 Costs of Issuance Fund are not

pledged to the repayment of the Bonds. The Project is not pledged to the repayment of the Bonds, nor are the proceeds of any condemnation or insurance award received by the City with respect to the Project.

Section 3.03. Limited Obligation. All obligations of the City under this Agreement and the Bonds shall not be general obligations of the City, but shall be limited obligations, payable solely from the Office Special Tax Revenues and the funds pledged therefor hereunder. Neither the faith and credit of the City, the Port Commission, the State of California or any political subdivision thereof, nor the taxing power of the City (except to the limited extent set forth herein), or of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Section 3.04. No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the redemption of Bonds under Section 2.03, or the defeasance of the Bonds and discharge of this Agreement under Section 9.03.

Section 3.05. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the acquisition of the Project or upon the performance by any person of his obligation with respect to the Project.

Section 3.06. Parity Bonds. In addition to the 2023 Bonds, the City may issue Bonds as Parity Bonds in such principal amount as shall be determined by the City, under a Supplemental Agreement entered into by the City and the Fiscal Agent. Any such Parity Bonds shall constitute Bonds hereunder and shall be secured by a lien on the Office Special Tax Revenues and funds pledged for the payment of the Bonds hereunder on a parity with all other Bonds Outstanding hereunder. The City may issue such Parity Bonds subject to the following specific conditions precedent:

(A) Compliance. Following issuance of the Parity Bonds, the City shall be in compliance with all covenants set forth in this Agreement and all Supplemental Agreements, and issuance of the Parity Bonds shall not cause the City to exceed the indebtedness limit of the Special Tax District.

(B) Same Payment Dates. The Supplemental Agreement providing for the issuance of such Parity Bonds shall provide that interest thereon shall be payable on the Interest Payment Dates, and principal thereof shall be payable on September 1 (provided that there shall be no requirement that any Parity Bonds pay interest on a current basis).

(C) Debt Service Reserve Fund. The Supplemental Agreement providing for issuance of the Parity Bonds shall provide for (i) a deposit to the 2023B-1 Reserve Fund in an amount necessary such that the amount deposited therein shall equal the 2023B-1 Reserve Requirement following issuance of the Parity Bonds, (ii) a deposit to the 2023B-2 Reserve Fund in an amount necessary such that the amount deposited therein shall equal the 2023B-2 Reserve Requirement following issuance of the Parity Bonds, (iii) a deposit to a reserve account for the Parity Bonds (and such other series of Parity Bonds identified by the City) in an amount defined in such Supplemental Agreement, as long as such Supplemental Agreement expressly declares that the Owners of such Parity Bonds will have no interest in or claim to the 2023B-1 Reserve Fund or the 2023B-2 Reserve Fund and that the Owners of the Bonds covered by the 2023B-1 Reserve Fund and the 2023B-2 Reserve Fund will have no interest in or claim to such other reserve account or

(iv) no deposit to either the 2023B-1 Reserve Fund, the 2023B-2 Reserve Fund or another reserve account as long as such Supplemental Agreement expressly declares that the Owners of such Parity Bonds will have no interest in or claim to the 2023B-1 Reserve Fund, the 2023B-2 Reserve Fund or any other reserve account. The Supplemental Agreement may provide that the City may satisfy the reserve requirement for a series of Parity Bonds by the deposit into the reserve account established pursuant to such Supplemental Agreement 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 Agreement.

(D) Special Tax District Value. As long as any Development Special Tax Bonds are Outstanding (as defined in the Development Special Tax Bonds Fiscal Agent Agreement), the City shall comply with the Special Tax District Value tests set forth in Section 3.06(D) of the Development Special Tax Bonds Fiscal Agent Agreement in connection with the issuance by the City of the Parity Bonds.

In addition, the Special Tax District Value shall be at least three (3) times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the series of Parity Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on the parcels in the Special Tax District subject to the levy of Office Special Taxes, plus (iv) the applicable aggregate principal amount of any and all Other Special Tax Bonds. For purposes of this Section 3.06(D), the applicable aggregate principal amount of Other Special Tax Bonds is equal to the aggregate outstanding principal amount of such Other Special Tax Bonds multiplied by a fraction, the numerator of which is the amount of special taxes that could be levied for such Other Special Tax Bonds on Leasehold Interests in Taxable Parcels within the Special Tax District that are subject to the Office Special Tax, and the denominator of which is the total amount of special taxes that could be levied to pay such Other Special Tax Bonds on all parcels of land against which the special taxes could be levied to pay such Other Special Tax Bonds (such fraction to be determined based upon the maximum special taxes that could be levied in the year in which maximum annual debt service on such bonds occurs), based upon information from the most recent available Fiscal Year.

(E) Coverage. An Independent Financial Consultant shall certify that for each Fiscal Year after issuance of the Parity Bonds, beginning in the fiscal year in which all of the Qualifying Taxable Parcels that are subject to a Parcel Lease as of the date of the Officer's Certificate required by subsection (F) are expected to first collectively constitute Developed Property under the Rate and Method, the maximum amount of the Office Special Taxes that could be levied on the Leasehold Interests in all of the Qualifying Taxable Parcels for such Fiscal Year under the Ordinance, the Agreement and any Supplemental Agreement less estimated Administrative Expenses that may be paid from the Office Special Tax for each respective Fiscal Year, will be at least 110% of the total Annual Debt Service of the then Outstanding Bonds and the proposed Parity Bonds for each Bond Year that commences in each such Fiscal Year.

For purposes of this subsection (E), "Qualifying Taxable Parcel" means, as of the date of the Officer's Certificate required by subsection (F), a Taxable Parcel that (i) is subject to a Parcel Lease, (ii) the Leasehold Interest in which is subject to the Office Special Tax and not delinquent in the payment of Office Special Taxes and (iii) the Leasehold Interest in which has a Taxable Parcel Value that is at least two (2) times the sum of: (w) the portion of the aggregate principal amount of all Bonds then Outstanding

that is allocable to such Leasehold Interest, plus (x) the portion of the aggregate principal amount of the series of Parity Bonds proposed to be issued that is allocable to such Leasehold Interest, plus (y) the aggregate principal amount of any fixed assessment liens on such Leasehold Interest, plus (z) the portion of the applicable principal amount of any and all Other Special Tax Bonds that is allocable to such Leasehold Interest. For purposes of the definition of Qualifying Taxable Parcel, the portion of the aggregate principal amount of any Bonds, Parity Bonds or Other Special Tax Bonds allocable to each Leasehold Interest in a Qualifying Taxable Parcel shall be an amount equal to the aggregate principal amount of such Bonds, proposed Parity Bonds or Other Special Tax Bonds multiplied by a fraction, the numerator of which is the maximum amount of special taxes that could be levied to pay for the Bonds, proposed Parity Bonds or Other Special Tax Bonds on such Leasehold Interest in the fiscal year in which all of the Qualifying Taxable Parcels that are subject to a Parcel Lease as of the date of issuance of the proposed Parity Bonds are expected to first collectively constitute Developed Property under the Rate and Method, and the denominator of which is the total of the maximum amount of special taxes that could be levied on all parcels of land (or the Leasehold Interests therein, as applicable) in the Special Tax District or other district to pay for the Bonds, Parity Bonds or Other Special Tax Bonds in such fiscal year.

(F) Certificates. The City shall deliver to the Fiscal Agent an Officer's Certificate certifying that the conditions precedent to the issuance of such Parity Bonds set forth in subsections (A), (B), (C), (D) and (E) of this Section 3.06 have been satisfied.

Notwithstanding the foregoing, the City may issue Refunding Bonds as Parity Bonds without the need to satisfy the requirements of subsections (D) or (E) above, and, in connection therewith, the Officer's Certificate in subsection (F) above need not make reference to said subsections (D) and (E).

Nothing in this Section 3.06 shall prohibit the City from issuing any other bonds or otherwise incurring debt secured by a pledge of the Office Special Tax Revenues subordinate to the pledge thereof under Section 3.02 of this Agreement.

Nothing in this Section 3.06 or any other provision in this Agreement except Section 5.22 shall affect the issuance of bonds or other debt that is payable from other special taxes than the Office Special Taxes that are levied under the Rate and Method.

ARTICLE IV

PROCEEDS, FUNDS AND ACCOUNTS

Section 4.01. Application of 2023 Bond Proceeds. The Proceeds of the 2023B-1 Bonds received from the Original Purchaser in the amount of \$_____ (which is equal to the initial principal amount of the 2023B-1 Bonds, *plus* an original issue premium of \$_____, *less* an underwriter's discount in the amount of \$_____) shall be paid to the Fiscal Agent, which shall deposit the Proceeds on the Closing Date as follows:

- (i) \$_____ into the 2023B-1 Costs of Issuance Fund;
- (ii) \$_____ into the 2023B-1 Reserve Fund equaling the initial 2023B-1 Reserve Requirement; and
- (iii) \$_____ into the 2023B-1 Improvement Fund.

The Proceeds of the 2023B-2 Bonds received from the Original Purchaser in the amount of \$_____ (which is equal to the initial principal amount of the 2023B-2 Bonds, *plus* an original issue premium of \$_____, *less* an underwriter's discount in the amount of \$_____) shall be paid to the Fiscal Agent, which shall deposit the Proceeds on the Closing Date as follows:

- (iv) \$_____ into the 2023B-2 Costs of Issuance Fund;
- (v) \$_____ into the 2023B-2 Reserve Fund equaling the initial 2023B-2 Reserve Requirement; and
- (vi) \$_____ into the 2023B-2 Improvement Fund.

The Fiscal Agent may, in its discretion, establish a temporary fund or account to facilitate the foregoing deposits.

Section 4.02. Costs of Issuance Funds.

(A) Establishment of Costs of Issuance Funds. The 2023B-1 Costs of Issuance Fund is hereby established as a separate fund to be held by the Fiscal Agent, to the credit of which a deposit shall be made as required by Section 4.01. Moneys in the 2023B-1 Costs of Issuance Fund shall be held by the Fiscal Agent for the benefit of the City and shall be disbursed as provided in subsection (B) of this Section for the payment or reimbursement of Costs of Issuance.

The 2023B-2 Costs of Issuance Fund is hereby established as a separate fund to be held by the Fiscal Agent, to the credit of which a deposit shall be made as required by Section 4.01. Moneys in the 2023B-2 Costs of Issuance Fund shall be held by the Fiscal Agent for the benefit of the City and shall be disbursed as provided in subsection (B) of this Section for the payment or reimbursement of Costs of Issuance.

(B) Disbursement. Amounts in the 2023B-1 Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance related to the 2023B-1 Bonds, as set forth in a requisition substantially in the form of Exhibit D hereto, executed by the Finance Director, containing respective amounts to be paid to the designated payees and delivered to the Fiscal Agent. Each such requisition shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

Amounts in the 2023B-2 Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance related to the 2023B-2 Bonds, as set forth in a requisition substantially in the form of Exhibit E hereto, executed by the Finance Director, containing respective amounts to be paid to the designated payees and delivered to the Fiscal Agent. Each such requisition shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

(C) Investment. Moneys in the 2023B-1 Costs of Issuance Fund shall be invested and deposited by the Fiscal Agent under Section 6.01. Interest earnings and profits resulting from such investment shall be retained by the Fiscal Agent in the 2023B-1 Costs of Issuance Fund to be used for the purposes of such fund.

Moneys in the 2023B-2 Costs of Issuance Fund shall be invested and deposited by the Fiscal Agent under Section 6.01. Interest earnings and profits resulting from such investment shall be retained by the Fiscal Agent in the 2023B-2 Costs of Issuance Fund to be used for the purposes of such fund.

(D) Closing of Funds. The Fiscal Agent shall maintain the 2023B-1 Costs of Issuance Fund for a period of 90 days from the Closing Date and then the Fiscal Agent shall transfer any moneys remaining therein, including any investment earnings thereon, to the 2023B-1 Improvement Fund and used for the purposes thereof.

The Fiscal Agent shall maintain the 2023B-2 Costs of Issuance Fund for a period of 90 days from the Closing Date and then the Fiscal Agent shall transfer any moneys remaining therein, including any investment earnings thereon, to the 2023B-2 Improvement Fund and used for the purposes thereof.

Section 4.03. 2023B-1 Reserve Fund.

(A) Establishment of 2023B-1 Reserve Fund. The 2023B-1 Reserve Fund is hereby established as a separate fund to be held by the Fiscal Agent to the credit of which a deposit shall be made as required by Section 4.01, which deposit, as of the Closing Date, is equal to the initial 2023B-1 Reserve Requirement with respect to the 2023B-1 Bonds, and deposits shall be made as provided in Sections 3.06(C), 4.05 and 4.06. Moneys in the 2023B-1 Reserve Fund shall be held by the Fiscal Agent for the benefit of the Owners of the 2023B-1 Bonds and any 2023B-1 Related Parity Bonds as a reserve for the payment of the principal of, and interest and any premium on, the 2023B-1 Bonds and any 2023B-1 Related Parity Bonds and shall be subject to a lien in favor of the Owners of the 2023B-1 Bonds and any 2023B-1 Related Parity Bonds.

(B) Use of 2023B-1 Reserve Fund. Except as otherwise provided in this Section, all amounts deposited in the 2023B-1 Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the 2023B-1 Bonds and any 2023B-1 Related Parity Bonds or, in accordance with the provisions of this Section, for the purpose of redeeming 2023B-1 Bonds and any 2023B-1 Related Parity Bonds from the Bond Fund. Whenever a transfer is made from the 2023B-1 Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund for payment of the principal of, and interest and any premium on, the 2023B-1 Bonds and any 2023B-1 Related Parity Bonds, the Fiscal Agent shall provide written notice thereof to the Finance Director, specifying the amount withdrawn.

(C) Transfer of Excess of 2023B-1 Reserve Requirement. Whenever, on or before any Interest Payment Date, or on any other date at the request of the Finance Director, the amount in the 2023B-1 Reserve Fund exceeds the 2023B-1 Reserve Requirement, the Fiscal Agent shall transfer an amount equal to the excess from the 2023B-1 Reserve Fund to (i) the Improvement Fund(s) for any Outstanding 2023B-1 Related Parity Bonds on a pro rata basis as directed by the City, to be used to pay for Project costs and (ii) after such Improvement Funds are no longer open, the Bond Fund, to be used to pay interest on the 2023B-1 Bonds and any 2023B-1 Related Parity Bonds on the next Interest Payment Date.

(D) Reserved.

(E) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the 2023B-1 Reserve Fund exceeds the amount required to redeem or pay the Outstanding 2023B-1 Bonds and all Outstanding 2023B-1 Related Parity Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall, upon the written request of the Finance Director, transfer any cash or Permitted Investments in the 2023B-1 Reserve Fund to the Bond Fund to be applied, on the redemption date to the payment and redemption, in accordance with Section 4.05 or 2.03 and the provisions of the Supplemental Agreement related to the 2023B-1 Related Parity Bonds, as applicable, of all of the Outstanding 2023B-1 Bonds and

Outstanding 2023B-1 Related Parity Bonds. In the event that the amount so transferred from the 2023B-1 Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding 2023B-1 Bonds and Outstanding 2023B-1 Related Parity Bonds, the balance in the 2023B-1 Reserve Fund shall be transferred to the Finance Director to be used by the City for any lawful purpose.

Notwithstanding the provisions of the first paragraph of this Section 4.03(E), no amounts shall be transferred from the 2023B-1 Reserve Fund under this Section 4.03(E) until after: (i) the calculation of any amounts due to the federal government under Section 5.12 and withdrawal of any such amount under Section 4.03(D) for purposes of making such payment to the federal government; and (ii) payment of any fees and expenses due to the Fiscal Agent.

(F) Transfer Upon Office Special Tax Prepayment. Whenever Special Taxes are prepaid and 2023B-1 Bonds or any 2023B-1 Related Parity Bonds are to be redeemed with the proceeds of such prepayment pursuant to Section 2.03(A)(iii) or a similar provision in a Supplemental Agreement related to any 2023B-1 Related Parity Bonds, any resulting reduction in the 2023B-1 Reserve Requirement shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the 2023B-1 Bonds pursuant to Section 2.03(A)(iii) or a Supplemental Agreement related to any 2023B-1 Related Parity Bonds. The Finance Director shall deliver to the Fiscal Agent an Officer's Certificate specifying any amount to be so transferred, and the Fiscal Agent may rely on any such Officer's Certificate.

(G) Investment. Moneys in the 2023B-1 Reserve Fund shall be invested by the Fiscal Agent under Section 6.01.

(H) Qualified Reserve Account Credit Instruments. The City shall have the right at any time to direct the Fiscal Agent to release funds from the 2023B-1 Reserve Fund, in whole or in part, by tendering to the Fiscal Agent a Qualified Reserve Account Credit Instrument. Upon tender of such items to the Fiscal Agent, and upon delivery by the City to the Fiscal Agent of a written calculation of the amount permitted to be released from the 2023B-1 Reserve Fund (upon which calculation the Fiscal Agent may conclusively rely), the Fiscal Agent shall transfer such funds from the 2023B-1 Reserve Fund to the Improvement Funds for the 2023B-1 Bonds and any 2023B-1 Related Parity Bonds as directed by the City to be used for the purposes thereof. The Fiscal Agent shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this Section. Upon the scheduled expiration of any Qualified Reserve Account Credit Instrument, the City 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 Fiscal Agent an amount of funds equal to the 2023B-1 Reserve Requirement, to be derived from the first available Office Special Tax Revenues. If the 2023B-1 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 Bond Fund with respect to the 2023B-1 Bonds and

any 2023B-1 Related Parity Bonds. If the 2023B-1 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 Bond Fund with respect to the 2023B-1 Bonds and any 2023B-1 Related Parity 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 Bonds, a separate subaccount in the 2023B-1 Reserve Fund may be established for such series, and the calculation of the 2023B-1 Reserve Requirement with respect to any 2023B-1 Related Parity Bonds shall exclude the debt service on such issue of 2023B-1 Related Parity Bonds.

The City will have no obligation to replace a Qualified Reserve Account Credit Instrument or to fund the 2023B-1 Reserve Fund with cash if, at any time that the 2023B-1 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 or if for any reason insufficient amounts are available to be drawn upon under the Qualified Reserve Account Credit Instrument; provided, however, that the City shall reimburse the provider, in accordance with the terms of the Qualified Reserve Account Credit Instrument, for any draws made thereon.

The City and the Fiscal Agent 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.

Section 4.04. 2023B-2 Reserve Fund.

(A) Establishment of 2023B-2 Reserve Fund. The 2023B-2 Reserve Fund is hereby established as a separate fund to be held by the Fiscal Agent to the credit of which a deposit shall be made as required by Section 4.01, which deposit, as of the Closing Date, is equal to the initial 2023B-2 Reserve Requirement with respect to the 2023B-2 Bonds, and deposits shall be made as provided in Sections 3.06(C), 4.05 and 4.06. Moneys in the 2023B-2 Reserve Fund shall be held by the Fiscal Agent for the benefit of the Owners of the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds as a reserve for the payment of the principal of, and interest and any premium on, the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds and shall be subject to a lien in favor of the Owners of the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds.

(B) Use of 2023B-2 Reserve Fund. Except as otherwise provided in this Section, all amounts deposited in the 2023B-2 Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds or, in accordance with the provisions of this Section, for the purpose of redeeming 2023B-2 Bonds and any 2023B-2 Related Parity Bonds from the Bond Fund. Whenever a transfer is made from the 2023B-2 Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund for payment of the principal of, and interest and any premium on,

the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds, the Fiscal Agent shall provide written notice thereof to the Finance Director, specifying the amount withdrawn.

(C) Transfer of Excess of 2023B-2 Reserve Requirement. Whenever, on or before any Interest Payment Date, or on any other date at the request of the Finance Director, the amount in the 2023B-2 Reserve Fund exceeds the 2023B-2 Reserve Requirement, the Fiscal Agent shall transfer an amount equal to the excess from the 2023B-2 Reserve Fund to (i) the Improvement Fund(s) for any Outstanding 2023B-2 Related Parity Bonds on a pro rata basis as directed by the City, to be used to pay for Project costs and (ii) after such Improvement Funds are no longer open, the Bond Fund, to be used to pay interest on the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds on the next Interest Payment Date.

(D) Transfer for Rebate Purposes. Amounts in the 2023B-2 Reserve Fund shall be withdrawn for purposes of making payment to the federal government to comply with Section 5.12, upon receipt by the Fiscal Agent of an Officer's Certificate 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 2023B-2 Reserve Fund shall be used for rebate unless the amount in the 2023B-2 Reserve Fund following such withdrawal equals the 2023B-2 Reserve Requirement.

(E) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the 2023B-2 Reserve Fund exceeds the amount required to redeem or pay the Outstanding 2023B-2 Bonds and all Outstanding 2023B-2 Related Parity Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall, upon the written request of the Finance Director, transfer any cash or Permitted Investments in the 2023B-2 Reserve Fund to the Bond Fund to be applied, on the redemption date to the payment and redemption, in accordance with Section 4.05 or 2.03 and the provisions of the Supplemental Agreement related to the 2023B-2 Related Parity Bonds, as applicable, of all of the Outstanding 2023B-2 Bonds and Outstanding 2023B-2 Related Parity Bonds. In the event that the amount so transferred from the 2023B-2 Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding 2023B-2 Bonds and Outstanding 2023B-2 Related Parity Bonds, the balance in the 2023B-2 Reserve Fund shall be transferred to the Finance Director to be used by the City for any lawful purpose.

Notwithstanding the provisions of the first paragraph of this Section 4.04(E), no amounts shall be transferred from the 2023B-2 Reserve Fund under this Section 4.04(E) until after: (i) the calculation of any amounts due to the federal government under Section 5.12 and withdrawal of any such amount under Section 4.04(D) for purposes of making such payment to the federal government; and (ii) payment of any fees and expenses due to the Fiscal Agent.

(F) Transfer Upon Office Special Tax Prepayment. Whenever Special Taxes are prepaid and 2023B-2 Bonds or any 2023B-2 Related Parity Bonds are to be redeemed with the proceeds of such prepayment pursuant to Section 2.03(A)(iii) or a similar provision in a Supplemental Agreement related to

any 2023B-2 Related Parity Bonds, any resulting reduction in the 2023B-2 Reserve Requirement shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the 2023B-2 Bonds pursuant to Section 2.03(A)(iii) or a Supplemental Agreement related to any 2023B-2 Related Parity Bonds. The Finance Director shall deliver to the Fiscal Agent an Officer's Certificate specifying any amount to be so transferred, and the Fiscal Agent may rely on any such Officer's Certificate.

(G) Investment. Moneys in the 2023B-2 Reserve Fund shall be invested by the Fiscal Agent under Section 6.01.

(H) Qualified Reserve Account Credit Instruments. The City shall have the right at any time to direct the Fiscal Agent to release funds from the 2023B-2 Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (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 2023B-2 Bonds or any 2023B-2 Related Parity 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 Fiscal Agent, and upon delivery by the City to the Fiscal Agent of a written calculation of the amount permitted to be released from the 2023B-2 Reserve Fund (upon which calculation the Fiscal Agent may conclusively rely), the Fiscal Agent shall transfer such funds from the 2023B-2 Reserve Fund to the Improvement Funds for the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds as directed by the City to be used for the purposes thereof. The Fiscal Agent shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this Section. Upon the scheduled expiration of any Qualified Reserve Account Credit Instrument, the City 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 Fiscal Agent an amount of funds equal to the 2023B-2 Reserve Requirement, to be derived from the first available Office Special Tax Revenues. If the 2023B-2 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 Bond Fund with respect to the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds. If the 2023B-2 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 Bond Fund with respect to the 2023B-2 Bonds and any 2023B-2 Related Parity 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 Bonds, a separate subaccount in the 2023B-2 Reserve Fund may be established for such series, and the calculation of the 2023B-2 Reserve Requirement with respect to any 2023B-2 Related Parity Bonds shall exclude the debt service on such issue of 2023B-2 Related Parity Bonds.

The City will have no obligation to replace a Qualified Reserve Account Credit Instrument or to fund the 2023B-2 Reserve Fund with cash if, at any time that the 2023B-2 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 or if for any reason insufficient amounts are available to be drawn upon under the Qualified Reserve Account Credit Instrument; provided, however, that the City shall reimburse the provider, in accordance with the terms of the Qualified Reserve Account Credit Instrument, for any draws made thereon.

The City and the Fiscal Agent 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.

Section 4.05. Bond Fund.

(A) Establishment of Bond Fund. The Bond Fund is hereby established as a separate fund to be held by the Fiscal Agent to the credit of which deposits shall be made as required by Section 4.01, 4.03, 4.04, Section 4.08 and Section 4.09 and as otherwise set forth in this Agreement. Moneys in the Bond Fund shall be held by the Fiscal Agent for the benefit of the City and the Owners of the Bonds, and shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below.

There is also hereby created in the Bond Fund a separate account to be held by the Fiscal Agent, designated the "Office Special Tax Prepayments Account," to the credit of which deposits shall be made as provided in Section 4.06.

(B) Disbursements. At least 10 Business Days before each Interest Payment Date, the Fiscal Agent shall notify the Finance Director in writing as to the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date (whether as a result of scheduled principal of and interest on the Bonds, optional redemption of the Bonds or a mandatory sinking fund redemption). On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Bonds.

At least 5 Business Days prior to each Interest Payment Date, the Fiscal Agent shall determine if the amounts then on deposit in the Bond Fund are sufficient to pay the Debt Service due on the Bonds on the next Interest Payment Date. In the event that amounts in the Bond Fund are insufficient for such purpose, the Fiscal Agent promptly shall notify the Finance Director by telephone (and confirm in writing) of the amount of the insufficiency.

In the event that amounts in the Bond Fund are insufficient for the purpose set forth in the preceding paragraph with respect to any Interest Payment Date, the Fiscal Agent shall do the following:

- (i) Withdraw from the 2023B-1 Reserve Fund, in accordance with the provisions of Section 4.03, to the extent of any funds or Permitted

Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to the 2023B-1 Bonds and any 2023B-1 Related Parity Bonds. Amounts so withdrawn from the 2023B-1 Reserve Fund shall be deposited in the Bond Fund.

(ii) Withdraw from the 2023B-2 Reserve Fund, in accordance with the provisions of Section 4.04, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to the 2023B-2 Bonds and any 2023B-2 Related Parity Bonds. Amounts so withdrawn from the 2023B-2 Reserve Fund shall be deposited in the Bond Fund.

(iii) Withdraw from the reserve accounts, if any, established under a Supplemental Agreement related to Parity Bonds that are not 2023B-1 Related Parity Bonds or 2023B-2 Related Parity Bonds, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to such Parity Bonds. Amounts so withdrawn from any such reserve fund shall be deposited in the Bond Fund.

If, after the foregoing transfers and application of such funds for their intended purposes, there are insufficient funds in the Bond Fund to make the payments provided for in the second sentence of the first paragraph of this Section 4.05(B), the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the Bonds by reason of sinking payments.

(C) Disbursements from the Office Special Tax Prepayments Account. Moneys in the Office Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under Section 2.03(A)(iii), and notice to the Fiscal Agent can timely be given under Section 2.03(B), and shall be used (together with any amounts transferred pursuant to Section 4.03(F) or 4.04(F), as applicable) to redeem Bonds on the redemption date selected in accordance with Section 2.03.

Moneys in the Office Special Tax Prepayments Account also shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under a Supplemental Agreement and notice to the Fiscal Agent can timely be given under a Supplemental Agreement and shall be used (together with any amounts transferred from the 2023B-1 Reserve Fund, the 2023B-2 Reserve Fund or such other reserve account established under a Supplemental Agreement) to redeem Bonds on the redemption date selected in accordance with such Supplemental Agreement.

(D) Investment. Moneys in the Bond Fund and the Office Special Tax Prepayments Account shall be invested under Section 6.01. Interest earnings and profits resulting from such investment shall be retained in the Bond Fund.

(E) Deficiency. If at any time it appears to the Fiscal Agent that there is a danger of deficiency in the Bond Fund and that the Fiscal Agent may be unable to pay Debt Service on the Bonds in a timely manner, the Fiscal Agent shall report to the Finance Director such fact. The City covenants to increase the levy of the Office Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Resolution of Formation) in accordance with the procedures set forth in the Special Tax Financing Law for the purpose of curing Bond Fund deficiencies.

(F) Excess. Any excess moneys remaining in the Bond Fund following the payment of Debt Service on the Bonds on any September 1, shall be retained therein.

Section 4.06. Application of Proceeds of Office Special Taxes.

(A) Establishment of Office Special Taxes Subaccount. The City shall cause the Special Fund Trustee to establish and maintain an Office Special Taxes Subaccount of the Facilities Special Taxes Account under the Special Fund Administration Agreement. The City shall promptly remit, or cause to be promptly remitted, the proceeds of the Office Special Taxes received by the City to the Special Fund Trustee for deposit in the Office Special Taxes Subaccount of the Facilities Special Taxes Account.

(B) Application of Office Special Tax Proceeds in the Office Special Taxes Subaccount and the Mello-Roos Bonds Account (Office Special Taxes). In each Bond Year, the City shall cause the proceeds of the Office Special Taxes to be distributed in the following order of priority:

(i) promptly upon receipt, the City shall separately identify (or cause to be identified) the proceeds of the Office Special Taxes in an amount not to exceed the amount included in the Office Special Tax levy for such Fiscal Year for Administrative Expenses that may be paid from the Office Special Tax and shall cause such proceeds to be transferred by the Special Fund Trustee from the Office Special Taxes Subaccount of the Facilities Special Taxes Account to the CFD Administrative Costs Account established and held by the Special Fund Trustee under the Special Fund Administration Agreement;

(ii) promptly upon receipt, the City shall identify (or cause to be identified) any Office Special Tax Revenues constituting the collection of delinquencies in payment of Office Special Taxes and shall cause such Office Special Tax Revenues to be applied in the following order of priority: (a) first, transferred by the Special Fund Trustee from the Office Special Taxes Subaccount of the Facilities Special Taxes Account to the Fiscal Agent for deposit into the Bond Fund to pay any past due Debt Service on the Bonds; (b) second, transferred by the Special Fund Trustee from the Office Special Taxes Subaccount to the Fiscal Agent for deposit, without preference or priority, in (1) the 2023B-1 Reserve Fund to the extent needed to increase the amount then on deposit in the 2023B-1 Reserve Fund to the then 2023B-1 Reserve Requirement, (2) the 2023B-2 Reserve Fund to the extent needed to increase the amount then on deposit in the

2023B-2 Reserve Fund to the then 2023B-2 Reserve Requirement and (3) the reserve account for any Parity Bonds that are not 2023B-1 Related Parity Bonds or 2023B-2 Related Parity Bonds to the extent needed to increase the amount then on deposit therein to the required level; and (c) third, held by the Special Fund Trustee in the Office Special Taxes Subaccount of the Facilities Special Taxes Account for application as described in the following subparagraphs;

(iii) promptly upon receipt, the City shall identify (or cause to be identified) any proceeds of Office Special Tax Prepayments and shall cause such Office Special Tax Prepayments to be applied in the following order of priority: (a) first, transferred by the Special Fund Trustee from the Office Special Taxes Subaccount of the Facilities Special Taxes Account to the Office Special Taxes Subaccount of the CFD Remainder Account established and held by the Special Fund Trustee under the Special Fund Administration Agreement that portion of any Office Special Tax Prepayment constituting a prepayment of construction costs (which otherwise could have been included in the proceeds of Parity Bonds); and (b) second, transferred by the Special Trust Trustee from the Office Special Taxes Subaccount of the Facilities Special Taxes Account to the Fiscal Agent for deposit in the Office Special Tax Prepayments Account established pursuant to Section 4.05(A);

(iv) no later than seven (7) Business Days prior to each Interest Payment Date, the City shall cause proceeds of the Office Special Taxes to be transferred by the Special Fund Trustee to the Fiscal Agent for deposit in the Bond Fund in an amount, taking into account any amounts then on deposit in the Bond Fund, the Improvement Fund(s) as directed by the City, the 2023B-1 Reserve Fund, the 2023B-2 Reserve Fund and any reserve account for Parity Bonds that are not 2023B-1 Related Parity Bonds or 2023B-2 Related Parity Bonds, a capitalized interest account for any Parity Bonds, and the Office Special Tax Prepayments Account of the Bond Fund, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date and any past due principal or interest on the Bonds not theretofore paid from a transfer described in subparagraph (ii) above;

(v) no later than seven (7) Business Days prior to each Interest Payment Date, without preference or priority, the City shall cause proceeds of the Office Special Taxes to be transferred by the Special Fund Trustee (a) to the Fiscal Agent for deposit in the 2023B-1 Reserve Fund an amount, taking into account amounts then on deposit in the 2023B-1 Reserve Fund, such that the amount in the 2023B-1 Reserve Fund is equal to the 2023B-1 Reserve Requirement, (b) to the Fiscal Agent for deposit in the 2023B-2 Reserve Fund an amount, taking into account amounts then on deposit in the 2023B-2 Reserve Fund, such that the amount in the 2023B-2 Reserve Fund is equal to the 2023B-2 Reserve Requirement and (c) to the Fiscal Agent for deposit in the reserve account for any Parity Bonds that are not 2023B-1 Related Parity Bonds or 2023B-2 Related Parity Bonds, taking into account amounts then on deposit in such reserve account, such that the amount in such reserve account is equal to the amount required to be

on deposit therein (and in the event that amounts in the Office Special Taxes Subaccount are not sufficient for the purposes of this subparagraph, such amounts shall be applied to the 2023B-1 Reserve Fund, the 2023B-2 Reserve Fund and any other reserve accounts ratably based on the then Outstanding principal amount of the Bonds); and

(vi) on each September 1, after the transfers described in preceding subparagraphs, the City shall cause the Special Fund Trustee to transfer from the Office Special Taxes Subaccount of the Facilities Special Taxes Account to the CFD Administrative Costs Account, any amount required to pay Administrative Expenses that may be paid from the Office Special Tax that cannot be paid from amounts then on deposit in the CFD Administrative Costs Account or the Administrative Expense Fund.

On each October 1, beginning on October 1, 2024, the City shall cause all of the moneys remaining in the Office Special Taxes Subaccount of the Facilities Special Taxes Account to be transferred to the Office Special Taxes Subaccount of the CFD Remainder Account established and held by the Special Fund Trustee.

The City has caused to be established under the Special Fund Administration Agreement the Mello-Roos Bonds Account (Office Special Taxes) for the purpose of facilitating a more orderly transfer of Development of Special Taxes to the Fiscal Agent when required under this Agreement, and the City may provide in the Special Fund Administration Agreement for the transfer of Office Special Taxes from the Office Special Taxes Subaccount of the Facilities Special Taxes Account to the Mello-Roos Bonds Account (Office Special Taxes). Therefore, notwithstanding the foregoing, if at any time during any Bond Year the City has caused to be set aside Office Special Taxes in the Mello-Roos Bonds Account (Office Special Taxes) in an amount sufficient to satisfy the payments described in clauses (iv) and (v) above in such Bond Year, then it may apply Office Special Taxes in the Office Special Taxes Subaccount of the Facilities Special Taxes Account for the purposes described in clauses (vi) and transfer any remaining Office Special Taxes to the Office Special Taxes Subaccount of the CFD Remainder Account.

Section 4.07. Administrative Expense Fund.

(A) Establishment of Administrative Expense Fund. The Administrative Expense Fund is hereby established as a separate fund to be held by the Fiscal Agent, to the credit of which deposits shall be made as directed in an Officer's Certificate. Moneys in the Administrative Expense Fund shall be held by the Fiscal Agent for the benefit of the City, and shall be disbursed as provided below.

(B) Disbursement. Amounts in the Administrative Expense Fund shall be withdrawn by the Fiscal Agent and paid to the City or its order upon receipt by the Fiscal Agent of an Officer's Certificate, in substantially the form of Exhibit F hereto, stating the amount to be withdrawn and that such amount is to be used to pay an Administrative Expense, a Cost of Issuance or any other lawful expense.

(C) Investment. Moneys in the Administrative Expense Fund shall be invested by the Fiscal Agent under Section 6.01. Interest earnings and profits

resulting from such investment shall be retained by the Fiscal Agent in the Administrative Expense Fund to be used for the purposes of such fund.

Section 4.08. 2023B-1 Improvement Fund.

(A) Establishment of 2023B-1 Improvement Fund. The 2023B-1 Improvement Fund is hereby established as a separate fund to be held by the Fiscal Agent and to the credit of which fund deposits shall be made as required by Sections 4.01, 4.02(D) and 4.03(C).

Moneys in the 2023B-1 Improvement Fund shall be disbursed, except as otherwise provided in subsections (B) and (D) of this Section, for the payment or reimbursement of costs of the Project.

(B) Procedure for Disbursement. Disbursements from the 2023B-1 Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate substantially in the form of Exhibit B attached hereto which shall:

(i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made (which shall be for payment of a Project cost or to reimburse expenditures of the City or any other party for Project costs previously paid), and the person to which the disbursement is to be paid; and

(ii) certify that no portion of the amount then being requested to be disbursed was set forth in any Officers Certificate previously filed requesting disbursement.

Each such requisition shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

(C) Investment. Moneys in the 2023B-1 Improvement Fund shall be invested in accordance with Section 6.01. Interest earnings and profits from such investment shall be retained in the 2023B-1 Improvement Fund to be used for the purpose of such fund.

(D) Closing of Fund. At such time as there are no moneys in the 2023B-1 Improvement Fund, the Fiscal Agent shall close such Fund without any further direction from the City. As long as there are moneys in the 2023B-1 Improvement Fund, such Fund may be closed as set forth below.

When the City believes that the Project has been completed, it shall provide a written notice to the Developer that the City believes the Project has been completed and that the 2023B-1 Improvement Fund should be closed. The Developer shall have 30 days after receipt of such notice to dispute the City's finding or to concur that the Project is complete. If the Developer concurs that the Project is complete, or fails to respond to the notice by the end of the 30-day period, the City may file an Officer's Certificate directing the Fiscal Agent to close the 2023B-1 Improvement Fund.

Upon the filing of an Officer's Certificate stating that the Project has been completed and that all costs of the Project have been paid or are not required to be paid from the 2023B-1 Improvement Fund, the Fiscal Agent shall transfer the amount, if any, remaining in the 2023B-1 Improvement Fund to the Bond Fund for application to Debt Service payments due on the next succeeding Interest Payment Date and the 2023B-1 Improvement Fund shall be closed. Moneys transferred from the 2023B-1 Improvement Fund to the Bond Fund shall be used to pay Debt Service on the Bonds in the manner specified by the City in an Officer's Certificate.

Section 4.09. 2023B-2 Improvement Fund.

(A) Establishment of 2023B-2 Improvement Fund. The 2023B-2 Improvement Fund is hereby established as a separate fund to be held by the Fiscal Agent and to the credit of which fund deposits shall be made as required by Sections 4.01, 4.02(D) and 4.04(C).

Moneys in the 2023B-2 Improvement Fund shall be disbursed, except as otherwise provided in subsections (B) and (D) of this Section, for the payment or reimbursement of costs of the Project.

(B) Procedure for Disbursement. Disbursements from the 2023B-2 Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate substantially in the form of Exhibit C attached hereto which shall:

(i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made (which shall be for payment of a Project cost or to reimburse expenditures of the City or any other party for Project costs previously paid), and the person to which the disbursement is to be paid; and

(ii) certify that no portion of the amount then being requested to be disbursed was set forth in any Officers Certificate previously filed requesting disbursement.

Each such requisition shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

(C) Investment. Moneys in the 2023B-2 Improvement Fund shall be invested in accordance with Section 6.01. Interest earnings and profits from such investment shall be retained in the 2023B-2 Improvement Fund to be used for the purpose of such fund.

(D) Closing of Fund. At such time as there are no moneys in the 2023B-2 Improvement Fund, the Fiscal Agent shall close such Fund without any further direction from the City. As long as there are moneys in the 2023B-2 Improvement Fund, such Fund may be closed as set forth below.

When the City believes that the Project has been completed, it shall provide a written notice to the Developer that the City believes the Project has been

completed and that the 2023B-2 Improvement Fund should be closed. The Developer shall have 30 days after receipt of such notice to dispute the City's finding or to concur that the Project is complete. If the Developer concurs that the Project is complete, or fails to respond to the notice by the end of the 30-day period, the City may file an Officer's Certificate directing the Fiscal Agent to close the 2023B-2 Improvement Fund.

Upon the filing of an Officer's Certificate stating that the Project has been completed and that all costs of the Project have been paid or are not required to be paid from the 2023B-2 Improvement Fund, the Fiscal Agent shall transfer the amount, if any, remaining in the 2023B-2 Improvement Fund to the Bond Fund for application to Debt Service payments due on the next succeeding Interest Payment Date and the 2023B-2 Improvement Fund shall be closed. Moneys transferred from the 2023B-2 Improvement Fund to the Bond Fund shall be used to pay Debt Service on the Bonds in the manner specified by the City in an Officer's Certificate.

ARTICLE V
COVENANTS

Section 5.01. Collection of Office Special Tax Revenues. The City shall comply with all requirements of the Special Tax Financing Law so as to assure the timely collection of Office Special Tax Revenues, including without limitation, the enforcement of delinquent Office Special Taxes as set forth in this Section 5.01.

(A) Processing. On or within five (5) Business Days of each June 1, the Fiscal Agent shall provide the Finance Director with a notice stating (i) the amount then on deposit in the Bond Fund, the 2023B-1 Reserve Fund, the 2023B-2 Reserve Fund and any reserve account for Parity Bonds that are not 2023B-1 Related Parity Bonds or 2023B-2 Related Parity Bonds that is held by the Fiscal Agent, and (ii) if the amount in the 2023B-1 Reserve Fund is less than the 2023B-1 Reserve Requirement, the amount in the 2023B-2 Reserve Fund is less than the 2023B-2 Reserve Requirement or the amount in such other reserve account held by the Fiscal Agent is less than its required amount, informing the City that replenishment of the 2023B-1 Reserve Fund, the 2023B-2 Reserve Fund or reserve account is necessary. The receipt of or failure to receive such notice by the Finance Director shall in no way affect the obligations of the Finance Director under the following two paragraphs and the Fiscal Agent shall not be liable for failure to provide such notices to the Finance Director. Upon receipt of such notice, the Finance Director shall communicate with the Auditor to ascertain the relevant parcels on which the Office Special Taxes are to be levied, taking into account any parcel splits or combinations during the preceding and then current year.

(B) Levy. The Finance Director shall effect the levy of the Office Special Taxes each Fiscal Year in accordance with the Ordinance by each August 1 that the Bonds are outstanding, or otherwise such that the computation of the levy is complete before the final date on which Auditor will accept the transmission of the Office Special Tax amounts for the parcels within the Special Tax District for inclusion on the next secured real property tax roll. Upon the completion of the computation of the amounts of the levy, the Finance Director shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Office Special Taxes on the next secured real property tax roll.

The Board of Supervisors approved the levy of the Office Special Taxes on the secured roll pursuant to Resolution No. 200-20, which was adopted by the Board of Supervisors on May 5, 2020, and approved by the Mayor on May 15, 2020, and the Board of Supervisors further agreed in the First Supplemental Office Special Tax Resolution to continue such levy on the secured roll as long as the Bonds are outstanding.

(C) Computation. The Finance Director shall fix and levy the amount of Office Special Taxes within the Special Tax District required to pay the following amounts, taking into account the balances in the applicable funds established under this Agreement and the Special Fund Administration Agreement: (i) the

principal of and interest on any outstanding Bonds of the Special Tax District becoming due and payable during the ensuing calendar year, (ii) any necessary replenishment or expenditure of the 2023B-1 Reserve Fund, the 2023B-2 Reserve Fund and any other reserve account for Parity Bonds that are not 2023B-1 Related Parity Bonds or 2023B-2 Related Parity Bonds to the extent such replenishment has not been included in the computation of the Office Special Taxes in a previous Fiscal Year, (iii) the Administrative Expenses that may be paid from the Office Special Tax, including amounts necessary to discharge any rebate obligation, during such year, (iv) an amount to cure delinquencies in the payment of principal or interest on Bonds that occurred in the previous Fiscal Year, and (v) any Project costs to be paid from Office Special Taxes.

Nothing in this Section 5.01(C) is intended to limit the amount of Office Special Taxes to be levied by the City to the extent that a higher amount is required to be levied by the DDA or the RMA.

(D) Collection. Except as set forth in the Ordinance, Office Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Section 5.02. Covenant to Foreclose. As authorized under the Special Tax Financing Law, the City hereby covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Office Special Tax or installment thereof not paid when due as provided in the following two paragraphs. The Finance Director shall notify the City Attorney of any such delinquency of which the Finance Director is aware, and the City Attorney shall commence, or cause to be commenced, such proceedings.

On or about May 1 of each Fiscal Year, the Finance Director shall compare the amount of Office Special Taxes theretofore levied in the Special Tax District to the amount of Office Special Tax Revenues theretofore received by the City, and if the Finance Director determines that any single Leasehold Interest in a Taxable Parcel subject to the Office Special Tax in the Special Tax District is delinquent in the payment of one or more installments of Office Special Taxes, then the Finance Director shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the owner of the Leasehold Interest in the Taxable Parcel within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the City within 60 days of such determination. Notwithstanding the foregoing, the Finance Director may defer any such actions with respect to a delinquent Leasehold Interest in a Taxable Parcel if (1) the Special Tax District is then participating in the Alternative Method of Distribution of Tax Levies and Collections described in Revenue & Taxation Code Section 4701 et seq., or an equivalent procedure, (2) the amount in the 2023B-1 Reserve Fund is at least equal to the 2023B-1 Reserve Requirement, (3) the amount in the 2023B-2 Reserve Fund is at least equal to the 2023B-2 Reserve Requirement and (4) the amount in the reserve account for any Parity Bonds that are not 2023B-1 Related Parity Bonds or 2023B-2 Related Parity Bonds is at least equal to the required amount.

The Finance Director and the City Attorney, as applicable, are hereby authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel (including a charge for City staff time) in conducting foreclosure proceedings shall be an Administrative Expense hereunder.

Section 5.03. Punctual Payment. The City will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds.

Section 5.04. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.05. Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Office Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, or their Owners, except as permitted by this Agreement.

Section 5.06. Books and Records.

(A) City. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Office Special Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent (who shall have no duty to inspect) and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

(B) Fiscal Agent. The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions made by it relating to the expenditure of amounts disbursed from the funds, and, if any, accounts in such funds held by the Fiscal Agent hereunder. Such books of record and accounts shall at all times during business hours be subject to the inspection of the City and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing upon reasonable prior notice.

Section 5.07. Protection of Security and Rights of Owners. The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

Section 5.08. Further Assurances. The City 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 Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Agreement.

Section 5.09. Private Activity Bond Limitations. The City shall assure that the proceeds of the 2023B-1 Bonds are not so used as to cause the 2023B-1 Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Code.

Section 5.10. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the 2023B-1 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

Section 5.11. Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Tax 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 2023B-1 Bonds. The Finance Director shall take note of any investment of monies hereunder in excess of the yield on the 2023B-1 Bonds, and shall take such actions as are necessary to ensure compliance with this Section 5.12, such as increasing the portion of the Office Special Tax levy for Administrative Expenses as appropriate to have funds available to satisfy any rebate liability under this Section. If necessary to satisfy its obligations under this Section 5.12, the City may use:

- (A) Amounts in the 2023B-1 Reserve Fund if the amount on deposit in the 2023B-1 Reserve Fund, following the proposed transfer, is at least equal to the 2023B-1 Reserve Requirement, and amounts in any other reserve account for Parity Bonds that are not 2023B-1 Related Parity Bonds to the extent permitted by the Supplemental Agreement;
- (B) Office Special Taxes available for that purpose;
- (C) Amounts on deposit in the Administrative Expense Fund; and
- (D) Any other funds available to the City, including amounts advanced by the City, in its sole discretion, to be repaid as soon as practicable from amounts described in the preceding clauses (A), (B) and (C).

Section 5.12. No Arbitrage. The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2023B-1 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 2023B-1 Bonds would have caused the 2023B-1 Bonds to be “arbitrage bonds” within the meaning of section 148 of the Tax Code.

Section 5.13. Yield of the 2023B-1 Bonds. In determining the yield of the 2023B-1 Bonds to comply with Sections 5.12 and 5.13, the City will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the Closing Date, regarding prepayments of Office Special Taxes and use of prepayments for redemption of the 2023B-1 Bonds, without regard to whether or not prepayments are received or 2023B-1 Bonds redeemed.

Section 5.14. Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the 2023B-1 Bonds from the gross income of the Owners of the 2023B-1 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the 2023B-1 Bonds.

Section 5.15. Continuing Disclosure. The City 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 Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default for the purposes of this Agreement. However, any Owner or Beneficial Owner of the 2023 Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

One or more owners of the real property in the Special Tax District as of the Closing Date may also have executed a continuing disclosure agreement for the benefit of the holders and Beneficial Owners of the 2023 Bonds. Any Participating Underwriter or Holder or Beneficial Owner may take such actions as may be necessary and appropriate directly against any such landowner to compel performance by it of its obligations thereunder, including seeking mandate or specific performance by court order; however the City shall have no obligation whatsoever to enforce any obligations under any such agreement.

Section 5.16. Limits on Office Special Tax Waivers and Bond Tenders. The City covenants not to exercise its rights under the Special Tax Financing Law to waive delinquency and redemption penalties related to the Office Special Taxes or to declare an Office Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the Owners of the Bonds and further covenants not to permit the tender of Bonds in payment of any Office Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Office Special Tax Revenues to pay the principal of and interest on the Bonds and any Parity Bonds remaining Outstanding following such tender.

Section 5.17. City Bid at Foreclosure Sale. The City will not bid at a foreclosure sale of property in respect of delinquent Office Special Taxes, unless it expressly agrees to take the property subject to the lien for Office Special Taxes imposed by the City and that the Office Special Taxes levied on the property are payable while the City owns the property.

Section 5.18. Amendment of Rate and Method.

(A) General. The City shall not initiate proceedings under the Special Tax Financing Law to modify the Rate and Method if such modification would adversely affect the security for the Bonds. If an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the City shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds.

(B) Exception. Notwithstanding clause (A) of this section, the City may initiate proceedings to reduce the maximum Office Special Tax rates under the Rate and Method, if, in connection therewith: (i) the City receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, after the reduction is approved, on the basis of the parcels of land and improvements existing in the Special Tax District as of the July 1

preceding the reduction, the City will meet the coverage requirement set forth in Section 3.06(E); (ii) the reduction does not adversely affect the financing of the Project and (iii) the City is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds.

Section 5.19. Limitation on Principal Amount of Parity Bonds. The Board of Supervisors established a limit on the principal amount of bonds and other debt that may be issued by the City for the Special Tax District. The City shall ensure that the issuance of Parity Bonds under a Supplemental Agreement shall not cause the Special Tax District to exceed such limit.

Section 5.20. Covenant Regarding Termination of Leasehold Interests in Taxable Parcels. The City shall inhibit the San Francisco Port Commission from terminating any Leasehold Interest in a Taxable Parcel except by entering a Replacement Lease and, in connection with a Replacement Lease, the City shall cause the Port Commission to require either the tenant under the terminated lease or the tenant under the Replacement Lease to pay any scheduled Office Special Taxes then due together with interest to the payment date at the interest rate borne by the Bonds (the Port Commission may waive any interest in excess of the interest due on the Bonds and any penalties). It will not be a violation of this Section 5.20 by either the City or the Port if the City initiates judicial foreclosure of a Leasehold Interest in a Taxable Parcel pursuant to Section 5.02.

Section 5.21. Limitation on Other Special Tax Bonds. The City shall comply with the value to burden tests set forth in Section 3.06(D) in connection with the issuance by the City of any Other Special Tax Bonds.

Section 5.22. Covenant Regarding Termination of the DDA. If the Horizontal Improvements have not been completed and neither the Port nor the City has assumed the obligation to construct the Horizontal Improvements, the City shall inhibit the Port Commission from terminating the DDA solely as a result of a delinquency by the Developer in the payment of Office Special Taxes or other taxes or assessments levied or assessed on the Leasehold Interest conveyed under the Master Lease, unless the Port Commission will concurrently enter into a Replacement DDA and, if applicable, Replacement Lease.

Section 5.23. Special Fund Administration Agreement. The City shall cause the Port, in its capacity as agent of the CFD, to maintain the Special Fund Administration Agreement, to comply with the terms thereof and to enforce the provisions thereof.

Section 5.24. Continuing Disclosure Covenant in Parcel Leases. The City shall cause the Port to require lessees under Parcel Leases executed after the effective date hereof to provide continuing disclosure if and to the extent required by the underwriter of any Bonds.

ARTICLE VI

INVESTMENTS; LIABILITY OF THE CITY

Section 6.01. Deposit and Investment of Moneys in Funds.

(A) **General.** Moneys in any fund or account created or established by this Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, which in any event by their terms mature prior to the date on which such moneys are required to be paid out hereunder, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent shall hold such funds uninvested. The Finance Director shall make note of any investment of funds hereunder in excess of the yield on the Bonds so that appropriate actions can be taken to assure compliance with Section 5.12.

(B) **Moneys in Funds.** Moneys in any fund or account created or established by this Agreement and held by the Finance Director shall be invested by the Finance Director in any Permitted Investment or in any other lawful investment for City funds, which in any event by its terms matures prior to the date on which such moneys are required to be paid out hereunder. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in this Agreement any moneys are required to be transferred by the City to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

(C) **Actions of Officials.** The Fiscal Agent and its affiliates or the Finance Director may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. Neither the Fiscal Agent nor the Finance Director shall incur any liability for losses arising from any investments made pursuant to this Section. The Fiscal Agent shall not be required to determine the legality of any investments.

(D) **Valuation of Investments.** Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) investments in the subaccounts within the 2023B-1 Reserve Fund (or any other reserve fund securing tax-exempt bonds) shall be valued at their present value (within the meaning of Section 148 of the Tax Code). The Fiscal Agent shall not be liable for verification of the application of such sections of the Tax Code or for any determination of Fair Market Value or present value and may conclusively rely upon an Officer's Certificate as to such valuations.

(E) **Commingled Money.** Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Finance Director hereunder, provided that the Fiscal Agent or the Finance Director, as applicable, shall at

all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement.

(F) Confirmations Waiver. The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the City periodic cash transaction statements which shall include detail for all investment transactions made by the Fiscal Agent hereunder.

(G) Sale of Investments. The Fiscal Agent or the Finance Director, as applicable, shall sell at Fair Market Value, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Finance Director shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

Section 6.02. Liability of City.

(A) General. The City shall not incur any responsibility or liability in respect of the Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Fiscal Agent herein or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

(B) Reliance. In the absence of bad faith, the City, including the Finance Director, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City by the Fiscal Agent or an Independent Financial Consultant and conforming to the requirements of this Agreement. The City, including the Finance Director, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts. The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, 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.

(C) No General Liability. No provision of this Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Office Special Tax Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(D) Owner of Bonds. The City shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Section 6.03. Employment of Agents by City. In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

ARTICLE VII

THE FISCAL AGENT

Section 7.01. The Fiscal Agent.

(A) **Appointment.** The Fiscal Agent is hereby appointed as the fiscal, authentication, paying and transfer agent hereunder for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Fiscal Agent.

(B) **Merger.** Any company into which the Fiscal Agent 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 Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under the following paragraph of this Section 7.01 shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. The Fiscal Agent shall give the Finance Director written notice of any such succession hereunder.

(C) **Removal.** Upon 30 days written notice, the City may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank, national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000, and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company 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 purposes of this Section 7.01, combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(D) **Resignation.** The Fiscal Agent may at any time resign by giving written notice to the City by certified mail return receipt requested, and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

(E) **No Successor.** If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section 7.01 within 45 days after the Fiscal Agent shall have given to the City written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent, at the expense of the City, or any Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

(F) **Court Order.** If, by reason of the judgment of any court, the Fiscal Agent is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Fiscal Agent hereunder shall be assumed by and vest in the Finance Director of the City in trust for the benefit of the Owners. The City 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 Fiscal Agent hereunder, and shall assume all of the responsibilities and perform all of the duties of the Fiscal Agent hereunder, in trust for the benefit of the Owners of the Bonds.

Section 7.02. Liability of Fiscal Agent.

(A) General. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Agreement or of the Bonds, nor shall the Fiscal Agent incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds. All indemnifications and releases from liability granted to the Fiscal Agent hereunder shall extend to the directors, officers and employees of the Fiscal Agent.

The Fiscal Agent shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

(B) Reliance. The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, documents, written instructions or opinions furnished to the Fiscal Agent and conforming to the requirements of this Agreement; but in the case of any such certificates, documents, written instructions or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement. Except as provided above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, facsimile transmission, electronic mail, or other paper or document which it shall reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

(C) No Duty to Inquire. The Fiscal Agent shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the City or the Special Tax District herein or of any of the documents executed by the City or the Special Tax District in connection with the Bonds, or as to the existence of a default or event of default thereunder.

(D) Errors in Judgment. The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer of the Fiscal Agent unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

(E) No Expenditures. No provision of this Agreement shall require the Fiscal Agent 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.

(F) No Action. The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners under this Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(G) Owner of Bonds. The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

Section 7.03. Information; Books and Accounts. The Fiscal Agent shall provide to the City such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent hereunder as the City shall reasonably request, including but not limited to monthly statements reporting funds held and transactions by the Fiscal Agent, including the value of any investments held by the Fiscal Agent. The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Bond Fund, the 2023B-1 Reserve Fund, the 2023B-2 Reserve Fund, any other reserve account established for a series of Parity Bonds, the Improvement Funds and the Cost of Issuance Fund. Such books of record and accounts shall, upon reasonable notice, during business hours be subject to the inspection of the City and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Section 7.04. Notice to Fiscal Agent. The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, facsimile transmission, electronic mail, written instructions, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Fiscal Agent may consult with counsel, who may be the City Attorney, 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, suffered or omitted by it hereunder in accordance therewith.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Agreement the Fiscal Agent 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, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by an Officer's Certificate of the City, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the

provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent 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 Fiscal Agent, or another method or system specified by the Fiscal Agent as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Fiscal Agent an incumbency certificate listing the Authorized Officers and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Fiscal Agent Instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such Instructions, the Fiscal Agent's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Fiscal Agent cannot determine the identity of the actual sender of such Instructions and that the Fiscal Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Fiscal Agent and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent 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 Fiscal Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (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 Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Fiscal Agent shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The Fiscal Agent may execute any of the duties or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys or agents, and shall be entitled to rely on advice of counsel concerning all matters of its duty hereunder.

The permissive right of the Fiscal Agent to do things enumerated in this Agreement shall not be construed as a duty and it shall not be answerable for such actions other than as a result of its negligence or willful misconduct.

Section 7.05. Compensation, Indemnification. The City shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements,

including those of its attorneys (including the allocated costs of in-house attorneys), agents and employees, incurred in and about the performance of their powers and duties under this Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under this Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities, costs, claims or expenses, including fees and expenses of its attorneys, which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Fiscal Agent under this Agreement, and payment of the Bonds and discharge of this Agreement, but any monetary obligation of the City arising under this Section shall be limited solely to amounts on deposit in the Administrative Expense Fund and in the CFD Administrative Expense Account established and held by the Special Fund Trustee under the Special Fund Administration Agreement.

Section 7.06. Conflict of Interest. Through its execution of this Agreement, the Fiscal Agent 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 City if it becomes aware of any such fact during the term of this Agreement.

Section 7.07. Proprietary or Confidential Information of City. The Fiscal Agent understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, the Fiscal Agent may have access to private or confidential information which may be owned or controlled by the City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the City. The Fiscal Agent agrees that all information disclosed by the City to the Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent'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 Fiscal Agent 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 Fiscal Agent having a need to know the same, provided that Fiscal Agent advises such recipient of the confidential nature of the information being disclosed, or (iii) any other disclosure authorized by the City and this Agreement. The Fiscal Agent shall exercise the same standard of care to protect such information as a reasonably prudent Fiscal Agent would use to protect its own proprietary data.

Section 7.08. Ownership of Results. Any interest of the Fiscal Agent or its subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by the Fiscal Agent or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to the City. However, the Fiscal Agent may retain and use copies for reference and as documentation of its experience and capabilities.

Section 7.09. Works for Hire. If, in connection with services performed under this Agreement, the Fiscal Agent 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 City. If it is ever determined that any works created by the Fiscal Agent or its subcontractors under this Agreement are not works for hire under U.S. law, the Fiscal Agent hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, the Fiscal Agent may retain and use copies of such works for reference and as documentation of its experience and capabilities.

Section 7.10. Audit and Inspection of Records. The Fiscal Agent agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. The Fiscal Agent will permit the City 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 Fiscal Agent shall not be required to disclose confidential or proprietary information. The Fiscal Agent 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 City by this Section.

Section 7.11. Subcontracting. The Fiscal Agent is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by the City 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.

Section 7.12. Assignment. The services to be performed by the Fiscal Agent are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Fiscal Agent unless first approved by the City (except pursuant to Section 7.01(E)) by written instrument executed and approved in the same manner as this Agreement provided, however, that no such approval is required for assignments pursuant to Section 7.01(E) hereof.

Section 7.13. 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 Fiscal Agent shall provide EIC Forms to each Eligible Employee (i.e., any employee of the Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent; 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 Fiscal Agent of the terms of this Agreement. If, within thirty days after the Fiscal Agent receives written notice of such a breach, the Fiscal Agent fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Fiscal Agent 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 Fiscal Agent 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.

Section 7.14. Local Business Enterprise Utilization; Liquidated Damages.

(a) The LBE Ordinance. The Fiscal Agent, 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 Fiscal Agent's obligations or liabilities, or materially diminish the Fiscal Agent'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. Fiscal Agent's willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of the Fiscal Agent'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 Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent shall be liable for liquidated damages in an amount equal to the Fiscal Agent'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 Fiscal Agent authorized in the LBE Ordinance, including declaring the Fiscal Agent to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Fiscal Agent'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 Fiscal Agent acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to the City upon

demand. The Fiscal Agent further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to the Fiscal Agent on any contract with the City.

The Fiscal Agent 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.

Section 7.15. Nondiscrimination; Penalties.

(a) Fiscal Agent Shall Not Discriminate. In the performance of this Agreement, the Fiscal Agent agrees not to discriminate against any employee, City employee working with such Fiscal Agent or subcontractor, applicant for employment with such Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) Nondiscrimination in Benefits. The Fiscal Agent 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 Fiscal Agent 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. Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent and/or deducted from any payments due Fiscal Agent.

Section 7.16. 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 Fiscal Agent acknowledges and agrees that he or she has read and understood this Section.

Section 7.17. Tropical Hardwood Ban. Pursuant to Section 804(b) of the San Francisco Environment Code, the City urges Fiscal Agent not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

Section 7.18. Drug-Free Workplace Policy. The Fiscal Agent 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 Fiscal Agent agrees that any violation of this prohibition by the Fiscal Agent, its employees, agents or assigns will be deemed a material breach of this Agreement.

Section 7.19. Resource Conservation. Chapter 5 of the San Francisco Environment Code (“Resource Conservation”) is incorporated herein by reference. Failure by Fiscal Agent to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

Section 7.20. Compliance with Americans with Disabilities Act. The Fiscal Agent 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 Fiscal Agent, must be accessible to the disabled public. The Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent, its employees, agents or assigns will constitute a material breach of this Agreement.

Section 7.21. Sunshine Ordinance. In accordance with Administrative Code Section 67.24(e), contracts, the Fiscal Agent’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.

Section 7.22. Public Access to Meetings and Records. Only if the Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Fiscal Agent 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.

Section 7.23. Limitations on Contributions. Through execution of this Agreement, the Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Fiscal Agent's board of directors; the Fiscal Agent'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 Fiscal Agent; 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 Fiscal Agent certifies that the Fiscal Agent 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 City the names of the persons required to be informed.

Section 7.24. Requiring Minimum Compensation for Covered Employees.

(a) Unless the Fiscal Agent is exempt, the Fiscal Agent 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 Fiscal Agent's obligations under the MCO is set forth in this Section. Unless the Fiscal Agent is exempt from such provisions under Section 7.24(i) hereof, the Fiscal Agent is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

(b) The MCO requires Fiscal Agent to pay Fiscal Agent'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 Fiscal Agent is obligated to keep informed of the then-current requirements. Any subcontract entered into by Fiscal Agent 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 Fiscal Agent'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, City may pursue any of the remedies set forth in this Section against Fiscal Agent.

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

(e) The City is authorized to inspect Fiscal Agent's job sites and conduct interviews with employees and conduct audits of Fiscal Agent.

(f) Fiscal Agent's commitment to provide the Minimum Compensation is a material element of the City's consideration for this 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 the Fiscal Agent fails to comply with these requirements. Fiscal Agent 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 Fiscal Agent's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(g) Fiscal Agent 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 Agreement for violating the MCO, Fiscal Agent fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Fiscal Agent 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.

(h) Fiscal Agent 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 Fiscal Agent is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Fiscal Agent later enters into an agreement or agreements that cause Fiscal Agent to exceed that amount in a fiscal year, Fiscal Agent 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 Fiscal Agent and this department to exceed \$25,000 in the fiscal year.

Section 7.25. Requiring Health Benefits for Covered Employees. Unless the Fiscal Agent is exempt (in which event it shall not be required to comply with Chapter 12Q or this

Section), the Fiscal Agent 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 Fiscal Agent shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent’s failure to comply with the HCAO shall constitute a material breach of this Agreement. City shall notify Fiscal Agent 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, Fiscal Agent fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent based on the Subcontractor’s failure to comply, provided that the City has first provided the Fiscal Agent with notice and an opportunity to obtain a cure of the violation.

(e) The Fiscal Agent shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City with regard to the Fiscal Agent’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 Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent shall keep itself informed of the current requirements of the HCAO.

(i) The Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent shall allow the City to inspect Fiscal Agent's job sites and have access to the Fiscal Agent's employees in order to monitor and determine compliance with HCAO.

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

(m) If the Fiscal Agent is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but the Fiscal Agent later enters into an agreement or agreements that cause the Fiscal Agent'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 Fiscal Agent and the City to be equal to or greater than \$75,000 in the fiscal year.

Section 7.26. Prohibition on Political Activity with City Funds. In accordance with Administrative Code Chapter 12.G, the Fiscal Agent 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 Fiscal Agent Agreement. The Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Fiscal Agent's use of profit as a violation of this Section.

Section 7.27. Preservative-treated Wood Containing Arsenic. The Fiscal Agent may not purchase preservative-treated wood products containing arsenic in the performance of this Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent 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.

Section 7.28. Protection of Private Information. The Fiscal Agent 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 Fiscal Agent agrees that any failure of Contactor to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Contract 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 Fiscal Agent 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 Fiscal Agent'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 Fiscal Agent 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 Fiscal Agent having a need to know the same, provided that Fiscal Agent advises such recipient of the confidential nature of the information being disclosed, or (iii) any other disclosure authorized by the City and this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Fiscal Agent pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Fiscal Agent.

Section 7.29. Food Service Waste Reduction Requirements. Effective June 1, 2007, the Fiscal Agent agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance applicable to contractors with the City, 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 Fiscal Agent Agreement as though fully set forth. This provision is a material term of this Fiscal Agent Agreement. By entering into this Agreement, the Fiscal Agent agrees that if it breaches this provision, the City will suffer actual damages that will be impractical or extremely difficult to determine; further, the Fiscal Agent 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 City will incur based on the violation, established in light of the circumstances existing at the time this Fiscal Agent Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by the City because of the Fiscal Agent's failure to comply with this provision.

Section 7.30. 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 City's 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 City and County and its residents, and to prevent the further spread of graffiti.

(B) The Fiscal Agent shall remove all graffiti from any real property owned or leased by the Fiscal Agent in the City within forty eight (48) hours of the earlier of the Fiscal Agent'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 Fiscal Agent 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.).

Section 7.31. Slavery Era Disclosure.

(A) The Fiscal Agent acknowledges that this Agreement shall not be binding upon the City 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 Fiscal Agent has failed to file an affidavit as required by Section 12Y.4(a) and this Agreement, or has willfully filed a false affidavit, the Fiscal Agent shall be liable for liquidated damages in an amount equal to the Fiscal Agent's net profit on the Agreement, 10% of the total amount paid to the Fiscal Agent under the Agreement, or \$1,000, whichever is greatest as determined by the Director of Administrative Services. The Fiscal Agent 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 Fiscal Agent from any agreement with the City.

(C) The Fiscal Agent shall maintain records necessary for monitoring its compliance with this provision.

Section 7.32. Qualified Personnel. The Fiscal Agent's work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of the Fiscal Agent. The Fiscal Agent will comply with the City's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at the City's request, must be supervised by the Fiscal Agent.

Section 7.33. Responsibility for Equipment. The City shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by the Fiscal Agent, or by any of its employees, even though such equipment be furnished, rented or loaned to the Fiscal Agent by the City.

Section 7.34. Independent Contractor; Payment of Taxes and Other Expenses.

(A) Independent Contractor. The Fiscal Agent or any agent or employee of the Fiscal Agent 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 City under this Agreement.

The Fiscal Agent or any agent or employee of the Fiscal Agent shall not have employee status with the City, 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 City may offer its employees. Contractor or any agent or employee of the Fiscal Agent is liable for the acts and omissions of itself, its employees and its agents. The Fiscal Agent 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 Fiscal Agent's performing services and work, or any agent or employee of the Fiscal Agent providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between the City and the Fiscal Agent or any agent or employee of the Fiscal Agent. Any terms in this Agreement referring to direction from the City shall be construed as providing for direction as to policy and the result of the Fiscal Agent's work only, and not as to the means by which such a result is obtained. The City does not retain the right to control the means or the method by which Contractor performs work under this Agreement.

(B) Payment of Taxes and Other Expenses. Should the City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that the Fiscal Agent 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 Fiscal Agent which can be applied against this liability). The City shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past services performed by the Fiscal Agent for the City, upon notification of such fact by City, Contractor shall promptly remit such amount due or arrange with the City to have the amount due withheld from future payments to the Fiscal Agent under this Agreement (again, offsetting any amounts already paid by the Fiscal Agent 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 Fiscal Agent shall not be considered an employee of the City. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that the Fiscal Agent is an employee for any other purpose, then the Fiscal Agent agrees to a reduction in City's financial liability so that City's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

Section 7.35. 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 City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City 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 City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (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 City; or (e) is a beneficiary of an inadvertent submission of a false claim to the

City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

Section 7.36. Fiscal Agent's Compliance with City Business and Tax Regulations Code City Business and Tax Regulations Code. Fiscal Agent 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 City is required to make to Fiscal Agent under this Agreement is withheld, then City will not 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 Fiscal Agent, without interest, late fees, penalties, or other charges, upon Fiscal Agent coming back into compliance with its San Francisco Business and Tax Regulations Code obligations..

Section 7.37. Consideration of Salary History. Fiscal Agent shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." Fiscal Agent 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 City 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. Fiscal Agent 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>. Fiscal Agent is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

Section 7.38. 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 7.06 through 7.35 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 Fiscal Agent.

Section 7.39. Non-Waiver of Rights. The omission by the City at any time to enforce any default or right reserved to it under this Article VII, or to require performance of any of the terms, covenants, or provisions set forth in this Article VIII, shall not be a waiver of any such default or right to which the City is entitled, nor shall it in any way affect the right of the City to enforce such provisions thereafter.

ARTICLE VIII

MODIFICATION OR AMENDMENT

Section 8.01. Amendments Permitted.

(A) With Consent. This Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Office Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Special Tax Financing Law, the laws of the State of California or this Agreement), or reduce the percentage of Bonds required for the amendment hereof.

(B) Without Consent. This Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City herein, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Agreement, or in regard to questions arising under this Agreement, as the City and the Fiscal Agent may deem necessary or desirable and not inconsistent with this Agreement, and which shall not adversely affect the rights of the Owners of the Bonds;

(iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exclusion from gross income for federal income tax purposes of interest on the Bonds;

(v) in connection with the issuance of any Parity Bonds under and pursuant to Section 3.06.

(C) Fiscal Agent's Consent. Any amendment of this Agreement may not modify any of the rights or obligations of the Fiscal Agent without its written consent. The Fiscal Agent shall be furnished an opinion of counsel that any such Supplemental Agreement entered into by the City and the Fiscal Agent complies with the provisions of this Section 8.01 and the Fiscal Agent may conclusively rely on such opinion and shall be absolutely protected in so relying.

Section 8.02. Owners' Meetings. The City may at any time call a meeting of the Owners. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.03. Procedure for Amendment with Written Consent of Owners. The City and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by Section 8.01(A), to take effect when and as provided in this Section 8.03. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent, at the expense of the City, to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section 8.03 provided.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section 8.03 provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section 8.03 provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section 8.03 for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section 8.03 (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section 8.03 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60-day period.

Section 8.04. Disqualified Bonds. Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII. Upon request of the Fiscal Agent, the City shall specify in a certificate to the Fiscal Agent those Bonds disqualified pursuant to this Section and the Fiscal Agent may conclusively rely on such certificate.

Section 8.05. Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective under this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the City, the Fiscal Agent and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments. The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and upon presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.07. Amendatory Endorsement of Bonds. The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits of Agreement Limited to Parties. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the City, the Fiscal Agent and the Owners, any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Fiscal Agent.

Section 9.02. Successor and Predecessor. Whenever in this Agreement or any Supplemental Agreement either the City or the Fiscal Agent 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 Agreement contained by or on behalf of the City or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Discharge of Agreement. The City may pay and discharge the entire indebtedness on all or a portion of the Bonds Outstanding in any one or more of the following ways:

(A) by paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in the Bond Fund, the 2023B-1 Reserve Fund, the 2023B-2 Reserve Fund or any reserve account for any Parity Bonds that are not 2023B-1 Related Parity Bonds or 2023B-2 Related Parity Bonds, as applicable, is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent cash and/or Federal Securities in such amount as the City shall determine, as confirmed by an independent certified public accountant, will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the Bond Fund, the 2023B-1 Reserve Fund, the 2023B-2 Reserve Fund or any reserve account for any Parity Bonds that are not 2023B-1 Related Parity Bonds or 2023B-2 Related Parity Bonds, as applicable (to the extent held in cash or invested in Federal Securities), be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the City shall have taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof and notice of such redemption shall have been given as in this Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Office Special Taxes

and other funds provided for in this Agreement and all other obligations of the City under this Agreement with respect to such Bonds Outstanding shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent.

Notwithstanding the foregoing, the following obligations and pledges of the City shall continue in any event: (i) the obligation of the City to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, (ii) the obligation of the City to pay amounts owing to the Fiscal Agent pursuant to Section 7.05, and (iii) the obligation of the City to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Upon compliance by the City with the foregoing with respect to all such Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, shall be paid over to the City and any Office Special Taxes thereafter received by the City shall not be remitted to the Fiscal Agent but shall be retained by the City to be used for any purpose permitted under the Special Tax Financing Law and the Resolution of Formation.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration, consent or other instrument which this Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their 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, consent 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.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registration books maintained by the Fiscal Agent under Section 2.07.

Any request, declaration, consent or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Fiscal Agent in good faith and in accordance therewith.

Section 9.05. Waiver of Personal Liability. No member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of or interest or any premium on the 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 9.06. Notices to and Demands on City and Fiscal Agent. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the City may be given or served by facsimile transmission receipt of which has been confirmed or by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the City with the Fiscal Agent) as follows:

City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall, Room 336
San Francisco, CA 94102
Attn: Controller

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the City to or on the Fiscal Agent may be given or served by facsimile transmission receipt of which has been confirmed or by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Fiscal Agent with the City) as follows:

Zions Bancorporation, National Association
Corporate Trust Department
550 South Hope Street, Suite 2875
Los Angeles, CA 90071

Section 9.07. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held by a court of competent jurisdiction to be illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement.

Section 9.08. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two (2) years after the date when the payment of such principal, interest and premium have become payable, if such moneys were held by the Fiscal Agent at such date, shall be repaid by the Fiscal Agent to the City as its absolute property, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the City for the payment of the principal of, and interest and any premium on, such Bonds. Any right of any Owner to look to the City for such payment shall survive only so long as required under applicable law.

Section 9.09. Applicable Law. This Agreement shall be governed by and enforced in accordance with the laws of the State applicable to contracts made and performed in the State.

Section 9.10. Conflict with Special Tax Financing Law. In the event of a conflict between any provision of this Agreement with any provision of the Special Tax Financing Law as in effect on the Closing Date, the provision of the Special Tax Financing Law shall prevail over the conflicting provision of this Agreement.

Section 9.11. Conclusive Evidence of Regularity. Bonds issued under this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Special Tax Financing Law relative to their issuance and the levy of the Office Special Taxes.

Section 9.12. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds, or the date fixed for redemption of any Bonds, or the date any action is to be taken under this Agreement, is other than a Business Day, the payment of interest or principal (and premium, if any) or the action shall be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 9.13. State Reporting Requirements. In addition to Section 5.16, the following requirements shall apply to the Bonds:

(A) Annual Reporting. Not later than October 30 of each calendar year, beginning with the October 30 first succeeding the date of the 2023 Bonds, and in each calendar year thereafter until the October 30 following the final maturity of the Bonds, the Finance Director shall cause the information required by California Government Code Section 53359.5(b) to be supplied to CDIAC. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(B) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds due to insufficiency of funds on deposit in the Bond Fund, or if funds are withdrawn from the 2023B-1 Reserve Fund to pay principal and interest on the Bonds so as to reduce the amount in the 2023B-1 Reserve Fund to less than the 2023B-1 Reserve Requirement, if funds are withdrawn from the 2023B-2 Reserve Fund to pay principal and interest on the Bonds so as to reduce the amount in the 2023B-2 Reserve Fund to less than the 2023B-2 Reserve Requirement, or if funds are withdrawn from another debt service reserve fund to pay principal and interest on the Bonds so as to reduce the amount in such fund to less than the applicable reserve requirement, the Fiscal Agent shall notify the Finance Director of such failure or withdrawal in writing. The Finance Director shall notify CDIAC and the Original Purchasers of such failure or withdrawal within 10 days of such failure or withdrawal.

(C) Special Tax Reporting. The Finance Director shall file a report with the City no later than the January 1 first succeeding the date of the 2023 Bonds, and at least once a year thereafter, which annual report shall contain: (i) the amount of Office Special Taxes collected and expended with respect to the Special Tax District, (ii) the amount of Bond proceeds collected and expended with respect to the Special Tax District, and (iii) the status of the Project. It is acknowledged that the Office Special Taxes Subaccount of the Special Tax Fund established under the Special Fund Administration Agreement is the account into which Office Special Taxes collected by the City will be deposited for purposes of Section 50075.1(c) of the California Government Code, and the funds and accounts listed in Section 4.01 are the funds and accounts into which Bond proceeds will be deposited for purposes of Section 53410(c) of the California Government Code, and the annual report described in the preceding sentence is intended to satisfy the requirements of Sections 50075.1(d), 50075.3(d) and 53411 of the California Government Code.

(D) Compliance with Section 53343.2. The City shall comply with the provisions of California Government Code Section 53343.2, which require the City, within seven months after the last day of each fiscal year of the Special Tax District, to display prominently on its Internet Web site all of the following information:

(a) A copy of an annual report for that fiscal year if requested pursuant to Section 53343.1.

(b) A copy of the report provided to the California Debt and Investment Advisory Commission pursuant to Section 53359.5.

(c) A copy of the report provided to the Controller's office pursuant to Section 12463.2.

(E) Amendment. The reporting requirements of this Section 9.13 shall be amended from time to time, without action by the City or the Fiscal Agent (i) with respect to subparagraphs (A) and (B) above, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Act, (ii) with respect to subparagraph (C) above, to reflect any amendments to Section 50075.1, 50075.3, 53410 or 53411 of the California Government Code and (iii) with respect to subparagraph (D) above, to reflect any amendments to Section 53343.2. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the City's obligations under the Continuing Disclosure Certificate. The City shall notify the Fiscal Agent in writing of any such amendments which affect the reporting obligations of the Fiscal Agent under this Agreement.

(E) No Liability. None of the City and its officers, agents and employees, the Finance Director or the Fiscal Agent shall be liable for any inadvertent error in reporting the information required by this Section 9.13.

The Finance Director shall provide copies of any such reports to any Bondowner upon the written request of a Bondowner and payment by the person requesting the information of the cost of the City to photocopy and pay any postage or other delivery cost to provide the same, as determined by the Finance Director. The term "Bondowner" for purposes of this Section 9.13 shall include any Beneficial Owner of the Bonds as described in Section 2.10.

Section 9.14. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the City and the Fiscal Agent have caused this Agreement to be executed as of the date first written above.

CITY AND COUNTY OF SAN FRANCISCO,
for and on behalf of
City and County of San Francisco Special Tax
District No. 2020-1 (Mission Rock Facilities and
Services)

By: _____
Director of the Office of Public Finance

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION,
as Fiscal Agent

By: _____
Christine Green
Trust Officer
Zions Bank Division

EXHIBIT A-1

FORM OF 2023B-1 BOND

THIS BOND IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND MAY ONLY BE TRANSFERRED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 2.06(B) OF THE FISCAL AGENT AGREEMENT. NO TRANSFER, SALE OR OTHER DISPOSITION OF THIS BOND, OR ANY BENEFICIAL INTEREST HEREIN, MAY BE MADE EXCEPT TO A PERSON THAT IS A QUALIFIED PURCHASER THAT IS PURCHASING THIS BOND FOR ITS OWN ACCOUNT FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO DISTRIBUTING THIS BOND. EACH TRANSFEREE OF A BOND, OR ANY BENEFICIAL INTEREST THEREIN, TRANSFERRED PRIOR TO THE BOND TRANSFER RESTRICTION RELEASE DATE, BY ITS PURCHASER THEREOF, SHALL BE DEEMED TO HAVE REPRESENTED TO THE CITY AND THE FISCAL AGENT THAT SUCH TRANSFEREE IS A QUALIFIED PURCHASER THAT IS PURCHASING SUCH 2023B-1 BOND FOR ITS OWN ACCOUNT FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO DISTRIBUTING SUCH BOND. EACH ENTITY THAT IS OR THAT BECOMES AN OWNER OR A BENEFICIAL OWNER OF THIS BOND IS DEEMED BY THE ACCEPTANCE OR ACQUISITION OF THIS BOND OR SUCH BENEFICIAL OWNERSHIP INTEREST TO HAVE AGREED TO BE BOUND BY THE PROVISIONS OF SAID SECTION 2.06(B). ANY TRANSFER OF A BOND TO ANY ENTITY THAT IS NOT A QUALIFIED PURCHASER SHALL BE DEEMED NULL AND VOID.

No. ____

\$_____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO

CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2020-1
(Mission Rock Facilities and Services)
Special Tax Bond, Series 2023B-1

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	September 1, _____	_____, 2021	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: *****DOLLARS

The City and County of San Francisco (the "City") for and on behalf of the "City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)"

(the "Special Tax District"), for value received, hereby promises to pay solely from the Office Special Tax Revenues (as defined in the hereinafter defined Agreement) to be collected in the Special Tax District or amounts in certain funds and accounts held under the Agreement (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 from the Dated Date set forth above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for (unless this Bond is authenticated on or before an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to February 15, 2024, in which event it shall bear interest from the Dated Date identified above, payable semiannually on each March 1 and September 1, commencing March 1, 2024 (each an "Interest Payment Date"), 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 Bond, interest is in default on this Bond, this 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 Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent (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 Fiscal Agent 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 Bonds delivered to the Fiscal Agent prior to the applicable Record Date. The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Fiscal Agent or such other place designated by the Fiscal Agent.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$_____ approved by resolutions of the Board of Supervisors of the City on May 15, 2020, and _____, 2023 (together, the "Resolution"), under the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X), as amended from time to time (the "Special Tax Financing Law"), which incorporates the Mello-Roos Community Facilities Act of 1982, as amended, sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose of funding certain facilities for the City, and is one of the series of bonds designated "City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Office Special Tax Bonds, Series 2023B-1" (the "Bonds"). The issuance of the Bonds and the terms and conditions thereof are provided for by a Fiscal Agent Agreement, dated as of November 1, 2023 (the "Agreement"), between the City and Zions Bancorporation, National Association (the "Fiscal Agent") and this reference incorporates the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Agreement is authorized under, this Bond is issued under and both are to be construed in accordance with, the laws of the State of California.

The Bonds are payable from the Office Special Tax Revenues and moneys in certain funds and accounts described in the Resolution on a parity basis with certain outstanding bonds, as set forth in the Agreement.

The Bonds do not constitute obligations of the City for which the City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described in the Agreement. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth in the Agreement), the Port Commission or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Optional Redemption. The Bonds maturing on or after September 1, ____ are subject to optional redemption as directed by the City, from sources of funds other than prepayments of Office Special Taxes, prior to their stated maturity on any date on or after September 1, ____ as a whole or in part as directed by the City, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u> %
September 1, ____ through August 31, ____	
September 1, ____ through August 31, ____	
September 1, ____ through August 31, ____	
September 1, ____ and any date thereafter	

Mandatory Sinking Fund Redemption. The Term Bond maturing on September 1, ____, is subject to mandatory redemption in part by lot, from sinking fund payments made by the City 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:

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Sinking Fund Payments</u>
---	------------------------------

The Term Bond maturing on September 1, ____, is subject to mandatory redemption in part by lot, from sinking fund payments made by the City 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:

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Sinking Fund Payments</u>
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Provided, however, if some but not all of the Term Bonds of a given maturity have been redeemed as a result of an optional redemption or a redemption from Office Special Tax Prepayments, the total amount of all future Sinking Fund Payments relating to such maturity shall be reduced by the aggregate principal amount of Term 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 City, notice of which determination shall be given by the City to the Fiscal Agent.

Redemption From Office Special Tax Prepayments. Office Special Tax Prepayments and any corresponding transfers from the 2023B-1 Reserve Fund shall be used to redeem Bonds on the next Interest Payment Date for which notice of redemption can timely be given under the Fiscal Agent Agreement, among series or maturities so as to maintain substantially the same Debt Service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before March 1, ____	%
September 1, ____ and March 1, ____	
September 1, ____ and March 1, ____	
September 1, ____ and any Interest Payment Date thereafter	

Notice of redemption with respect to the 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 Agreement.

This 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 Bond shall be entered by the Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

The Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein. The principal of the Bonds is not subject to acceleration upon a default under the Agreement or any other document.

This 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 Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the City that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Fiscal Agent for registration of transfer, exchange, or payment, and any 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 has caused this Bond to be to be signed by the manual or facsimile signature of its Mayor and countersigned by the facsimile signature of the Clerk.

Clerk of the Board of Supervisors

Mayor

[FORM OF FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the Agreement which has been authenticated on _____, 2023.

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Signatory

Bond #

Maturity Date

Principal Amount

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 Fiscal Agent, with
full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed
by an eligible guarantor.

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 Fiscal Agent

EXHIBIT A-2

FORM OF 2023B-2 BOND

THIS BOND IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND MAY ONLY BE TRANSFERRED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 2.06(B) OF THE FISCAL AGENT AGREEMENT. NO TRANSFER, SALE OR OTHER DISPOSITION OF THIS BOND, OR ANY BENEFICIAL INTEREST HEREIN, MAY BE MADE EXCEPT TO A PERSON THAT IS A QUALIFIED PURCHASER THAT IS PURCHASING THIS BOND FOR ITS OWN ACCOUNT FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO DISTRIBUTING THIS BOND. EACH TRANSFEREE OF A BOND, OR ANY BENEFICIAL INTEREST THEREIN, TRANSFERRED PRIOR TO THE BOND TRANSFER RESTRICTION RELEASE DATE, BY ITS PURCHASER THEREOF, SHALL BE DEEMED TO HAVE REPRESENTED TO THE CITY AND THE FISCAL AGENT THAT SUCH TRANSFEREE IS A QUALIFIED PURCHASER THAT IS PURCHASING SUCH BOND FOR ITS OWN ACCOUNT FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO DISTRIBUTING SUCH BOND. EACH ENTITY THAT IS OR THAT BECOMES AN OWNER OR A BENEFICIAL OWNER OF THIS BOND IS DEEMED BY THE ACCEPTANCE OR ACQUISITION OF THIS BOND OR SUCH BENEFICIAL OWNERSHIP INTEREST TO HAVE AGREED TO BE BOUND BY THE PROVISIONS OF SAID SECTION 2.06(B). ANY TRANSFER OF A BOND TO ANY ENTITY THAT IS NOT A QUALIFIED PURCHASER SHALL BE DEEMED NULL AND VOID.

No. ____

\$_____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO**

**CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2020-1
(Mission Rock Facilities and Services)
Special Tax Bond, Series 2023B-2 (Federally Taxable)**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	September 1, _____	_____, 2021	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: *****DOLLARS

The City and County of San Francisco (the "City") for and on behalf of the "City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)"

(the "Special Tax District"), for value received, hereby promises to pay solely from the Office Special Tax Revenues (as defined in the hereinafter defined Agreement) to be collected in the Special Tax District or amounts in certain funds and accounts held under the Agreement (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 from the Dated Date set forth above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for (unless this Bond is authenticated on or before an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to February 15, 2024, in which event it shall bear interest from the Dated Date identified above, payable semiannually on each March 1 and September 1, commencing March 1, 2024 (each an "Interest Payment Date"), 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 Bond, interest is in default on this Bond, this 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 Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent (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 Fiscal Agent 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 Bonds delivered to the Fiscal Agent prior to the applicable Record Date. The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Fiscal Agent or such other place designated by the Fiscal Agent.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$_____ approved by resolutions of the Board of Supervisors of the City on May 15, 2020, and _____, 2023 (together, the "Resolution"), under the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X), as amended from time to time (the "Special Tax Financing Law"), which incorporates the Mello-Roos Community Facilities Act of 1982, as amended, sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose of funding certain facilities for the City, and is one of the series of bonds designated "City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Office Special Tax Bonds, Series 2023B-2 (Federally Taxable)" (the "Bonds"). The issuance of the Bonds and the terms and conditions thereof are provided for by a Fiscal Agent Agreement, dated as of November 1, 2023 (the "Agreement"), between the City and Zions Bancorporation, National Association (the "Fiscal Agent") and this reference incorporates the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Agreement is authorized under, this Bond is issued under and both are to be construed in accordance with, the laws of the State of California.

The Bonds are payable from the Office Special Tax Revenues and moneys in certain funds and accounts described in the Resolution on a parity basis with certain outstanding bonds, as set forth in the Agreement.

The Bonds do not constitute obligations of the City for which the City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described in the

Agreement. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth in the Agreement), the Port Commission or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Optional Redemption of the Bonds – Prior to September 1, ____.

The Bonds are subject to optional redemption by the City prior to their stated maturity dates, as directed by the City from sources of funds other than prepayments of Office Special Taxes, as a whole or in part, on any Business Day prior to September 1, ____, at the Make-Whole Redemption Price, plus accrued and unpaid interest on the Bonds to be redeemed on the date fixed for redemption.

At the request of the City or the Fiscal Agent, the Make-Whole Redemption Price of the Bonds, with respect to clause (ii) of the definition of Make-Whole Redemption Price, will be calculated by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City's expense. The City and the Fiscal Agent may conclusively rely on the determination of the Treasury Rate by the investment banking firm or financial advisory firm and on any Make-Whole Redemption Price calculated by an independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Optional Redemption of the Bonds – On or After September 1, ____.

The Bonds maturing on or after September 1, ____ are subject to optional redemption as directed by the City, from sources of funds other than prepayments of Office Special Taxes, prior to their stated maturity on any date on or after September 1, ____, as a whole or in part as directed by the City, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before March 1, ____	%
September 1, ____ and March 1, ____	
September 1, ____ and March 1, ____	
September 1, ____ and any Interest Payment Date thereafter	

Mandatory Sinking Fund Redemption. The Term Bond maturing on September 1, ____, is subject to mandatory redemption in part by lot, from sinking fund payments made by the City 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>	Sinking Fund <u>Payments</u>
---	---------------------------------

The Term Bond maturing on September 1, _____, is subject to mandatory redemption in part by lot, from sinking fund payments made by the City 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>)	Sinking Fund <u>Payments</u>
---	---------------------------------

Provided, however, if some but not all of the Term Bonds of a given maturity have been redeemed as a result of an optional redemption or a redemption from Office Special Tax Prepayments, the total amount of all future Sinking Fund Payments relating to such maturity shall be reduced by the aggregate principal amount of Term 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 City, notice of which determination shall be given by the City to the Fiscal Agent.

Redemption From Office Special Tax Prepayments. Office Special Tax Prepayments and any corresponding transfers from the 2023B-2 Reserve Fund shall be used to redeem Bonds on the next Interest Payment Date for which notice of redemption can timely be given under the Fiscal Agent Agreement, among series or maturities so as to maintain substantially the same Debt Service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u> %
Any Interest Payment Date on or before March 1, _____	
September 1, _____ and March 1, _____	
September 1, _____ and March 1, _____	
September 1, _____ and any Interest Payment Date thereafter	

Notice of redemption with respect to the 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 Agreement.

This 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 Bond shall be entered by the Fiscal Agent 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 Fiscal Agent 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 Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

The Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein. The principal of the Bonds is not subject to acceleration upon a default under the Agreement or any other document.

This 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 Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the City that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Fiscal Agent for registration of transfer, exchange, or payment, and any 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 has caused this Bond to be to be signed by the manual or facsimile signature of its Mayor and countersigned by the facsimile signature of the Clerk.

Clerk of the Board of Supervisors

Mayor

[FORM OF FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the Agreement which has been authenticated on _____, 2023.

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Signatory

Bond #

Maturity Date

Principal Amount

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 Fiscal Agent, with
full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed
by an eligible guarantor.

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 Fiscal Agent

EXHIBIT B

**CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2020-1
(Mission Rock Facilities and Services)
Office Special Tax Bonds, Series 2023B-1**

**OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM 2023B-1
IMPROVEMENT FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Director of the Office of Public Finance of 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") and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of November 1, 2023 (the "Fiscal Agent Agreement"), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent");

(iii) under Section 4.08(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the 2023B-1 Improvement Fund established under the Fiscal Agent 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 a Project cost (as Project is defined in the Fiscal Agent Agreement) as described on attached Schedule A;

(iv) the disbursements described on the attached Schedule A are properly chargeable to the 2023B-1 Improvement Fund; and

(v) no portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed requesting disbursement.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Director of the Office of Public Finance

SCHEDULE A

Payee Name and Address	Purpose of Obligation	Amount	Account from which Amounts should be paid

EXHIBIT C

**CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2020-1
(Mission Rock Facilities and Services)
Office Special Tax Bonds, Series 2023B-2 (Federally Taxable)**

**OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM 2023B-2
IMPROVEMENT FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Director of the Office of Public Finance of 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") and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of November 1, 2023 (the "Fiscal Agent Agreement"), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent");

(iii) under Section 4.09(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the 2023B-1 Improvement Fund established under the Fiscal Agent 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 a Project cost (as Project is defined in the Fiscal Agent Agreement) as described on attached Schedule A;

(iv) the disbursements described on the attached Schedule A are properly chargeable to the 2023B-2 Improvement Fund; and

(v) no portion of the amount herein requested to be disbursed was set forth in any Officers Certificate previously filed requesting disbursement.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Director of the Office of Public Finance

SCHEDULE A

Payee Name and Address	Purpose of Obligation	Amount	Account from which Amounts should be paid

EXHIBIT D

**CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2020-1 (Mission Rock Facilities and Services)
Office Special Tax Bonds, Series 2023B-1**

**OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT
FROM 2023B-1 COSTS OF ISSUANCE FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Director of the Office of Public Finance of 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") and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of November 1, 2023 (the "Fiscal Agent Agreement"), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent");

(iii) under Section 4.02(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the 2023B-1 Costs of Issuance Fund established under the Fiscal Agent 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 Costs of Issuance (as that term is defined in the Fiscal Agent Agreement) as described on attached Schedule A; and

(iv) the disbursements described on the attached Schedule A constitute Costs of Issuance, and are properly chargeable to the 2023B-1 Costs of Issuance Fund.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Director of the Office of Public Finance

SCHEDULE A

Payee Name and Address

Purpose of Obligation

Amount

EXHIBIT E

**CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2020-1 (Mission Rock Facilities and Services)
Office Special Tax Bonds, Series 2023B-1**

**OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT
FROM 2023B-2 COSTS OF ISSUANCE FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Director of the Office of Public Finance of 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") and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of November 1, 2023 (the "Fiscal Agent Agreement"), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent");

(iii) under Section 4.02(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the 2023B-2 Costs of Issuance Fund established under the Fiscal Agent 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 Costs of Issuance (as that term is defined in the Fiscal Agent Agreement) as described on attached Schedule A; and

(iv) the disbursements described on the attached Schedule A constitute Costs of Issuance, and are properly chargeable to the 2023B-2 Costs of Issuance Fund.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Director of the Office of Public Finance

SCHEDULE A

Payee Name and Address

Purpose of Obligation

Amount

EXHIBIT F

**CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2020-1
(Mission Rock Facilities and Services)
Office Special Tax Bonds, Series
2023B-1**

**CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2020-1
(Mission Rock Facilities and Services)
Office Special Tax Bonds, Series
2023B-2 (Federally Taxable)**

**OFFICER’S CERTIFICATE REQUESTING DISBURSEMENT
FROM ADMINISTRATIVE EXPENSE FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Director of the Office of Public Finance of 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”) and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am an “Authorized Officer,” as such term is defined in that certain Fiscal Agent Agreement, dated as of November 1, 2023 (the “Fiscal Agent Agreement”), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”);

(iii) under Section 4.07(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the Administrative Expense Fund established under the Fiscal Agent 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 an Administrative Expense, Costs of Issuance (as those terms are defined in the Fiscal Agent Agreement) or any other lawful expense as described on attached Schedule A; and

(iv) the disbursements described on the attached Schedule A are properly chargeable to the Administrative Expense Fund.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Director of the Office of Public Finance

SCHEDULE A

Payee Name and Address

Purpose of Obligation

Amount



MEMORANDUM

September 8, 2023

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. Gail Gilman
Hon. Ed Harrington
Hon. Steven Lee

FROM: Elaine Forbes
Executive Director

SUBJECT: Informational presentation to consider and possible action to approve a resolution recommending that the Board of Supervisors (1) approve a Mission Rock Special Tax District financing, including the issuance of bonds in an aggregate principal amount not to exceed \$58,335,000 (“Bonds”), and the execution and delivery of financing documents, including the: a) form of Bond Purchase Agreement, b) form of Second Supplement to Development Special Tax Bonds Fiscal Agent Agreement, c) form of Office Special Tax Bonds Fiscal Agent Agreement, d) form of Shoreline (Zone 1) Special Tax Bonds Fiscal Agent Agreement, e) form of Continuing Disclosure Certificate, f) form of Preliminary Official Statement, and authorizing and directing the Executive Director to cause the package to be submitted to the Board of Supervisors and to work with the Director of the Office of Public Finance to finalize and cause the distribution of the Preliminary Official Statement and the issuance of the Bonds and (2) interpreting the Rate and Method of Apportionment of Special Tax for the Mission Rock Special Tax District.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution No. 23-41

EXECUTIVE SUMMARY

Seawall Lot 337 Associates, LLC, a Delaware limited liability company (“Master Developer”) and the City, acting by and through the Port, are parties to a Disposition and Development Agreement (as amended from time to time, “DDA”), including a Financing

Plan (as amended from time to time, “Financing Plan”), that governs the disposition and development of certain parcels in the jurisdiction of the Port, including Seawall Lot 337.

After more than a decade of planning, the Mission Rock Project at Seawall Lot 337 is nearing completion of Phase 1. Three of four buildings have received Temporary Certifications of Occupancy (TCOs) and the fourth is expected to receive TCO in mid-2024. The first residents moved into Parcel A, the Canyon, in June 2024, and tenant improvements for Parcel G, the future Visa headquarters, are underway.

The City will issue bonds using tax increment financing and special taxes to finance horizontal infrastructure at the Project. Previously, the City issued three series of bonds payable from the Development Special Tax (offset by tax increment from Project Area I (as defined below)) in the amounts of \$43.3M, \$54.28M, and \$10.0M. The proposed 2023 Bonds (the “Bonds” or “2023 Bonds”) will be issued in up to four series secured by the Development Special Tax (a tax-exempt series), the Office Special Tax (a tax-exempt series and a taxable series), and the Shoreline Special Tax (a tax-exempt series) levied in Zone 1 of the CFD (as defined below), respectively. Based on current market conditions, Stifel, Nicolaus & Company, Inc., the lead underwriter of the financing, projects the total bond amount to be \$47.0 million consisting of a Development Special Tax series of \$9.1 million, an Office Tax series totaling \$19.5 million, and a Shoreline Zone 1 Tax series of \$18.4 million based upon current market conditions. These amounts would maintain a 110% bond debt service coverage ratio and a minimum 3-to-1 value-to-lien ratio based on the appraised value of the site.

Staff is recommending that the Board of Supervisors clarify that the Rate and Method of Apportionment of Special Taxes (the “RMA”) for the CFD should be administered to treat the Shoreline Special Tax levied in Tax Zone 1 and the Shoreline Special Tax levied in Tax Zone 2 as separate special taxes.

STRATEGIC PLAN

This item and the Mission Rock Project as a whole support the efforts of the Port’s Strategic Plan to enhance and balance the Port’s maritime and economic purpose, rich history, and changing relationship with the City so the waterfront continues to be a treasured destination.

The item specifically supports two strategies:

1. **Productivity.** Redevelopment of a surface parking lot in the Mission Rock neighborhood supports the goal of enhancing the economic vitality of the Port. The Port aims to work with the City’s Controller’s Office and Board of Supervisors to issue public financing bonds to fund infrastructure development.
2. **Stability.** Establishment of IFD and CFD financing districts is projected to have the capacity to fund a variety of Port capital projects.

PROJECT BACKGROUND

At full build-out, the Mission Rock Project will include up to 1,200 units of new, rental housing including 40% below market rate units, 1.4 million square feet of new commercial and office space, rehabilitation of historic Pier 48, space for small-scale manufacturing, retail, and neighborhood services, eight acres of parks and open spaces, and public infrastructure.

Phase 1 of the Project includes four buildings: two primarily residential apartment buildings (Parcel A, “The Canyon”, and Parcel F) totaling 537 units, and two commercial office/life science buildings (Parcel B and Parcel G) totaling approximately 620,000 square feet. Parcel G will serve as Visa’s global headquarters. Phase 1 also features nearly five acres of parks and open spaces, including pedestrian paseos and China Basin Park. The Project’s district-scale private utility systems – a blackwater recycling system and a thermal energy system – have also been constructed in Phase 1.

Phase 1 horizontal and vertical improvements are nearing completion. Parcels G, A, and B have received Temporary Certificates of Occupancy, and Parcel F is expected to be completed in Q2 2024. Both the Street Improvement Permit (SIP) and China Basin Park infrastructure are well underway. SIP work is complete around three of the vertical buildings with the remainder expected to be complete by early 2024. China Basin Park is currently progressing towards a planned opening in early 2024.

FINANCING BACKGROUND

On September 20, 2019, the Port Commission approved the Phase 1 Budget of the Project, which outlined the expected costs and revenue sources for the phase improvements. The Phase 1 budget included:

- **Project Costs.** Projected hard costs, soft costs, and return on Developer equity for the Phase 1 Horizontal Infrastructure improvements.
- **Projected Revenues.** Sources included:
 - The four Phase 1 prepaid leases
 - Public financing sources including Community Facilities District (CFD) bond proceeds, CFD pay-as-you-go (“pay-go”) taxes (those not dedicated to bond debt service), and Infrastructure Financing District (IFD) pay-go taxes

The original Phase Budget approved on September 24, 2019, totaled \$145.4 million. On August 10, 2021, the Port Commission approved an amended budget of \$184.2 million and an adjustment to China Basin Park construction sequencing. The Developer anticipates the need for one additional budget amendment to complete Phase 1, bringing the total Phase 1 budget to \$214.1 - \$218.5 million. Table 1 below shows the original Phase budget and the 2021 and proposed amendments.

Table 1. Phase 1 Original Budget and Amended Budgets

Cost Item	2019 Port Approved Budget	2021 Port Approved Budget	Revised Budget (low)	Revised Budget (high)
Hard Costs				
Hard Costs	52,659,913	69,385,516	77,240,266	78,198,463
Inland CBP	27,397,300	33,395,979	39,184,050	40,657,253
Owner Costs ¹	9,688,437	5,292,826	2,587,204	2,587,204
<i>Total Hard Costs</i>	<i>89,745,650</i>	<i>108,074,322</i>	<i>119,011,520</i>	<i>121,442,920</i>
Soft Costs				
General	33,583,205	48,476,902	49,463,907	50,158,218
City Costs ²	5,000,000	5,000,000	19,577,000	19,577,000
Developer Items	13,461,848	18,907,674	23,774,409	23,787,637
Open Space	1,652,500	1,652,500	1,004,580	1,004,580
Soft Cost Contingency	1,984,086	1,984,086	1,250,000	2,500,000
<i>Total Soft Costs</i>	<i>55,681,639</i>	<i>76,021,161</i>	<i>95,069,896</i>	<i>97,027,435</i>
Totals	145,427,289	184,095,483	214,081,416	218,470,355

1. Owner Costs include contingency funds for hard costs. As the project progressed, these funds were reallocated to the Hard Costs and Inland CBP line items, which is why Owner Costs decreased over time.
2. In the 2019 Approved Budget, City costs were included in the General Soft Costs line item.

To provide funding for horizontal infrastructure at the site, the Development includes two tax districts. The Board passed an ordinance establishing Project Area I (Mission Rock) (“Project Area I”) of Infrastructure Financing District No. 2 (Port of San Francisco) (the “IFD”) on February 27, 2018, which the Mayor signed on March 6, 2018. On April 14, 2020, the Board of Supervisors passed a resolution approving the formation of the Mission Rock Special Tax District on No. 2020-1 (Mission Rock Facilities and Services) (the “CFD”), which the Mayor signed on April 24, 2020. On May 5, 2020, after a public hearing and landowner vote, the Board approved a resolution determining a not to exceed bond indebtedness limit of \$3,700,000,000 for the CFD, which the Mayor signed on May 15, 2020. The Board of Supervisors passed an ordinance levying special taxes within the CFD on May 12, 2020, which the Mayor signed on May 22, 2020.

The two tax districts provide the revenues for the bonds discussed in this report. The IFD generates revenues by capturing tax increment generated in Project Area I, the increase in ad valorem (property) taxes within Project Area I above the base year of 2017-2018.

The CFD includes four separate special taxes:

1. **Development Special Tax** – funds horizontal infrastructure on the site; expected 45-year life
2. **Office Special Tax** – funds horizontal infrastructure on the site; 120-year life

3. **Shoreline Special Tax** – a source for ongoing shoreline protection studies and facilities; Shoreline Taxes from Phase I can also fund horizontal infrastructure on the site; 120-year life
4. **Contingent Services Special Tax** – funds ongoing maintenance and services of the area if the Master Association does not provide these services

The proposed bond issuance will utilize a combination of the Development Special Tax (with offsets by IFD tax increment from Project Area I), the Office Special Tax, and the Shoreline Special Tax levied in Zone 1 of the CFD (“Shoreline (Zone 1) Special Tax”).

On October 27, 2020, the Port Commission approved a resolution recommending that the Board of Supervisors approve the first Mission Rock CFD financing, including the issuance of bonds in an aggregate principal amount not to exceed \$50,100,000. On December 8, 2020, the Board of Supervisors approved a resolution authorizing (i) the City to issue Development Special Tax Bonds in an amount not to exceed \$43,300,000, (ii) the execution and delivery of related financing documents.

On March 23, 2021, the Port Commission approved a resolution recommending that the Board of Supervisors approve the second Mission Rock CFD financing, including the issuance of bonds in an aggregate principal amount not to exceed \$68,000,000. On May 11, 2021, the Board of Supervisors approved a resolution authorizing (i) the City to issue Development Special Tax Bonds in an amount not to exceed \$64,900,000, (ii) the execution and delivery of related financing documents, and (iii) a Pledge Agreement to specify repayment of the authorized bonds.

Note that the Board of Supervisors’ not-to-exceed bond amounts were less than the Port Commission’s not-to-exceed bond amounts because the CFD land appraiser updated its appraisals between these hearings and reduced the appraised value.

Based on these approvals, the City issued three series of Development Special Tax bonds in 2021. On May 27, 2021, the City issued \$43,300,000 in Development Special Tax Bonds, Series 2021A. On November 10, 2021, the City issued \$54,280,000 in Development Special Tax bonds, Series 2021B (taxable), and \$10,000,000 in Development Special Tax bonds Series 2021C (tax-exempt).

CFD SPECIAL TAX BONDS

Bond Sizing

Two factors limit the amount of CFD special tax bonds sold: 1) the ongoing tax revenue capacity; and 2) an appraisal of the value of the leasehold interests within the CFD.

Ongoing tax capacity less administrative expenses must be at least 110 percent of the debt service requirement on any CFD special tax bonds. For example, if the annual debt service payments are \$1.0 million, the annual CFD special tax revenue after paying administrative expenses must be at least \$1.1 million. Table 2 below shows the Development, Office, and Shoreline tax revenues for Fiscal Year 2023-24. Table 3 shows

the amount of debt service available that could be payable from each special tax while maintaining 110 percent coverage.

Table 2. FY2023-24 Special Taxes by Parcel

Parcel		Development Special Tax Levy	Office Special Tax Levy	Shoreline (Zone 1) Special Tax Levy	Total Special Tax Levy
Parcel A	\$1,614,246	\$87,522	\$82,964	\$1,784,732	
Parcel B	\$1,822,232	\$538,259	\$510,225	\$2,870,717	
Parcel G	\$1,993,407	\$588,410	\$557,764	\$3,139,580	
Parcel F	\$1,181,237	\$45,651	\$43,274	\$1,270,162	
Subtotal	\$6,611,122	\$1,259,843	\$1,194,226	\$9,065,191	

Source: Goodwin Consulting Group

Table 3. 2023-24 Special Taxes, Projected Debt Service, and Bond Coverage

Special Tax	Outstanding Bonds Debt Service	2023 Bonds Debt Service	Total Debt Service	Expected Max Tax Revenues	Bond Coverage
Development	\$5,521,775	\$464,087	\$5,985,862	\$6,589,422	110%
Office	\$0	\$1,056,124	\$1,056,124	\$1,162,093	110%
Shoreline (Zone 1)	\$0	\$995,675	\$995,675	\$1,096,476	110%

Notes: The table above only shows 2023-24 Sept. 1 bond year as the first year for illustrative purposes. Special Taxes and Debt Services generally increase by 2 percent annually. All tax revenues are net of administrative costs. Source: Stifel, Nicolaus & Company, Inc.

Because the City will foreclose on the taxable leasehold interests in the Mission Rock CFD if lessees are delinquent in the payment of the Development Special Tax, the value of the leasehold interests – determined by an appraisal – is an important credit consideration for purchasers of the Bonds. Under the City’s *Amended and Restated Local Goals and Policies for Community Facilities Districts and Special Tax Districts*, the City must sell the Bonds to achieve at least a 3-to-1 value-to-lien ratio based on 1) the appraised value or the assessed value of the leasehold interests in the taxable parcels in the Mission Rock CFD and 2) special tax and assessment debt encumbering such leasehold interests (including the Bonds). This policy means that the value of the leasehold interests in the Mission Rock CFD must be three times the outstanding amount of the Bonds and any other special tax and assessment debt.

Integra Realty Resources, Inc. (the “Appraiser”) is currently preparing an Appraisal Report estimating the market value of the leasehold interests within the Mission Rock CFD. The initial estimated value is expected to be approximately \$700 million, which would achieve a value-to-lien ratio in excess of 3-to-1. Based on these expectations, staff anticipates the appraised value to not be the limiting factor in the amount of bonds issued.

Based upon the tax revenue capacity and appraised value, the CFD will support a \$9.1M Development Tax bond, a \$19.5M Office Tax bond, and a \$18.4M Shoreline Tax bond based upon current market conditions. Table 4 below summarizes the estimated sources while Table 5 summarizes uses for the three bond series, based on current market conditions and the current appraised value.

Table 4. Estimated Sources of the Special Tax Bonds

Sources	2023 Development Tax	2023 Office Tax	2023 Shoreline (Zone 1) Tax	Total
Bond Proceeds				
Par Amount	9,120,000.00	19,520,000.00	18,405,000.00	47,045,000.00
OID	-262,844.20	-643,700.20	-607,164.50	-1,513,708.90
Total Sources	8,857,155.80	18,876,299.80	17,797,835.50	45,531,291.10

Table 5. Estimated Uses of the Special Tax Bonds

Uses	2023 Development Tax	2023 Office Tax	2023 Shoreline Tax	Total
Project Fund	7,656,762.96	16,370,585.65	15,435,021.96	39,462,370.57
Debt Service Reserve Fund	869,735.89	1,797,992.27	1,695,517.37	4,363,245.53
<i>Delivery Date Expenses:</i>				
Cost of Issuance	193,856.95	414,921.88	391,221.17	1,000,000.00
Underwriter's Discount	136,800.00	292,800.00	276,075.00	705,675.00
Total Uses	8,857,155.80	18,876,299.80	17,797,835.50	45,531,291.10

Source: Stifel, Nicolaus & Company, Inc.

Municipal Market Context

Current municipal market rates are no longer at historically low levels. Since early 2022, interest rates have risen rapidly, significantly increasing the costs of borrowing. Currently, the municipal market is experiencing some volatility so we do not know what rates will be at the time of pricing. As such, we have included an interest rate sensitivity analysis below. Table 6 below shows project proceeds at current market interest rates versus a 100 basis point increase, a 100 basis point decrease, and a 150 basis point decrease in interest rates.

Table 6. Impact of Interest Rate Changes

	Plus 100 bps	Current Market	Less 100 bps	Less 150 bps
Bond Par	\$40,860,000	\$47,045,000	\$54,060,000	\$58,335,000
Project Fund	34,067,772	39,462,371	45,964,296	49,891,048
Total Debt Service	96,418,654	101,767,573	104,840,543	106,520,454

CFD Bonds, backed by CFD Taxes and Tax Increment

It is anticipated that the proposed Bonds will be issued in three series that are secured by a pledge of the Development Special Tax, Office Special Tax (“Office Special Tax Bonds”), and Shoreline (Zone 1) Special Tax (“Shoreline (Zone 1) Special Tax Bonds”) levied on taxable property in the Mission Rock CFD in accordance with Ordinance 79-20 and the RMA adopted at formation.

As with the first and second authorized financings, this proposed Mission Rock financing will utilize both CFD and IFD sources. The Development Special Tax Bonds will be secured by a pledge of Development Special Taxes and allow tax increment generated in Project Area I to “offset” the CFD Development Special Taxes. The offset increases the value of the Port’s land by reducing the long-term tax burden on the site. Under this offset structure, a tax increment from one year acts as a credit for the next year’s CFD Development Special Tax obligation. Tax increment is expected to be available to fully offset the CFD Development Special Taxes once the Phase 1 properties are fully assessed. The second and third series of Bonds will be secured by only the Office Special Tax and only the Shoreline (Zone 1) Special Tax respectively.

The Port executed Vertical Parcel Leases for Parcel G on June 25, 2020, and Parcels A, B, and F on October 6, 2020. The execution of the Parcel Leases initiated a more than 24-month countdown for levying the Mission Rock CFD special tax on Developed Property, as the levy on Developed Property began in the Fiscal Year after the 24-month anniversary of Parcel Lease execution. Thus, the Mission Rock CFD special tax levy on Developed Property for Parcel G began in FY 2022-23 and for Parcels A, B, and F in FY 2023-24.

Before then, the Development Special Tax was levied on the undeveloped property based upon each parcel’s expected square footage and use, in accordance with the RMA approved by the Board, to provide revenues to fund any debt service obligations. The IFD Project Area I tax increment offset mechanism will begin when the Assessor finalizes the assessment of each parcel, and the Port and Developer agree upon this value as the Baseline Assessed Value.

The proposed Bonds will be sold without a rating (“Non-Rated”). Non-rated special tax bonds have unique credit considerations and risk factors for investors, which will be discussed in the risk factors sections of the Official Statement for the Bonds. The Bonds are limited obligations of the City, secured by and payable solely from a pledge of the Development, Office, and Shoreline (Zone 1) Special Taxes levied in the Mission Rock CFD and tax increment generated in IFD Project Area I.

The General Fund of the City and the Port Harbor Fund are not liable for the payment of principal or interest on the Bonds, and the credit of the City, the credit of the Port, the General Fund of the City, and the Port Harbor Fund are not pledged to the payment of the Bonds. Other than the Special Taxes and the IFD Project Area I tax increment, the City is not obligated to levy any taxes for repayment of the Bonds.

BENEFITS TO PORT AND PROJECT

Proceeds from the Bonds, anticipated to be priced with interest rates between 5.0 – 6.5 percent, will repay developer equity earning a higher of 18 percent return or 1.5 times peak equity for the phase. The Port determined that the 18 percent return was a market-based rate of return. This replacement of higher-interest developer equity with low-interest public financing is the key financial structure of the deal which preserves the Port's land value in later phases.

An additional \$40 million in special tax bond proceeds would have significant benefits to the project's economics. Replacing higher-cost Developer Capital with bond proceeds eliminates \$550-600k of return to the project, which decreases overall costs over the life of the project.

The bond proceeds from the proposed Bonds will finance or reimburse 1) horizontal improvements for the Project, 2) debt service reserve fund, 3) administrative expenses, and 4) costs of issuance. Proceeds of the Bonds will reimburse the Developer for outstanding costs related to the initial stages of Phase I horizontal improvements (e.g., utilities, streets, sidewalks, parks, etc.).

METHOD OF SALE AND BOND PURCHASE AGREEMENT

Given that the proposed Bonds will be unrated, and the underlying project is a real estate development project, the City's independent municipal advisor recommended a negotiated sale for this transaction. The Bonds will each be secured by either Development Special Taxes, Office Special Taxes, or Shoreline (Zone 1) Special Taxes from specific leasehold interests within the CFD. Earlier this calendar year, the Office of Public Finance (OPF), the Port, and the City's municipal advisor conducted a competitive RFP process to solicit interest and bids for firms in the City's Underwriting Pool to participate in these upcoming underwritings. Five firms responded to the request. Stifel, Nicolaus & Company, Inc. and Piper Sandler & Co. were selected as senior manager and co-manager, respectively, based on relevant experience, team, credit and marketing considerations, ESG and diversity initiatives, and fees.

ADDITIONAL INFORMATION

The proposed Bond financing requires that the Board of Supervisors, as the legislative body of the CFD, adopt a resolution approving the issuance of the Bonds and related documents and actions.

The authorizing resolution is expected to be introduced at a Board of Supervisors meeting later in September 2023. The forms of the financing documents related to the Bonds—including the Bond Purchase Agreement, Second Supplement to the Development Special Tax Bonds Fiscal Agent Agreement, Office Special Tax Bonds Fiscal Agent Agreement, Shoreline (Zone 1) Special Tax Bonds Fiscal Agent Agreement, Preliminary Official Statement, and the Continuing Disclosure Certificate — will also be submitted.

Bond Purchase Agreement

The City intends to pursue a negotiated sale of the Bonds with a sale of the Bonds to the Underwriters. The Bond Purchase Agreement details the terms, covenants, and conditions for the sale of the Bonds to the Underwriters as well as agreements regarding expenses, closing, and disclosure documents.

Fiscal Agent Agreements

The City executed a Fiscal Agent Agreement in connection with the initial series of Development Special Tax Bonds and executed a First Supplement to Development Special Tax Bonds Fiscal Agent Agreement in connection with the second and third series of Development Special Tax Bonds. The Development Special Tax Bonds Fiscal Agent Agreement governs the use of Development Special Taxes and tax increments from IFD Project Area I to pay debt service on the Development Special Tax Bonds. The Development Special Tax Bonds Fiscal Agent Agreement detailed the terms of the initial series of Development Special Tax Bonds, and the First Supplement to Development Special Tax Bonds Fiscal Agent Agreement established the terms of the second and third series of Development Special Tax Bonds, including principal amount, interest rate, redemption, and the conditions for issuance of additional parity bonds. The Second Supplement to Development Special Tax Bonds Fiscal Agent Agreement will establish the terms of the fourth series of Development Special Tax Bonds, including principal amount, interest rate, and redemption. The Fiscal Agent holds Bond proceeds and will disburse them as directed by authorized City and Port representatives.

Separate Fiscal Agent Agreements will govern the Office Special Tax Bonds and the Shoreline (Zone 1) Special Tax Bonds.

Preliminary Official Statement (“POS”)

The POS is distributed to investors prior to the sale of the Bonds and provides information for investors in connection with the public offering by the City of the Bonds. The POS describes the Bonds, the Project, including sources and uses of funds; security for the Bonds (including information about the Mission Rock CFD and IFD Project Area I); risk factors; and other legal matters, among other information. The Appraisal Report will be attached as an appendix to the Official Statement.

Official Statement

The final Official Statement contains the same information as the POS but includes the results of the pricing of the Bonds (i.e., sale results including principal amounts, offering prices, interest rates, and underwriters’ compensation). The preliminary Official Statement is distributed to prospective purchasers of the Bonds and the final Official Statement is distributed to initial purchasers of the Bonds as well as potential future investors.

Under the anti-fraud provisions of the federal securities laws, the City and the Port are required to ensure that the POS and the Official Statement are 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. While certain information in the Official Statement will ultimately be provided by the Developer, the Developer will only certify in writing certain aspects of the information in the

final official statement. It is important that the information provided by all parties is accurate and complete in all material respects. “Material” in this context means that there is a substantial likelihood that the information would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Bonds. The draft Preliminary Official Statement has been submitted for the Port Commission’s review before 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 municipal advisor with respect to the Bonds. For purposes of the Securities and Exchange Act of 1934, the Controller or Director of the Office of Public Finance will certify, on behalf of the City, that the Preliminary and Final Official Statements are “deemed final” as of their respective dates.

INTERPRETATION OF THE RMA

Section I of the RMA authorizes the City to interpret, clarify, and revise the RMA to correct any inconsistency, vagueness, or ambiguity, as long as such interpretation, clarification or revision does not materially affect the levy of the Special Taxes and any security for any Bonds (as those terms are defined in the RMA).

The Board of Supervisors formed the CFD under Chapter 43, Article X of the San Francisco Administrative Code (the “Code”). Section 43.10.5 authorizes the Board of Supervisors to take any actions or make any determinations which it determines are necessary or convenient to carry out the purposes of the Code and which are not otherwise prohibited by law.

Staff recommends that the Board of Supervisors clarify that, because the RMA requires Shoreline Special Tax Bonds (as defined in the RMA) to be secured in a manner that reflects the divisions between the Zone 1 Shoreline Special Taxes and the Zone 2 Shoreline Special Taxes (as those terms are defined in the Financing Plan) as set forth in Financing Plan Section 4.7, the RMA should be administered in a manner that treats the Shoreline Special Tax levied in Tax Zone 1 and the Shoreline Special Tax levied in Tax Zone 2 as separate special taxes, until otherwise provided by the Board of Supervisors without materially affecting the security for any Bonds (as defined in the RMA).

NEXT STEPS

If the resolution is approved, staff will work with the OPF to seek Board approval of the Bonds and related documents. With this approval, OPF will lead the distribution of the POS and sale of the Bonds. Table 7 below shows an estimated timeline of key financing items.

Table 7. Mission Rock CFD Bond Financing Schedule

Item	Date
Port Commission Approval of Resolution	Sept 12, 2023
Introduction of Legislation to Board of Supervisors	Sept 2023
Capital Planning Committee Presentation	Sept 2023
Budget & Finance Committee Hearing	Oct 2023
Board Approval of Legislation	Oct 2023
Sale and Closing of Bonds	Nov/Dec 2023

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Waterfront Development Manager

Nate Cruz, Deputy Director
Finance & Administration

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 23-41

- WHEREAS, The Mission Rock Project at Seawall Lot 337 and Pier 48 is a mixed-use development project that will create up to 1,200 units of housing including 40 percent affordable units, 1.4 million square feet of new office space, and a new waterfront park across from Oracle Park; and
- WHEREAS, After over a decade of planning, the Mission Rock Project is preparing to break ground on horizontal infrastructure construction and vertical development in the coming months; and
- WHEREAS, The Port Commission approved the Mission Rock Project on January 30, 2018, the Board of Supervisors approved the project on February 13, 2018, and on August 15, 2018, the Port and Seawall Lot 337 Associates signed all project-related documents, including a Disposition and Development Agreement that includes a Financing Plan (as amended from time to time, “Financing Plan”); and
- WHEREAS, The Mission Rock Project supports the Port’s efforts to enhance and balance the Port’s maritime and economic purpose, rich history, and changing relationship with the City so the waterfront continues to be a treasured destination; and
- WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code (as it may be amended from time to time, “Code”), which incorporates by reference the Mello-Roos Community Facilities Act of 1982, as amended (“Mello-Roos Act”), the Board of Supervisors previously conducted proceedings to form “City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)” (“CFD”), to authorize the levy of special taxes upon the land within the CFD, which consists of the property comprising the Mission Rock Project, and to authorize the issuance of bonds and other debt secured by said special taxes for the purpose of financing certain improvements (“Authorized Facilities”) and incidental expenses; and
- WHEREAS, Pursuant to Resolution No. 196-20, which was adopted on May 5, 2020 and signed by the Mayor on May 15, 2020, the Board of Supervisors authorized the issuance of up to \$3,700,000,000 of bonded indebtedness and other debt on behalf of the CFD, and directed staff to prepare documentation for such bonded indebtedness and other debt and return to the Board of Supervisors for approval of such documentation; and
- WHEREAS, Under California Government Code Sections 53395 et seq. (“IFD Law”), the Board of Supervisors previously conducted proceedings to form “City and

County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco)" ("IFD") and, within the IFD, Project Area I (including 13 sub-project areas) ("Project Area I"); Project Area I consists of the property comprising the Mission Rock Project; and

WHEREAS, On September 20, 2019, the Port Commission approved Resolution 19-39, which approved the Phase 1 Budget outlining the expected costs and revenue sources for the Mission Rock Project Phase 1 improvements; and

WHEREAS, In the Phase 1 Budget for the Mission Rock Project, the financial sources projected to fund the Mission Rock Project included the four Phase 1 prepaid leases and multiple public financing sources, including CFD bond proceeds, CFD pay-as-you-go (pay-go) taxes, and pay-go tax increment from Project Area I; and

WHEREAS, A CFD bond on unimproved land was one of two early Mission Rock Project sources in the Phase 1 Budget that will limit Developer return on Mission Rock Project expenses; and

WHEREAS, On October 27, 2020, pursuant to Resolution No. 20-48, the Port Commission recommended that the Board of Supervisors, as the legislative body of the Special Tax District, (i) approve the issuance of an initial series of CFD bonds secured by Development Special Taxes ("Development Special Tax Bonds") and (ii) approve related documents and actions; and

WHEREAS, Pursuant to Resolution No. 565-20, which was approved by the Board of Supervisors on December 8, 2020 and signed by the Mayor on December 18, 2020, the Board of Supervisors approved the issuance of such initial series of Development Special Tax Bonds; and

WHEREAS, On May 27, 2021, the City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) issued \$43,300,000 in Development Special Tax Bonds, Series 2021A; and

WHEREAS, On March 23, 2021, pursuant to Resolution No. 21-11, the Port Commission recommended that the Board of Supervisors, as legislative body of the CFD, (i) approve the issuance of a second and third series of Development Special Tax Bonds and (ii) approve related documents and actions; and

WHEREAS, Pursuant to Resolution No. 224-21, which was approved by the Board of Supervisors on May 11, 2021 and signed by the Mayor on May 21, 2021, the Board of Supervisors approved the issuance of the second and third series of Development Special Tax Bonds; and

WHEREAS, On November 10, 2021, City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) issued

\$54,280,000 in Development Special Tax Bonds, Series 2021B (Taxable) and \$10,000,000 in Development Special Tax Bonds, Series 2021C (Tax-Exempt); and

- WHEREAS, The Development Special Tax is levied on leasehold interests in the parcels in the CFD, and the Project Area I tax increment is generated by increases in the assessed value of those leasehold interests; and
- WHEREAS, The primary purpose of pledging the IFD payments to the 2021A Bonds is to reduce and potentially eliminate the need to levy the Development Special Taxes in the CFD; and
- WHEREAS, Port staff is proposing that the City, on behalf of the CFD, issue one or more series of special tax bonds (the “2023 Bonds”) that will be secured by the Development Special Tax, the Office Special Tax, and the Shoreline Special Tax levied in Zone 1 of the CFD (“Shoreline (Zone 1) Special Tax”); and
- WHEREAS, Any Development Special Tax Bonds will be issued on a parity basis with the 2021A, 2021B, and 2021C Development Special Tax Bonds; and
- WHEREAS, As was the case with previous Bonds, the General Fund of the City and Harbor Fund are not liable for the payment of principle or interest on the 2023 Bonds, and the credits of the City and the Port are not pledged to the payment of the 2023 Bonds; and
- WHEREAS, As was the case with previous Development Special Tax Bonds, because the 2023 Bonds will be payable only from Development Special Taxes, Office Special Taxes, Shoreline (Zone 1) Special Taxes, and tax increment from Project Area I, the 2023 Bonds are not subject to policy constraints of the Ten-Year Capital Plan; and
- WHEREAS, Two factors limit the amount of 2023 Bonds that can be sold: (i) ongoing Development Special Tax, Office Special Tax, and Shoreline (Zone 1) Special Tax capacity (after paying for administrative expenses) must be at least 110 percent of the debt service on Bonds secured by each tax and (ii) the City’s *Amended and Restated Local Goals and Policies for Community Facilities Districts and Special Tax Districts* generally require the City to sell the 2023 Bonds to achieve at least a 3-to-1 value-to-lien ratio based on (A) the appraised value or the assessed value of the leasehold interests in the taxable property in the CFD and (B) the special tax and assessment debt encumbering such leasehold interests, including the 2023 Bonds and all the outstanding Development Special Tax Bonds; and
- WHEREAS, Integra Realty Resources, Inc. prepared a draft Appraisal Report, which estimates that the market value of the leasehold interests in 11 of the 12 blocks within the CFD is approximately \$700 million; Parcel D2 is not

included in the Appraisal Report because, as a parking facility, it is not subject to Development Special Tax, and Pier 48 is not part of the CFD presently; and

WHEREAS, Staff is proposing a not to exceed principal amount of the 2023 Bonds of \$58,335,000, which would achieve a value-to-lien ratio of at least 3-to-1 based on the current appraised value and the principal amount of the outstanding Development Special Tax Bonds estimated at \$107,580,000; and

WHEREAS, The 2023 Bonds will be sized based on the Development Special Taxes, Office Special Taxes, and Shoreline (Zone 1) Special Taxes that may be levied on the leasehold interests in the four Phase 1 parcels, and the Special Tax capacity of those four parcels exceeds the 110 percent coverage requirements for the 2023 Bonds if they are issued in the estimated amounts of \$9,120,000 for Development Special Tax Bonds, \$19,520,000 for the Office Special Tax Bonds, and \$18,405,000 for the Shoreline (Zone 1) Special Tax Bonds; and

WHEREAS, The 2023 Bond proceeds will 1) finance or reimburse entitlements and horizontal improvements for the Project, 2) fund debt service reserve funds for the 2023 Bonds, 3) fund administrative expenses, and 5) finance costs of issuance; and

WHEREAS, The City's municipal advisor recommends a negotiated sale for the 2023 Bonds; and

WHEREAS, The 2023 Bonds will be issued pursuant to separate fiscal agent agreements, each by and between the City, for and on behalf of the CFD, and Zions Bancorporation, National Association; and

WHEREAS, The 2023 Bonds will be marketed to potential investors by distribution of a Preliminary Official Statement, and the 2023 Bonds will be sold to the underwriters, Stifel, Nicolaus & Company, Inc, and Piper Sandler & Co. (the "Underwriters") pursuant to a bond purchase agreement ("Bond Purchase Agreement") between the City and the Underwriter; and

WHEREAS, The Port Commission wishes to recommend that the Board of Supervisors, as legislative body of the CFD, adopt a resolution approving the issuance of the 2023 Bonds and related documents and actions; and

WHEREAS, The Port Commission further wishes to recommend that the Board of Supervisors, as legislative body of the IFD, adopt a resolution approving certain documents and actions related to the issuance of the 2023 Bonds, although no changes to or amendments of the Pledge Agreement is required in connection with the issuance of the 2023 Bonds; and

- WHEREAS, The forms of the proposed Board of Supervisors resolutions, the Second Supplement to Fiscal Agent Agreement for the Development Special Tax Bonds, separate Fiscal Agent Agreements for the Office Special Tax Bonds and the Shoreline (Zone 1) Special Tax Bonds, the Preliminary Official Statement, and the Bond Purchase Agreement are on file with the Secretary of the Port Commission; and
- WHEREAS, The Commissioners have had the opportunity to review the information in the Preliminary Official Statement; and
- WHEREAS, Section I of the Rate and Method of Apportionment of Special Taxes (“Rate and Method”) for the CFD authorizes the City to interpret, clarify and revise the Rate and Method to correct any inconsistency, vagueness or ambiguity, as long as such interpretation, clarification or revision does not materially affect the levy of the Special Taxes and any security for any Bonds (as those terms are defined in the Rate and Method); and
- WHEREAS, Code Section 43.10.5 authorizes the Board of Supervisors to take any actions or make any determinations which it determines are necessary or convenient to carry out the purposes of the Code and which are not otherwise prohibited by law; and
- WHEREAS, The Port Commission further wishes to recommend that the Board of Supervisors clarify that, because the Rate and Method requires Shoreline Special Tax Bonds (as defined in the Rate and Method) to be secured in a manner that reflects the divisions between the Zone 1 Shoreline Special Taxes and the Zone 2 Shoreline Special Taxes (as those terms are defined in the Financing Plan) as set forth in Financing Plan Section 4.7, the Rate and Method shall be administered in a manner that treats the Shoreline Special Tax levied in Tax Zone 1 and the Shoreline Special Tax levied in Tax Zone 2 as separate special taxes, until otherwise provided by the Board of Supervisors without materially affecting the security for any Bonds (as defined in the Rate and Method); now therefore be it
- RESOLVED, That the foregoing recitals are all true and correct; and, be it
- RESOLVED, That the Port Commission recommends that the Board of Supervisors, as legislative body of the CFD, adopt a resolution (i) approving the issuance of the 2023 Bonds in one or more series in the aggregate principal amount not to exceed the lesser of (A) \$58,335,000 and (B) such lower amount required to achieve a 3-to-1 value-to-lien ratio; and (ii) approving related documents and actions; and, be it
- RESOLVED, That the Port Commission recommends that the Board of Supervisors, as legislative body of the IFD, adopt a resolution approving certain documents and actions related to the issuance of the 2023 Bonds; and, be it

RESOLVED, That the Port Commission recommends that the Board of Supervisors clarify that, because the Rate and Method requires Shoreline Special Tax Bonds (as defined in the Rate and Method) to be secured in a manner that reflects the divisions between the Zone 1 Shoreline Special Taxes and the Zone 2 Shoreline Special Taxes (as those terms are defined in the Financing Plan) as set forth in Financing Plan Section 4.7, the Rate and Method shall be administered in a manner that treats the Shoreline Special Tax levied in Tax Zone 1 and the Shoreline Special Tax levied in Tax Zone 2 as separate special taxes, until otherwise provided by the Board of Supervisors without materially affecting the security for any Bonds (as defined in the Rate and Method); and, be it

RESOLVED, That all actions heretofore taken by the officers and agents of the Port with respect to the establishment of the CFD, the IFD and Project Area I, the sale and issuance of the 2023 Bonds, and the execution and delivery of the documents described herein are hereby approved, confirmed and ratified, and the appropriate officers of the Port are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements, and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2023 Bonds in accordance with this resolution, provided that no such actions shall increase the risk to the City or Port or require the City or Port to spend any resources not otherwise described herein; and, be it

RESOLVED, That the Port Commission hereby authorizes the Executive Director to cause the resolutions and documents described herein to be submitted to the Board of Supervisors and to work with the Director of the Office of Public Finance to finalize and cause the distribution of the Preliminary Official Statement

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 12, 2023.

DocuSigned by:

Secretary
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Appendix I. Projected Debt Service and Coverage Tables for Development Special Tax, Office Special Tax, and Shoreline (Zone 1) Special Tax Bonds

Source: Stifel

BOND SOLUTION

City and County of San Francisco Special Tax District No. 2020-1
 2023 Development Tax
 City and County of San Francisco
 Special Tax District No. 2020-1 (Mission Rock)
 Development, Office, and Shoreline Special Tax Bonds

 Preliminary Maximum Sizing at 110% Coverage
 Assumes All Tax-Exempt
 Current Market Conditions as of 9/5/2023

Development Tax

Period Ending	Proposed Principal	Proposed Debt Service	Existing Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Service Coverage
09/01/2024	95,000	464,087	5,521,775	5,985,862	6,589,422	603,560	110.08%
09/01/2025	-	485,550	5,624,575	6,110,125	6,721,210	611,085	110.00%
09/01/2026	15,000	500,550	5,727,175	6,227,725	6,855,635	627,910	110.08%
09/01/2027	35,000	519,800	5,834,375	6,354,175	6,992,747	638,572	110.05%
09/01/2028	60,000	543,050	5,940,775	6,483,825	7,132,602	648,777	110.01%
09/01/2029	80,000	560,050	6,051,175	6,611,225	7,275,254	664,029	110.04%
09/01/2030	100,000	576,050	6,165,175	6,741,225	7,420,759	679,534	110.08%
09/01/2031	125,000	596,050	6,282,375	6,878,425	7,569,175	690,750	110.04%
09/01/2032	295,000	759,800	6,257,375	7,017,175	7,720,558	703,383	110.02%
09/01/2033	335,000	785,050	6,373,175	7,158,225	7,874,969	716,744	110.01%
09/01/2034	205,000	638,300	6,661,100	7,299,400	8,032,469	733,069	110.04%
09/01/2035	235,000	658,050	6,789,963	7,448,013	8,193,118	745,106	110.00%
09/01/2036	255,000	666,300	6,927,350	7,593,650	8,356,980	763,330	110.05%
09/01/2037	275,000	673,550	7,072,213	7,745,763	8,524,120	778,357	110.05%
09/01/2038	310,000	694,800	7,208,625	7,903,425	8,694,602	791,177	110.01%
09/01/2039	335,000	704,300	7,356,388	8,060,688	8,868,494	807,807	110.02%
09/01/2040	370,000	721,713	7,499,188	8,220,900	9,045,864	824,964	110.03%
09/01/2041	400,000	732,288	7,651,625	8,383,913	9,226,782	842,869	110.05%
09/01/2042	440,000	751,288	7,802,450	8,553,738	9,411,317	857,580	110.03%
09/01/2043	475,000	763,188	7,960,938	8,724,125	9,599,544	875,419	110.03%
09/01/2044	515,000	778,250	8,120,838	8,899,088	9,791,534	892,447	110.03%
09/01/2045	560,000	794,281	8,281,163	9,075,444	9,987,365	911,921	110.05%
09/01/2046	605,000	807,781	8,450,988	9,258,769	10,187,112	928,344	110.03%
09/01/2047	660,000	828,750	8,613,863	9,442,613	10,390,855	948,242	110.04%
09/01/2048	710,000	841,625	8,789,000	9,630,625	10,598,672	968,047	110.05%
09/01/2049	775,000	866,688	8,959,688	9,826,375	10,810,645	984,270	110.02%
09/01/2050	855,000	903,094	8,590,000	9,493,094	11,026,858	1,533,764	116.16%
09/01/2051	-	-	8,777,600	8,777,600	11,247,395	2,469,795	128.14%
09/01/2052	-	-	-	-	11,472,343	11,472,343	-
09/01/2053	-	-	-	-	11,701,790	11,701,790	-
	9,120,000	18,614,281	201,290,925	219,905,206	267,320,194	47,414,988	

Notes:

1. Preliminary and subject to change.
2. Interest rate assumptions are based on current market conditions and similar credits.
3. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
4. Costs of issuance and underwriter's discount are estimates for discussion purposes.
5. Each reserve sized on a stand-alone basis.
6. Revenue Constraints reflect Net Special Taxes after deduction of Admin Costs.

BOND DEBT SERVICE

City and County of San Francisco Special Tax District No. 2020-1
 2023 Development Tax
 City and County of San Francisco
 Special Tax District No. 2020-1 (Mission Rock)
 Development, Office, and Shoreline Special Tax Bonds

 Preliminary Maximum Sizing at 110% Coverage
 Assumes All Tax-Exempt
 Current Market Conditions as of 9/5/2023

Development Tax

Dated Date 11/30/2023
 Delivery Date 11/30/2023

Period Ending	Principal	Interest	Debt Service
09/01/2024	95,000	369,086.94	464,086.94
09/01/2025	-	485,550.00	485,550.00
09/01/2026	15,000	485,550.00	500,550.00
09/01/2027	35,000	484,800.00	519,800.00
09/01/2028	60,000	483,050.00	543,050.00
09/01/2029	80,000	480,050.00	560,050.00
09/01/2030	100,000	476,050.00	576,050.00
09/01/2031	125,000	471,050.00	596,050.00
09/01/2032	295,000	464,800.00	759,800.00
09/01/2033	335,000	450,050.00	785,050.00
09/01/2034	205,000	433,300.00	638,300.00
09/01/2035	235,000	423,050.00	658,050.00
09/01/2036	255,000	411,300.00	666,300.00
09/01/2037	275,000	398,550.00	673,550.00
09/01/2038	310,000	384,800.00	694,800.00
09/01/2039	335,000	369,300.00	704,300.00
09/01/2040	370,000	351,712.50	721,712.50
09/01/2041	400,000	332,287.50	732,287.50
09/01/2042	440,000	311,287.50	751,287.50
09/01/2043	475,000	288,187.50	763,187.50
09/01/2044	515,000	263,250.00	778,250.00
09/01/2045	560,000	234,281.26	794,281.26
09/01/2046	605,000	202,781.26	807,781.26
09/01/2047	660,000	168,750.00	828,750.00
09/01/2048	710,000	131,625.00	841,625.00
09/01/2049	775,000	91,687.50	866,687.50
09/01/2050	855,000	48,093.76	903,093.76
	9,120,000	9,494,280.72	18,614,280.72

Notes:

1. Preliminary and subject to change.
2. Interest rate assumptions are based on current market conditions and similar credits.
3. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
4. Costs of issuance and underwriter's discount are estimates for discussion purposes.
5. Each reserve sized on a stand-alone basis.
6. Revenue Constraints reflect Net Special Taxes after deduction of Admin Costs.

BOND SOLUTION

**City and County of San Francisco Special Tax District No. 2020-1
2023 Office Tax**

**City and County of San Francisco
Special Tax District No. 2020-1 (Mission Rock)
Development, Office, and Shoreline Special Tax Bonds**

**Preliminary Maximum Sizing at 110% Coverage
Assumes All Tax-Exempt
Current Market Conditions as of 9/5/2023**

Office Tax

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Service Coverage
09/01/2024	260,000	1,056,124	1,056,124	1,162,093	105,969	110.03%
09/01/2025	30,000	1,074,581	1,074,581	1,185,335	110,754	110.31%
09/01/2026	55,000	1,098,081	1,098,081	1,209,042	110,960	110.10%
09/01/2027	80,000	1,120,331	1,120,331	1,233,222	112,891	110.08%
09/01/2028	105,000	1,141,331	1,141,331	1,257,887	116,556	110.21%
09/01/2029	135,000	1,166,081	1,166,081	1,283,045	116,963	110.03%
09/01/2030	165,000	1,189,331	1,189,331	1,308,705	119,374	110.04%
09/01/2031	195,000	1,211,081	1,211,081	1,334,880	123,798	110.22%
09/01/2032	230,000	1,236,331	1,236,331	1,361,577	125,246	110.13%
09/01/2033	265,000	1,259,831	1,259,831	1,388,809	128,977	110.24%
09/01/2034	305,000	1,286,581	1,286,581	1,416,585	130,004	110.10%
09/01/2035	345,000	1,311,331	1,311,331	1,444,917	133,585	110.19%
09/01/2036	390,000	1,339,081	1,339,081	1,473,815	134,734	110.06%
09/01/2037	435,000	1,364,581	1,364,581	1,503,291	138,710	110.17%
09/01/2038	485,000	1,392,831	1,392,831	1,533,357	140,526	110.09%
09/01/2039	535,000	1,418,581	1,418,581	1,564,024	145,443	110.25%
09/01/2040	590,000	1,445,494	1,445,494	1,595,305	149,811	110.36%
09/01/2041	650,000	1,474,519	1,474,519	1,627,211	152,692	110.36%
09/01/2042	715,000	1,505,394	1,505,394	1,659,755	154,361	110.25%
09/01/2043	785,000	1,537,856	1,537,856	1,692,950	155,094	110.09%
09/01/2044	855,000	1,566,644	1,566,644	1,726,809	160,165	110.22%
09/01/2045	935,000	1,599,619	1,599,619	1,761,345	161,726	110.11%
09/01/2046	1,015,000	1,628,194	1,628,194	1,796,572	168,378	110.34%
09/01/2047	1,105,000	1,662,369	1,662,369	1,832,504	170,135	110.23%
09/01/2048	1,200,000	1,696,594	1,696,594	1,869,154	172,560	110.17%
09/01/2049	1,300,000	1,730,594	1,730,594	1,906,537	175,943	110.17%
09/01/2050	1,410,000	1,767,469	1,767,469	1,944,667	177,199	110.03%
09/01/2051	1,525,000	1,803,156	1,803,156	1,983,561	180,405	110.00%
09/01/2052	1,645,000	1,837,375	1,837,375	2,023,232	185,857	110.12%
09/01/2053	1,775,000	1,874,844	1,874,844	2,063,697	188,853	110.07%
	19,520,000	42,796,211	42,796,211	47,143,880	4,347,669	

Notes:

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5. Each reserve sized on a stand-alone basis.
6. Revenue Constraints reflect Net Special Taxes after deduction of Admin Costs.

BOND DEBT SERVICE

City and County of San Francisco Special Tax District No. 2020-1
 2023 Office Tax
 City and County of San Francisco
 Special Tax District No. 2020-1 (Mission Rock)
 Development, Office, and Shoreline Special Tax Bonds

 Preliminary Maximum Sizing at 110% Coverage
 Assumes All Tax-Exempt
 Current Market Conditions as of 9/5/2023

Office Tax

Dated Date 11/30/2023
 Delivery Date 11/30/2023

Period Ending	Principal	Interest	Debt Service
09/01/2024	260,000	796,123.67	1,056,123.67
09/01/2025	30,000	1,044,581.26	1,074,581.26
09/01/2026	55,000	1,043,081.26	1,098,081.26
09/01/2027	80,000	1,040,331.26	1,120,331.26
09/01/2028	105,000	1,036,331.26	1,141,331.26
09/01/2029	135,000	1,031,081.26	1,166,081.26
09/01/2030	165,000	1,024,331.26	1,189,331.26
09/01/2031	195,000	1,016,081.26	1,211,081.26
09/01/2032	230,000	1,006,331.26	1,236,331.26
09/01/2033	265,000	994,831.26	1,259,831.26
09/01/2034	305,000	981,581.26	1,286,581.26
09/01/2035	345,000	966,331.26	1,311,331.26
09/01/2036	390,000	949,081.26	1,339,081.26
09/01/2037	435,000	929,581.26	1,364,581.26
09/01/2038	485,000	907,831.26	1,392,831.26
09/01/2039	535,000	883,581.26	1,418,581.26
09/01/2040	590,000	855,493.76	1,445,493.76
09/01/2041	650,000	824,518.76	1,474,518.76
09/01/2042	715,000	790,393.76	1,505,393.76
09/01/2043	785,000	752,856.26	1,537,856.26
09/01/2044	855,000	711,643.76	1,566,643.76
09/01/2045	935,000	664,618.76	1,599,618.76
09/01/2046	1,015,000	613,193.76	1,628,193.76
09/01/2047	1,105,000	557,368.76	1,662,368.76
09/01/2048	1,200,000	496,593.76	1,696,593.76
09/01/2049	1,300,000	430,593.76	1,730,593.76
09/01/2050	1,410,000	357,468.76	1,767,468.76
09/01/2051	1,525,000	278,156.26	1,803,156.26
09/01/2052	1,645,000	192,375.00	1,837,375.00
09/01/2053	1,775,000	99,843.76	1,874,843.76
	19,520,000	23,276,211.45	42,796,211.45

Notes:

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BOND SOLUTION

City and County of San Francisco Special Tax District No. 2020-1 2023 Shoreline Tax

City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock) Development, Office, and Shoreline Special Tax Bonds

Preliminary Maximum Sizing at 110% Coverage
Assumes All Tax-Exempt
Current Market Conditions as of 9/5/2023

Shoreline Tax

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Service Coverage
09/01/2024	245,000	995,675	995,675	1,096,476	100,801	110.12%
09/01/2025	30,000	1,014,956	1,014,956	1,118,406	103,449	110.19%
09/01/2026	50,000	1,033,456	1,033,456	1,140,774	107,318	110.38%
09/01/2027	75,000	1,055,956	1,055,956	1,163,589	107,633	110.19%
09/01/2028	100,000	1,077,206	1,077,206	1,186,861	109,655	110.18%
09/01/2029	125,000	1,097,206	1,097,206	1,210,598	113,392	110.33%
09/01/2030	155,000	1,120,956	1,120,956	1,234,810	113,854	110.16%
09/01/2031	185,000	1,143,206	1,143,206	1,259,506	116,300	110.17%
09/01/2032	215,000	1,163,956	1,163,956	1,284,697	120,740	110.37%
09/01/2033	250,000	1,188,206	1,188,206	1,310,390	122,184	110.28%
09/01/2034	285,000	1,210,706	1,210,706	1,336,598	125,892	110.40%
09/01/2035	325,000	1,236,456	1,236,456	1,363,330	126,874	110.26%
09/01/2036	365,000	1,260,206	1,260,206	1,390,597	130,391	110.35%
09/01/2037	410,000	1,286,956	1,286,956	1,418,409	131,453	110.21%
09/01/2038	455,000	1,311,456	1,311,456	1,446,777	135,321	110.32%
09/01/2039	505,000	1,338,706	1,338,706	1,475,713	137,006	110.23%
09/01/2040	560,000	1,367,194	1,367,194	1,505,227	138,033	110.10%
09/01/2041	615,000	1,392,794	1,392,794	1,535,331	142,538	110.23%
09/01/2042	675,000	1,420,506	1,420,506	1,566,038	145,532	110.25%
09/01/2043	740,000	1,450,069	1,450,069	1,597,359	147,290	110.16%
09/01/2044	805,000	1,476,219	1,476,219	1,629,306	153,087	110.37%
09/01/2045	880,000	1,506,944	1,506,944	1,661,892	154,948	110.28%
09/01/2046	960,000	1,538,544	1,538,544	1,695,130	156,586	110.18%
09/01/2047	1,045,000	1,570,744	1,570,744	1,729,032	158,289	110.08%
09/01/2048	1,135,000	1,603,269	1,603,269	1,763,613	160,344	110.00%
09/01/2049	1,225,000	1,630,844	1,630,844	1,798,885	168,042	110.30%
09/01/2050	1,330,000	1,666,938	1,666,938	1,834,863	167,926	110.07%
09/01/2051	1,435,000	1,697,125	1,697,125	1,871,560	174,435	110.28%
09/01/2052	1,550,000	1,731,406	1,731,406	1,908,992	177,585	110.26%
09/01/2053	1,675,000	1,769,219	1,769,219	1,947,171	177,953	110.06%
	18,405,000	40,357,081	40,357,081	44,481,931	4,124,850	

Notes:

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6. Revenue Constraints reflect Net Special Taxes after deduction of Admin Costs.

BOND DEBT SERVICE

City and County of San Francisco Special Tax District No. 2020-1
 2023 Shoreline Tax
 City and County of San Francisco
 Special Tax District No. 2020-1 (Mission Rock)
 Development, Office, and Shoreline Special Tax Bonds

Preliminary Maximum Sizing at 110% Coverage
Assumes All Tax-Exempt
Current Market Conditions as of 9/5/2023

Shoreline Tax

Dated Date 11/30/2023
 Delivery Date 11/30/2023

Period Ending	Principal	Interest	Debt Service
09/01/2024	245,000	750,674.71	995,674.71
09/01/2025	30,000	984,956.26	1,014,956.26
09/01/2026	50,000	983,456.26	1,033,456.26
09/01/2027	75,000	980,956.26	1,055,956.26
09/01/2028	100,000	977,206.26	1,077,206.26
09/01/2029	125,000	972,206.26	1,097,206.26
09/01/2030	155,000	965,956.26	1,120,956.26
09/01/2031	185,000	958,206.26	1,143,206.26
09/01/2032	215,000	948,956.26	1,163,956.26
09/01/2033	250,000	938,206.26	1,188,206.26
09/01/2034	285,000	925,706.26	1,210,706.26
09/01/2035	325,000	911,456.26	1,236,456.26
09/01/2036	365,000	895,206.26	1,260,206.26
09/01/2037	410,000	876,956.26	1,286,956.26
09/01/2038	455,000	856,456.26	1,311,456.26
09/01/2039	505,000	833,706.26	1,338,706.26
09/01/2040	560,000	807,193.76	1,367,193.76
09/01/2041	615,000	777,793.76	1,392,793.76
09/01/2042	675,000	745,506.26	1,420,506.26
09/01/2043	740,000	710,068.76	1,450,068.76
09/01/2044	805,000	671,218.76	1,476,218.76
09/01/2045	880,000	626,943.76	1,506,943.76
09/01/2046	960,000	578,543.76	1,538,543.76
09/01/2047	1,045,000	525,743.76	1,570,743.76
09/01/2048	1,135,000	468,268.76	1,603,268.76
09/01/2049	1,225,000	405,843.76	1,630,843.76
09/01/2050	1,330,000	336,937.50	1,666,937.50
09/01/2051	1,435,000	262,125.00	1,697,125.00
09/01/2052	1,550,000	181,406.26	1,731,406.26
09/01/2053	1,675,000	94,218.76	1,769,218.76
	18,405,000	21,952,081.23	40,357,081.23

Notes:

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4. Costs of issuance and underwriter's discount are estimates for discussion purposes.
5. Each reserve sized on a stand-alone basis.
6. Revenue Constraints reflect Net Special Taxes after deduction of Admin Costs.



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Anna Van Degna, Bridget Katz and Grant Carson - Controller's Office of Public Finance

DATE: October 3, 2023

SUBJECT: **Resolution Authorizing the Issuance of City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Development Special Tax Bonds, Office Special Tax Bonds, Shoreline (Tax Zone 1) Special Tax Bonds; Not to Exceed Aggregate Principal Amount of \$58,335,000**

Resolution Related to City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) Sub-Project Areas I-1 through I-13 and Development Special Tax Bonds Issued by City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)

RECOMMENDED ACTIONS

We respectfully request that the Board of Supervisors ("Board") consider for review and approval the resolution ("Bond Resolution") which authorizes the issuance of City and County of San Francisco ("City") of three series of bonds for the Special Tax District No. 2020-1 (Mission Rock Facilities and Services) ("Mission Rock CFD") including the Development Special Tax Bonds, the Office Special Tax Bonds, and the Shoreline (Tax Zone 1) Special Tax Bonds in an aggregate amount not to exceed \$58,335,000 described further herein.

The Development Special Tax Bonds will be secured by a pledge of Development Special Taxes which are structured such that tax increment generated in Project Area I would "offset" the CFD Development Special Taxes. We respectfully request that the Board considers for review and approval the resolution ("IFD Resolution") related to the City and County of San Francisco Infrastructure Financing District No. 2 ("IFD No. 2") Sub-Project Areas I-1 through I-13 and Development Special Tax Bonds Issue by the Mission Rock CFD, as further described under Security of the Bonds.

RECENT PORT COMMISSION ACTION

At the meeting on September 12, 2023, the Port Commission approved a resolution (Resolution No. 23-41) recommending that the Board: (1) approve the issuance of Mission Rock Special Tax District Bonds in an aggregate amount not to exceed \$58,335,000 (“Bonds”) and related documents and (2) clarifying that the Rate and Method of Apportionment of Special Taxes (“RMA”) for the CFD should be administered to treat the Shoreline Special Tax levied in Tax Zone 1 and the Shoreline Special Tax levied in Tax Zone 2 as separate special taxes.

PROJECT BACKGROUND

Seawall Lot 337 Associates, LLC, a Delaware limited liability company (the “Master Developer”) and the City, acting by and through the Port, are parties to a Disposition and Development Agreement (as amended from time to time, “DDA”), including a Financing Plan (as amended from time to time, the “Financing Plan”), that governs the disposition and development of certain parcels in the jurisdiction of the Port, including Seawall Lot 337.

After more than a decade of planning, the Mission Rock Project at Seawall Lot 337 is nearing completion of Phase 1. Three of four buildings have received Temporary Certificates of Occupancy (“TCO”) and the fourth building is expected to receive its TCO in mid-2024. The first residents have moved into Parcel A, the Canyon, in June 2023, and tenant improvements for Parcel G, the future Visa headquarters, are underway.

Assuming full build-out is achieved, the Mission Rock Project is ultimately expected to include up to 1,200 units of new rental housing including 40% below market rate units, 1.4 million square feet of new commercial and office space, the rehabilitation of historic Pier 48, space for small-scale manufacturing, retail, and neighborhood services, eight acres of parks and open spaces, and public infrastructure.

Phase 1 of the Mission Rock Project includes four buildings: two primarily residential apartment buildings (Parcel A, “The Canyon”, and Parcel F) totaling 537 units, and two commercial office/life science buildings (Parcel B and Parcel G) totaling approximately 620,000 square feet. Parcel G will serve as Visa’s global headquarters. Phase 1 also features nearly five acres of parks and open spaces, including pedestrian paseos and China Basin Park. The Mission Rock Project’s district-scale private utility systems – a blackwater recycling system and a thermal energy system – have also been constructed in Phase 1.

Phase 1 horizontal and vertical improvements are nearing completion. Parcels G, A, and B have received Temporary Certificates of Occupancy, and Parcel F is expected to be completed in Q2 2024. Both the Street Improvement Permit (SIP) and China Basin Park infrastructure are well underway. SIP work is complete around three of the vertical buildings with the remainder expected to be complete by early 2024. China Basin Park is currently progressing towards a planned opening in early 2024.

PROJECT BUDGET

On September 20, 2019, the Port Commission approved the Phase 1 Budget of the Mission Rock Project, which outlined the expected costs and revenue sources for the phase improvements. The Phase 1 budget included:

- **Project Costs.** Projected hard costs, soft costs, and return on Developer equity for the Phase 1 Horizontal Infrastructure improvements.
- **Projected Revenues.** Sources included:
 - The four Phase 1 prepaid leases
 - Public financing sources including Community Facilities District (CFD) bond proceeds, CFD pay-as-you-go (“pay-go”) taxes (those not dedicated to bond debt service), and Infrastructure Financing District (IFD) pay-go revenues

The original Phase Budget approved on September 24, 2019, totaled \$145.4 million. On August 10, 2021, the Port Commission approved an amended budget of \$184.2 million and an adjustment to China Basin Park construction sequencing. The Developer anticipates the need for one additional budget amendment to complete Phase 1, bringing the total Phase 1 budget to \$214.1 - \$218.5 million. An informational presentation on the Phase 1 Revised Budget was provided to the Port Commission at the meeting on September 12, 2023. The Port Commission is expected to hear and vote on the additional budget increase, bringing the total Phase 1 budget to \$218.5 million, at the October 10, 2023 Commission Meeting.

PUBLIC FINANCING SOURCES

To provide funding for horizontal infrastructure at the site, the Mission Rock Project includes two tax districts. The Board passed an ordinance establishing Project Area I (Mission Rock) (“Project Area I”) of Infrastructure Financing District No. 2 (Port of San Francisco) (the “IFD”) on February 27, 2018, which the Mayor signed on March 6, 2018. On April 14, 2020, the Board of Supervisors passed a resolution approving the formation of the Mission Rock Special Tax District on No. 2020-1 (Mission Rock Facilities and Services) (the “CFD”), which the Mayor signed on April 24, 2020. On May 5, 2020, after a public hearing and landowner vote, the Board approved a resolution determining a not to exceed bond indebtedness limit of \$3,700,000,000 for the CFD, which the Mayor signed on May 15, 2020. The Board of Supervisors passed an ordinance levying special taxes within the CFD on May 12, 2020, which the Mayor signed on May 22, 2020.

The two tax districts provide the revenues for the bonds discussed in this report. The IFD generates revenues by capturing the tax increment generated in Project Area I, consisting of the increase in ad valorem (property) taxes within Project Area I above the base year of 2017-2018.

The CFD includes four separate special taxes:

1. **Development Special Tax** – funds horizontal infrastructure on the site; expected 45-year life
2. **Office Special Tax** – funds horizontal infrastructure on the site; 120-year life

3. **Shoreline Special Tax** – a source for ongoing shoreline protection studies and facilities; Shoreline Taxes from Phase I can also fund horizontal infrastructure on the site; 120-year life
4. **Contingent Services Special Tax** – funds ongoing maintenance and services of the area if the Master Association does not provide these services

The proposed bond issuance will utilize a combination of the Development Special Tax (with expected offsets by IFD tax increment from Project Area I), the Office Special Tax, and the Shoreline Special Tax levied in Zone 1 of the CFD , as further described in Plan of Finance.

Prior Issuances of Special Tax Bonds

On October 27, 2020, the Port Commission approved a resolution recommending that the Board approve the first Mission Rock CFD financing, including the issuance of bonds in an aggregate principal amount not to exceed \$50,100,000. On December 8, 2020, the Board approved a resolution No. 565-20 authorizing (i) the City to issue Development Special Tax Bonds in an amount not to exceed \$43,300,000, (ii) the execution and delivery of related financing documents. On May 27, 2021, the City issued \$43,300,000 in Development Special Tax Bonds, Series 2021A.

On March 23, 2021, the Port Commission approved a resolution recommending that the Board approve the second Mission Rock CFD financing, including the issuance of bonds in an aggregate principal amount not to exceed \$68,000,000. On May 11, 2021, the Board approved a Resolution No. 224-21 authorizing (i) the City to issue Development Special Tax Bonds in an amount not to exceed \$64,900,000, (ii) the execution and delivery of related financing documents, and Resolution No. 225-21 approving a Pledge Agreement for repayment of the authorized bonds with tax increment revenues. On November 10, 2021, the City issued \$54,280,000 in Development Special Tax bonds, Series 2021B (taxable), and \$10,000,000 in Development Special Tax bonds Series 2021C (tax-exempt).

PLAN OF FINANCE

The City plans on issuing special tax bonds secured by the special taxes generated within the CFD. Additionally, the Development Special Tax Bonds will have secondary pledge of tax increment, which is expected to be received after taxable buildings reach a stabilized assessed value, as determined by the Port. The proceeds of the Bonds are expected to reimburse horizontal infrastructure expenses and developer return. The proposed 2023 Bonds (the "Bonds" or "2023 Bonds") will be issued in up to four series secured by the Development Special Tax (a tax-exempt series), the Office Special Tax (a tax-exempt series and a taxable series), and the Shoreline Special Tax (a tax-exempt series) levied in Zone 1 of the CFD (as defined below), respectively.

Two factors limit the amount of CFD special tax bonds sold: 1) tax revenue generating capacity; and 2) the appraised value of the leasehold interests within the CFD.

The tax generating capacity less administrative expenses must be at least 110 percent of the debt service requirement on any CFD special tax bonds.

Because the City covenants to accelerate foreclosure on the taxable leasehold interests in the Mission Rock CFD if lessees are delinquent in the payment of the Development Special Tax, the value of the leasehold interests – as determined by an appraisal – is an important credit consideration for purchasers

of the Bonds. Under the bond covenants and the City's *Amended and Restated Local Goals and Policies for Community Facilities Districts and Special Tax Districts*, the City must achieve at least a 3-to-1 value-to-lien ratio when selling new Bonds. The ratio is based on 1) the appraised value or the assessed value of the leasehold interests in the taxable parcels in the CFD and 2) special tax and assessment debt encumbering such leasehold interests (including the Bonds). This means that the value of the leasehold interests in the CFD must be at least three times the outstanding amount of the Bonds and any other special tax and assessment debt.

Integra Realty Resources, Inc. ("Appraiser") prepared an initial Appraisal Report estimating the market value of the leasehold interests within the CFD. The initial estimated value is expected to be approximately \$699 million, which based on the NTE par amount would achieve a value-to-lien ratio well in excess of 3-to-1. Based on these current market conditions, it is anticipated that the appraised value to not be a limiting factor in the amount of the proposed Bonds.

Based on tax revenue generating capacity and current market conditions, the lead Bond Underwriter (Stifel), projects the total bond amount to be approximately \$47.0 million, consisting of a Development Special Tax series of \$9.1 million, an Office Tax series totaling \$19.5 million, and a Shoreline (Tax Zone 1) Tax series of \$18.4 million. Based on current market interest rates and bond covenant requirements, it is projected that these amounts would maintain at least a 110% bond debt service coverage ratio and a minimum 3-to-1 value-to-lien ratio based on the appraised value of the site. The coverage tables in Appendix I show the estimated amount of debt service available that could be payable from each special tax while maintaining 110% coverage.

Table 2 below summarizes the estimated sources and uses for the three bond series, based on current market conditions as of September 5, 2023.

Table 2. Estimated Sources and Uses of the Special Tax Bonds

Sources	2023 Development Tax	2023 Office Tax	2023 Shoreline (Tax Zone 1) Tax	Total
Bond Proceeds				
Par Amount	\$9,120,000.00	\$19,520,000.00	\$18,405,000.00	\$47,045,000.00
OID	-262,844.20	-643,700.20	-607,164.50	-1,513,708.90
Total Sources	8,857,155.80	18,876,299.80	17,797,835.50	45,531,291.10
Uses				
Project Fund	7,656,762.96	16,370,585.65	15,435,021.96	39,462,370.57
Debt Service Reserve Fund	869,735.89	1,797,992.27	1,695,517.37	4,363,245.53
<i>Delivery Date Expenses:</i>				
Cost of Issuance	193,856.95	414,921.88	391,221.17	1,000,000.00
Underwriter's Discount	136,800.00	292,800.00	276,075.00	705,675.00
Total Uses	\$8,857,155.80	\$18,876,299.80	\$17,797,835.50	\$45,531,291.10

Source: Stifel, Nicolaus & Company, Inc.

Projected Debt Service

Based upon current tax-exempt bond market conditions, assuming a 27-year term for the Development Special Tax Bonds and a 30-year term for the Office and Shoreline Special Tax Bonds, the true interest cost is estimated to be 5.86%. The average annual debt service for the three series of bonds is estimated to be approximately \$3.4 million. The estimated par amount of \$47.045 million is estimated to result in an interest cost of roughly \$54.7 million over the life of the Bonds, for a total debt service estimate of \$101.8 million. Actual results will vary depending on market conditions at the time of the sale.

Security for the Bonds

It is anticipated that the proposed Bonds will be issued in three series that are secured by a pledge of the Development Special Tax, Office Special Tax, and Shoreline (Tax Zone 1) Special Tax levied on taxable property in the Mission Rock CFD in accordance with Ordinance 79-20 and the RMA adopted at formation. Pursuant to the RMA, Parcels A, B, F, and G will be taxed as Developed Property at the maximum Developed, Office, and Shoreline special tax levels, respectively.

The 2023 Development Special Tax Bonds are secured not just by a pledge of Development Special Taxes but also by a secondary pledge of tax increment, which is expected to be generated in Project Area I in the future. The tax increment will be used to “offset” CFD Development Special Taxes in each year received. Under this offset structure, tax increment from one year acts as a credit for the next year’s CFD Development Special Tax obligation. Tax increment is expected to be available to offset the CFD Development Special Taxes once the Phase 1 properties are fully assessed.

The 2023 Office Special Tax Bonds are secured by a pledge of the Office Special Taxes, which is levied on all commercial Developed Property in the Mission Rock CFD.

The 2023 Shoreline (Tax Zone 1) Special Taxes are secured by a pledge of the Shoreline (Tax Zone 1) Special Taxes, which is levied on all commercial Developed Property in Zone 1 of the Mission Rock CFD.

The proposed Bonds will be sold without a rating (“Non-Rated”). Non-rated special tax bonds have unique credit considerations and risk factors for investors, as discussed under “Special Risk Factors” section of the Preliminary Official Statement (“POS”) for the Bonds. In order to mitigate the risk associated with this type of financing, the Bonds are anticipated to be offered and sold only to Qualified Purchasers, as described in “Transfer Restrictions” of the POS. The Bonds are limited obligations of the City, secured by and payable solely from a pledge of the Development, Office, and Shoreline (Tax Zone 1) Special Taxes levied in the Mission Rock CFD and tax increment generated in IFD Project Area I.

Neither the General Fund of the City nor the enterprise funds of the San Francisco Port Commission are liable for the payment of the principal of or interest on any series of the 2023 Bonds, and neither the faith and credit of the City, the Port, the State of California or any political subdivision thereof, nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement for each series of 2023 Bonds), the State of California or any political subdivision thereof is pledged to the payment of the 2023 Bonds.

USE OF PROCEEDS

Proceeds of the Bonds will finance or reimburse 1) horizontal improvements for the Project, 2) a debt service reserve fund, 3) administrative expenses, and 4) costs of issuance.

Proceeds of the Bonds will reimburse the Developer for outstanding costs related to the initial stages of Phase I horizontal improvements (e.g., utilities, streets, sidewalks, parks, etc.).

METHOD OF SALE

Since the proposed Bonds will be unrated and the underlying project is a real estate development project, the City's independent Municipal Advisor (PFM) recommended a negotiated sale for these transactions. Earlier this calendar year, the Office of Public Finance (OPF), the Port, and PFM conducted a competitive RFP process to solicit interest and bids for firms from the City's Underwriting Pool, which was established via a competitive RFQ process, to participate in this upcoming financing program. Five firms responded to the request. Stifel, Nicolaus & Company, Inc. and Piper Sandler & Co. were selected as senior manager and co-manager, respectively, based on relevant experience, team, credit and marketing considerations, ESG and diversity initiatives, and fees.

ADDITIONAL INFORMATION

The Bond Resolution and IFD Resolution are expected to be introduced at the Board of Supervisors meeting on October 3, 2023 and heard at the Budget and Finance Committee meeting on October 18, 2023.

The forms of the financing documents related to the Bonds—including the Bond Purchase Agreement, the Second Supplement to the Development Special Tax Bonds Fiscal Agent Agreement, the Office Special Tax Bonds Fiscal Agent Agreement, the Shoreline (Tax Zone 1) Special Tax Bonds Fiscal Agent Agreement, the Preliminary Official Statement, and the Continuing Disclosure Certificate — will also be submitted.

Bond Purchase Agreement

The City will sell Bonds to the Underwriters on a negotiated basis. The Bond Purchase Agreement details the terms, covenants, and conditions for the sale of the Bonds to the Underwriters as well as agreements regarding expenses, closing, and disclosure documents.

Fiscal Agent Agreements

The City executed a Fiscal Agent Agreement (FAA) in connection with the initial series of Development Special Tax Bonds and executed a First Supplement to the Development Special Tax Bonds FAA in connection with the second and third series of Development Special Tax Bonds. The Development Special Tax Bonds FAA, together with its supplements, governs the use of Development Special Taxes and tax increment from IFD Project Area I to pay debt service on the Development Special Tax Bonds. The Development Special Tax Bonds initial FAA detailed the terms of the initial series of Development Special Tax Bonds, and the First Supplement to Development Special Tax Bonds FAA established the terms of the second and third series of Development Special Tax Bonds, including principal amount, interest rate, redemption, and the conditions for issuance of additional parity bonds. The Second Supplement to Development Special Tax Bonds FAA will establish the terms of the fourth series of Development Special Tax Bonds, including principal amount, interest rate, and redemption. The Fiscal Agent holds Bond proceeds and will disburse them as directed by authorized City and Port representatives.

Separate Fiscal Agent Agreements will govern the Office Special Tax Bonds and the Shoreline (Tax Zone 1) Special Tax Bonds.

Preliminary Official Statement ("POS")

The POS is distributed to investors prior to the sale of the Bonds and provides information for investors in connection with the public offering by the City of the Bonds. The POS describes the Bonds, the Project, including sources and uses of funds; security for the Bonds (including information about the Mission Rock CFD and IFD Project Area I, as applicable for the Development Special Tax Bonds); risk factors; and other legal matters, among other information. The Appraisal Report will be attached as an appendix to the Official Statement.

Official Statement

The final Official Statement contains the same information as the POS but includes the results of the pricing of the Bonds (i.e., sale results including principal amounts, offering prices, interest rates, and underwriters' compensation).

Under the anti-fraud provisions of the federal securities laws, the City and the Port are required to ensure that the POS and the Official Statement contain information that is accurate and complete in all material respects. This obligation attaches to the individual members of the governing bodies approving the document as well as City staff charged with preparing the document. Certain information in the Official Statement will be provided by the Developer, and the Developer will certify in writing about the accuracy of such information. It is important that the information provided by all parties is accurate and complete in all material respects. "Material" in this context means that there is a substantial likelihood that the information would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Bonds. The draft Preliminary Official Statement has been submitted for the Port Commission's review before its publication.

The Board 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. The Controller's Office will certify, on behalf of the City, that the Preliminary and Final Official Statements are "deemed final" as of their respective dates.

Continuing Disclosure Certificate

The City covenants to provide certain financial information and operating data relating to the Bonds, the City and the CFD ("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. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of enumerated 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).

INTERPRETATION OF THE RMA

Section I of the RMA authorizes the City to interpret, clarify, and revise the RMA to correct any inconsistency, vagueness, or ambiguity, as long as such interpretation, clarification or revision does not materially affect the levy of the Special Taxes and any security for any Bonds (as those terms are defined in the RMA).

The Board of Supervisors formed the CFD under Chapter 43, Article X of the San Francisco Administrative Code (the "Code"). Section 43.10.5 authorizes the Board of Supervisors to take any actions or make any determinations which it determines are necessary or convenient to carry out the purposes of the Code and which are not otherwise prohibited by law.

Staff recommends that the Board of Supervisors clarify that, because the RMA requires Shoreline Special Tax Bonds (as defined in the RMA) to be secured in a manner that reflects the divisions between the Zone 1 Shoreline Special Taxes and the Zone 2 Shoreline Special Taxes (as those terms are defined in the Financing Plan) as set forth in Financing Plan Section 4.7, the RMA should be administered in a manner that treats the Shoreline Special Tax levied in Tax Zone 1 and the Shoreline Special Tax levied in Tax Zone 2 as separate special taxes, until otherwise provided by the Board of Supervisors without materially affecting the security for any Bonds (as defined in the RMA).

NEXT STEPS

Table 3 below shows an estimated timeline of key legislative and financing items.

Table 3. Anticipated Mission Rock CFD Bond Legislative and Financing Schedule

Item	Date
Port Commission Approval of Bond Resolution	September 12, 2023
Introduction of Resolutions to Board of Supervisors	October 3, 2023
Port Commission Consideration of Phase 1 Budget	October 10, 2023
Capital Planning Committee Presentation	October 16, 2023
Budget & Finance Committee Hearing	October 18, 2023
Board Approval of Resolutions	October 24, 2023
Sale and Closing of Bonds	November/December 2023

Your consideration of this matter is greatly appreciated. Please contact Anna Van Degna (anna.vandegna@sfgov.org) or Bridget Katz (bridget.katz@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
Anna Duning, Mayor's Budget Director
Ben Rosenfield, Controller
Carmen Chu, City Administrator
Harvey Rose, Budget & Legislative Analyst
Severin Campbell, Budget & Legislative Analyst
Mark Blake, Deputy City Attorney
Kenneth Roux, Deputy City Attorney
Elaine Forbes, Executive Director, Port of San Francisco

Attachment 1

COVERAGE TABLES

City and County of San Francisco
Special Tax District 2020-1 (Mission Rock Facilities and Services)
2023 Special Tax Bonds

Preliminary Debt Service Coverage Table

Development Special Tax Bonds							
Year ⁽¹⁾	Expected Max.		Oustantanding		2023		Development
	Dev't Tax Revenues	Admin Costs	Net Max Dev't Tax	Tax Bonds Debt	Development	Total Parity	
	(2)		Revenues	Service ⁽³⁾	Tax Bonds Debt	Dev't Tax Bonds	Tax Bonds
					Service *	Debt Service *	Coverage *
2024	\$6,611,122	(21,700)	\$6,589,422	\$5,521,775	\$464,087	\$5,985,862	110%
2025	6,743,344	(22,134)	6,721,210	5,624,575	485,550	6,110,125	110%
2026	6,878,211	(22,577)	6,855,635	5,727,175	500,550	6,227,725	110%
2027	7,015,776	(23,028)	6,992,747	5,834,375	519,800	6,354,175	110%
2028	7,156,091	(23,489)	7,132,602	5,940,775	543,050	6,483,825	110%
2029	7,299,213	(23,959)	7,275,254	6,051,175	560,050	6,611,225	110%
2030	7,445,197	(24,438)	7,420,759	6,165,175	576,050	6,741,225	110%
2031	7,594,101	(24,926)	7,569,175	6,282,375	596,050	6,878,425	110%
2032	7,745,983	(25,425)	7,720,558	6,257,375	759,800	7,017,175	110%
2033	7,900,903	(25,934)	7,874,969	6,373,175	785,050	7,158,225	110%
2034	8,058,921	(26,452)	8,032,469	6,661,100	638,300	7,299,400	110%
2035	8,220,099	(26,981)	8,193,118	6,789,963	658,050	7,448,013	110%
2036	8,384,501	(27,521)	8,356,980	6,927,350	666,300	7,593,650	110%
2037	8,552,191	(28,071)	8,524,120	7,072,213	673,550	7,745,763	110%
2038	8,723,235	(28,633)	8,694,602	7,208,625	694,800	7,903,425	110%
2039	8,897,700	(29,205)	8,868,494	7,356,388	704,300	8,060,688	110%
2040	9,075,654	(29,789)	9,045,864	7,499,188	721,713	8,220,901	110%
2041	9,257,167	(30,385)	9,226,782	7,651,625	732,288	8,383,913	110%
2042	9,442,310	(30,993)	9,411,317	7,802,450	751,288	8,553,738	110%
2043	9,631,156	(31,613)	9,599,544	7,960,938	763,188	8,724,126	110%
2044	9,823,780	(32,245)	9,791,534	8,120,838	778,250	8,899,088	110%
2045	10,020,255	(32,890)	9,987,365	8,281,163	794,281	9,075,444	110%
2046	10,220,660	(33,548)	10,187,112	8,450,988	807,781	9,258,769	110%
2047	10,425,073	(34,219)	10,390,855	8,613,863	828,750	9,442,613	110%
2048	10,633,575	(34,903)	10,598,672	8,789,000	841,625	9,630,625	110%
2049	10,846,246	(35,601)	10,810,645	8,959,688	866,688	9,826,376	110%
2050	11,063,171	(36,313)	11,026,858	8,590,000	903,094	9,493,094	116%
2051	11,284,435	(37,039)	11,247,395	8,777,600	-	8,777,600	128%
2052	11,510,123	(37,780)	11,472,343				
2053	11,740,326	(38,536)	11,701,790				

* Preliminary, subject to change

(1) Revenues presented on a fiscal year basis ending on June 30, debt service presented on a bond year basis ending on September 1 in each year.

(2) Expected Maximum Special Tax Revenues for each of Development, Office and Shoreline Taxes, based on current development in Zone 1 of the District. See also Table ____.

(3) Includes debt service on the outstanding Development Special Tax Bonds, Series 2021A, 2021B and 2021C.

City and County of San Francisco
Special Tax District 2020-1 (Mission Rock Facilities and Services)
2023 Special Tax Bonds

Preliminary Debt Service Coverage Table

Office Special Tax Bonds					Shoreline Special Tax Bonds				
Expected Max. Office Tax Revenues ⁽²⁾	Admin Costs	Net Max Dev't Tax Revenues	2023 Office Tax Bonds Debt Service *	Office Tax Bonds Coverage *	Expected Max. Shoreline Tax Revenues ⁽²⁾	Admin Costs	Net Max Dev't Tax Revenues	2023 Shoreline Tax Bonds Debt Service *	Shoreline Tax Bonds Coverage *
\$1,259,843	(97,750)	\$1,162,093	\$1,056,124	110%	\$1,194,226	(97,750)	\$1,096,476	\$995,675	110%
1,285,040	(99,705)	1,185,335	1,074,581	110%	1,218,111	(99,705)	1,118,406	1,014,956	110%
1,310,741	(101,699)	1,209,042	1,098,081	110%	1,242,473	(101,699)	1,140,774	1,033,456	110%
1,336,955	(103,733)	1,233,222	1,120,331	110%	1,267,322	(103,733)	1,163,589	1,055,956	110%
1,363,695	(105,808)	1,257,887	1,141,331	110%	1,292,669	(105,808)	1,186,861	1,077,206	110%
1,390,968	(107,924)	1,283,045	1,166,081	110%	1,318,522	(107,924)	1,210,598	1,097,206	110%
1,418,788	(110,082)	1,308,705	1,189,331	110%	1,344,893	(110,082)	1,234,810	1,120,956	110%
1,447,164	(112,284)	1,334,880	1,211,081	110%	1,371,790	(112,284)	1,259,506	1,143,206	110%
1,476,107	(114,530)	1,361,577	1,236,331	110%	1,399,226	(114,530)	1,284,697	1,163,956	110%
1,505,629	(116,820)	1,388,809	1,259,831	110%	1,427,211	(116,820)	1,310,390	1,188,206	110%
1,535,742	(119,157)	1,416,585	1,286,581	110%	1,455,755	(119,157)	1,336,598	1,210,706	110%
1,566,456	(121,540)	1,444,917	1,311,331	110%	1,484,870	(121,540)	1,363,330	1,236,456	110%
1,597,786	(123,971)	1,473,815	1,339,081	110%	1,514,568	(123,971)	1,390,597	1,260,206	110%
1,629,741	(126,450)	1,503,291	1,364,581	110%	1,544,859	(126,450)	1,418,409	1,286,956	110%
1,662,336	(128,979)	1,533,357	1,392,831	110%	1,575,756	(128,979)	1,446,777	1,311,456	110%
1,695,583	(131,559)	1,564,024	1,418,581	110%	1,607,271	(131,559)	1,475,713	1,338,706	110%
1,729,494	(134,190)	1,595,305	1,445,494	110%	1,639,417	(134,190)	1,505,227	1,367,194	110%
1,764,084	(136,874)	1,627,211	1,474,519	110%	1,672,205	(136,874)	1,535,331	1,392,794	110%
1,799,366	(139,611)	1,659,755	1,505,394	110%	1,705,649	(139,611)	1,566,038	1,420,506	110%
1,835,353	(142,403)	1,692,950	1,537,856	110%	1,739,762	(142,403)	1,597,359	1,450,069	110%
1,872,060	(145,251)	1,726,809	1,566,644	110%	1,774,557	(145,251)	1,629,306	1,476,219	110%
1,909,502	(148,156)	1,761,345	1,599,619	110%	1,810,048	(148,156)	1,661,892	1,506,944	110%
1,947,692	(151,120)	1,796,572	1,628,194	110%	1,846,249	(151,120)	1,695,130	1,538,544	110%
1,986,645	(154,142)	1,832,504	1,662,369	110%	1,883,174	(154,142)	1,729,032	1,570,744	110%
2,026,378	(157,225)	1,869,154	1,696,594	110%	1,920,838	(157,225)	1,763,613	1,603,269	110%
2,066,906	(160,369)	1,906,537	1,730,594	110%	1,959,255	(160,369)	1,798,885	1,630,844	110%
2,108,244	(163,577)	1,944,667	1,767,469	110%	1,998,440	(163,577)	1,834,863	1,666,938	110%
2,150,409	(166,848)	1,983,561	1,803,156	110%	2,038,408	(166,848)	1,871,560	1,697,125	110%
2,193,417	(170,185)	2,023,232	1,837,375	110%	2,079,177	(170,185)	1,908,992	1,731,406	110%
2,237,285	(173,589)	2,063,697	1,874,844	110%	2,120,760	(173,589)	1,947,171	1,769,219	110%

* Preliminary, subject to change

(1) Revenues presented on a fiscal year basis ending on June 30, debt service presented on a bond year basis ending on September 1 in each year.

(2) Expected Maximum Special Tax Revenues for each of Development, Office and Shoreline Taxes, based on current development in Zone 1 of the District. See also Table ____.

(3) Includes debt service on the outstanding Development Special Tax Bonds, Series 2021A, 2021B and 2021C.

Attachment 2

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 Stifel, Nicolaus & Company, Inc., assuming an estimated par of \$47,045,000:

1. True interest cost of the 2023 Bonds: 5.86%
2. Finance charge for the 2023 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): \$1,705,675.
3. Amount of 2023 Bond proceeds expected to be received by the City, net of payments identified in 2 above and any reserve fund that is funded with proceeds of the 2023 Bonds: \$39,462,370.57.
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 2023 Bonds: \$101,767,573.40.

The information set forth above is based on estimates of prevailing market conditions as of September 5, 2023. Actual results may differ.

From: [Conine-Nakano, Susanna \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#); [BLAKE, MARK \(CAT\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Katz, Bridget \(CON\)](#)
Subject: Mayor -- Resolution -- Related to IFD No. 2 (Sub Project Areas I-1 to I-13) for Mission Rock 2023 Bonds
Date: Tuesday, October 3, 2023 4:54:47 PM
Attachments: [Mayor -- Resolution -- Related to IFD No. 2 \(Sub Project Areas I-1 to I-13\) for Mission Rock 2023.zip](#)

Hello Clerks,

Attached for introduction to the Board of Supervisors is a Resolution approving certain documents and actions related to a Pledge Agreement by City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) and Development Special Tax Bonds for City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services); and determining other matters in connection therewith, as defined herein.

@BLAKE, MARK (CAT), can you please reply-all to confirm your approval? Thanks!

Best,
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