

**FIRST AMENDMENT TO
TAX INCREMENT ALLOCATION PLEDGE AGREEMENT
(CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD)**

This FIRST AMENDMENT TO TAX INCREMENT ALLOCATION PLEDGE AGREEMENT (CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD) (this “**First Amendment**”) dated for reference purposes as of _____, 20__ (the “**First Amendment Reference Date**”) is between the CITY AND COUNTY OF SAN FRANCISCO, a charter city and county (the “**City**”), and the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic (the “**Agency**”), in reference to the DDA (as defined herein), by and between the Redevelopment Agency (as defined below) and CP DEVELOPMENT CO., LLC, a Delaware limited liability company (together with its successors, “**Developer**”). Capitalized terms used but not otherwise defined in this First Amendment shall have the meanings for such terms set forth in the DDA.

RECITALS

A. In accordance with the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq.) (the “**CCRL**”), the City approved: (1) the Hunters Point Shipyard Redevelopment Plan by Ordinance No. 285-97, adopted by the Board of Supervisors of the City and County of San Francisco (the “**Board of Supervisors**”) on July 14, 1997; (2) an amendment to the Hunters Point Shipyard Redevelopment Plan by Ordinance No. 211-10, adopted August 3, 2010, providing for the Project; (3) an amendment to the Hunters Point Shipyard Redevelopment Plan by Ordinance No. 122-17, adopted June 22, 2017, providing for the Project; and (4) an amendment to the Hunters Point Shipyard Redevelopment Plan by Ordinance No. 0166-18, adopted July 16, 2018, providing for the Project (collectively and as amended from time to time to the extent permitted under the DDA, the “**Original Shipyard Redevelopment Plan**”). The Original Shipyard Redevelopment Plan provides for the redevelopment, rehabilitation, reuse, and revitalization of the former Hunters Point Naval Shipyard consisting of approximately 1,120 acres along the southeastern waterfront of San Francisco, as described in the Original Shipyard Redevelopment Plan (the “**Shipyard Redevelopment Plan Area**”). The Shipyard Redevelopment Plan Area includes Parcels A through G.

B. The City also approved, in accordance with the CCRL: (1) the Hunters Point Redevelopment Plan by Ordinance No. 25-69, adopted January 20, 1969; (2) an amendment to the Hunters Point Redevelopment Plan by Ordinance No. 280-70, adopted August 24, 1970; (3) an amendment to the Hunters Point Redevelopment Plan by Ordinance No. 475-86, adopted December 1, 1986; (4) an amendment to the Hunters Point Redevelopment Plan by Ordinance No. 417-94, adopted December 12, 1994; (5) an amendment to the Hunters Point Redevelopment Plan by Ordinance No. 113-06, adopted May 23, 2006, under which the Hunters Point Redevelopment Plan: (i) was renamed the Bayview Hunters Point Redevelopment Plan; (ii) the redevelopment project area was enlarged to add Project Area B (as defined in the BVHP Redevelopment Plan); (iii) the financing plan for redevelopment was amended to provide for tax increment financing for Project Area B; and; (6) an amendment to the Hunters Point

Redevelopment Plan by Ordinance No. 210-10, adopted August 3, 2010; (7) an amendment to the Hunters Point Redevelopment Plan by Ordinance No. 121-17, adopted June 22, 2017; and (8) an amendment to the Hunters Point Redevelopment Plan by Ordinance No. 0167-18, adopted July 16, 2018, (iv) Project Area B was split into two zones: Zone 1 corresponding to the Candlestick Point Activity Node, including the Alice Griffith Site and Zone 2 consisting of the remainder of Project Area B (the Bayview Hunters Point Redevelopment Plan, as amended and as amended from time to time to the extent permitted under the DDA, the “**Original BVHP Redevelopment Plan**”). The Original BVHP Redevelopment Plan provides for the redevelopment, rehabilitation, and revitalization of approximately 1,360 acres in the southeastern area of San Francisco north and west of the Shipyard Redevelopment Plan Area, as described in the Original BVHP Redevelopment Plan (the “**BVHP Redevelopment Plan Area**”).

C. The Redevelopment Agency of the City and County of San Francisco (the “**Redevelopment Agency**”) and Developer entered into the DDA and recorded it in the Official Records of the City and County of San Francisco on November 18, 2010 as Document No. 2010-J083660 at Reel K273, Image 427, as amended by the First Amendment to Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated as of December 19, 2012, and recorded in the Official Records of the City and County of San Francisco on February 11, 2013 as Document No. 2013-J601487 at Reel K831, Image 0490, as amended by the Second Amendment to Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated as of December 1, 2014, and recorded in the Official Records of the City and County of San Francisco on December 5, 2014 as Document No. 2014-J984039, as amended by the Third Amendment to Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated as of August 10, 2018, and recorded in the Official Records of the City and County of San Francisco on August 13, 2018 as Document No. 2018-K654875 (collectively, including all attached and incorporated exhibits and as amended from time to time, the “**DDA**”).

D. In connection with the execution of the DDA, the Redevelopment Agency and the City executed and delivered the Tax Increment Allocation Pledge Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) dated for reference purposes only as of June 3, 2010, as attached as Exhibit A (the “**Original Pledge Agreement**”).

E. Under Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) (“**AB 26**”) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, No. S194861, all redevelopment agencies in the State of California, including the Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies, which AB 26 charged with satisfying enforceable obligations of the former redevelopment agencies.

F. In June 2012, the California Legislature adopted legislation amending AB 26 as a trailer bill to the State’s budget bill for the 2012-2013 fiscal year, known as Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) (“**AB 1484**”), and the

Governor signed that bill on June 27, 2012. While AB 26 defined the successor agency to be the sponsoring community, AB 1484 provided that (1) the successor agency is a separate public entity from the public agency that provides for its governance and the two entities shall not merge, (2) the successor agency has its own name and the capacity to sue and be sued, (3) the successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation, and (4) the successor agency is a local entity for purposes of the Ralph M. Brown Act.

G. Pursuant to AB 26 and AB 1484, the Agency was designated as the successor agency to receive the non-affordable housing assets of the Redevelopment Agency, and the Agency succeeds, by operation of law, to the Redevelopment Agency's rights, title and interest in the DDA and the Original Pledge Agreement, without the necessity for any assignment or other action on the part of any party. On October 2, 2012, the City's Board of Supervisors adopted Ordinance 215-12 (File No. 120898) acknowledging that the Agency is a separate legal entity, creating a commission for the Agency (the "**Commission**") as a policy body of the Agency and delegating to the Commission the authority to act in place of the former San Francisco Redevelopment Agency Commission to implement certain projects, including the Project. As required by AB 26, the City also established the oversight board of the Agency (the "**Oversight Board**").

H. The DDA and the Original Pledge Agreement are enforceable obligations within the meaning of AB 26 and AB 1484 ("**Enforceable Obligations**"), and the DDA and the Original Pledge Agreement were in existence prior to June 28, 2011. The Oversight Board has recognized and approved the DDA and the Original Pledge Agreement as Enforceable Obligations, and has approved recognized obligation payment schedules that include various obligations and commitments relating to these Enforceable Obligations. On December 14, 2012, the Department of Finance issued a letter to the Agency pursuant to Health & Safety Code Section 34711.5(i) making its final and conclusive determination approving the DDA, the Original Pledge Agreement, and the affordable housing program funded by the Low and Moderate Income Housing Fund as Enforceable Obligations.

I. California Health and Safety Code Section 34177 provides that the Agency, as a successor agency, is required to (1) perform obligations required pursuant to any Enforceable Obligations, and (2) continue to oversee development of properties until the contracted work has been completed.

J. This First Amendment amends the Original Pledge Agreement and is consistent with and in furtherance of an Enforceable Obligation that existed prior to June 28, 2011, and is in the best interests of the taxing entities. This First Amendment will, by making tax increment financing available for the anticipated buildout horizon of the Project, enable continued private investment in completion of the Project and the winding down of the affairs of the Agency.

K. Mayor London Breed's Executive Directive 23-01 (Housing for All) and the

City's 2023 Housing Element goals and objectives are designed to remove uncertainty in the regulatory review process and streamlining the permitting process so as to accelerate the City's housing production. Implementation of the Project, which requires this First Amendment, will advance the Project's delivery of a range of uses, including the Project's robust housing program, consistent with Executive Directive 23-01 and the Housing Element.

L. On September 13, 2023, the Governor signed Senate Bill 143 ("SB 143") amending Health & Safety Code section 34177.7 to add subdivision (j) which provides that in connection with the development of the Project, the limitations relating to time for establishing loans, advances, and indebtedness, the effectiveness of the Redevelopment Plans, the time to repay indebtedness, the time for applying tax increment, number of tax dollars, or any other matters set forth in Health & Safety Code sections 33333.2 and 33492.13 shall not apply to the Project. Consistent with Section 34177.7(j). SB 143 provides that time limits for those matters referenced in the preceding sentence shall be set forth in project agreements implementing the Project.

M. To implement SB 143, the Board of Supervisors approved (i) an amendment to the Hunters Point Shipyard Redevelopment Plan by Ordinance No. _____, adopted _____, 20__ (the "**2024 Shipyard Plan Amendment**," which together with the Original Shipyard Redevelopment Plan and as further amended from time to time to the extent permitted under the DDA, constitutes the "**Shipyard Redevelopment Plan**") and (ii) an amendment to the Bayview Hunters Point Redevelopment Plan by Ordinance No. _____, adopted _____, 20__ (the "**2024 BVHP Plan Amendment**," which together with the Original BVHP Redevelopment Plan and as further amended from time to time to the extent permitted under the DDA, constitutes the "**BVHP Redevelopment Plan**").

N. The City's, the Agency's, and Developer's actions pursuant to this First Amendment are in furtherance of Proposition G passed by San Francisco voters on June 3, 2008. Consistent with Proposition G:

1. City policy encourages a mixed-use development of the Project Site, which includes the Candlestick Site and the Shipyard Site. At full build-out, this development is anticipated to include: over 300 acres of public park and open space improvements; 10,500 homes for sale or rent; 885,000 square feet of retail uses; about 2,650,000 square feet of green office, science and technology, and research and development uses; a 150,000 square foot hotel; a 10,000 seat arena or other public performance site; a 300 slip marina; and up to 2,500,000 square feet of additional green office, science and technology, research and development, and industrial uses.

2. City policy mandates that the Project: produce tangible community benefits for BVHP and the City; reconnect the Project Site with BVHP and protect BVHP's character for existing residents; produce substantial new affordable and market-rate rental and for-sale housing and encourage rebuilding Alice Griffith; incorporate environmental sustainability; and require the project to be financially sound.

3. Under City Charter section 4.113, the voters authorized the City to transfer for non-recreational use any park land under Recreation and Park Commission jurisdiction within the Candlestick Site free of any park or recreational use restrictions if: the City's approval is conditioned on a binding obligation to create new public park or public open space areas in the Project Site at least equal in size to the transferred park land; and the Board of Supervisors finds that the proposed new public park or public open space areas are suitable and will be dedicated for those purposes and that the transfer will further the objectives for the Project as set forth in Proposition G.

4. The City, the Agency, and other public agencies with jurisdiction over aspects of the Project are to proceed as expeditiously as possible to implement Proposition G and take actions such as adopting land use controls for the Project Site consistent with Proposition G's objectives, subject to public review processes outlined in Proposition G. Finally, by adopting Proposition G, the voters "encourage the Board of Supervisors and other public agencies with applicable jurisdiction to approve such final development plans at the conclusion of the review process . . . so long as the Board of Supervisors and the Mayor then determine that such plans are generally consistent with [Proposition G's] objectives", even if the final development plan for and boundaries of the Project Site are materially different from those identified in Proposition G due to variables such as market changes, economic feasibility, and the 49ers' decision regarding a stadium.

O. As authorized by SB 143, both this First Amendment and the Shipyard Redevelopment Plan, as amended by the 2024 Shipyard Redevelopment Plan Amendment, authorize the Agency to use tax increment funds from the Shipyard Redevelopment Plan Area to finance the Qualified Project Costs and other costs necessary to complete the enforceable obligations of the Project throughout both Phase 2 of the Shipyard Redevelopment Plan Area and Zone 1 of Project Area B of the BVHP Redevelopment Plan Area, including the issuance of tax allocation debt secured by a pledge of property tax increment from the Shipyard Redevelopment Plan Area, subject to the Shipyard Redevelopment Plan's time limits on incurring indebtedness.

P. As authorized by SB 143, both this First Amendment and the BVHP Redevelopment Plan, as amended by the 2024 BVHP Redevelopment Plan Amendment, authorize the Agency to use tax increment funds from Zone 1 of the BVHP Redevelopment Plan Area to finance the Qualified Project Costs and other costs necessary to complete the enforceable obligations of the Project throughout both Zone 1 of Project Area B of the BVHP Redevelopment Plan Area and Phase 2 of the Shipyard Redevelopment Plan Area, including the issuance of tax allocation debt secured by a pledge of property tax increment from the BVHP Redevelopment Plan Area, subject to the BVHP Redevelopment Plan's time limits on incurring indebtedness.

Q. Since the BVHP Redevelopment Plan and the Shipyard Redevelopment Plan both authorize the funding of Qualified Project Costs and other costs necessary to complete the enforceable obligations of the Project as a whole, both the BVHP Redevelopment Plan and the Shipyard Redevelopment Plan set forth the maximum bonded indebtedness that can be outstanding at any one time for both the BVHP Redevelopment Plan and the Shipyard Redevelopment Plan. The collective, single limit on the amount of bonded indebtedness of the Agency to be repaid from an allocation of tax increment under the CCRL from Zone 1 of the

BVHP Redevelopment Plan Area and Phase 2 of the Shipyard Redevelopment Plan Area that can be outstanding at one time for both the BVHP Redevelopment Plan and the Shipyard Redevelopment Plan is \$5,900,000,000 in the aggregate. Of this combined single limit on bonded indebtedness, it is estimated that \$3,300,000,000 in bonded indebtedness may be required for Zone 1 of Project Area B of the BVHP Redevelopment Plan Area and up to \$2,600,000,000 in bonded indebtedness may be required for Phase 2 of the Shipyard Redevelopment Plan Area. These estimates are informational and shall not operate as limits upon bonded indebtedness within the BVHP Redevelopment Plan Area and Shipyard Redevelopment Plan Area, respectively.

R. This First Amendment sets forth a baseline thirty (30) year period for establishing or incurring loans, advances or indebtedness using property tax and a baseline forth-five (45) year period for payment of indebtedness or receipt of property tax revenues. This time frame is consistent with those originally provided under the Community Redevelopment Law for completion of redevelopment activities. The Navy has recently informed the Parties that completion of remediation and conveyance of all portions of the Shipyard Site, excluding Parcel F, to Developer will occur between 2036-2038, including time needed for a Finding of Suitability for Transfer and associated conveyance documentation. Documentation from the Navy relaying these schedule delays are described in correspondence provided to OCII by the Navy. This estimated delay (“**Anticipated Navy Delay**”) warrants an additional extension of the Term of this Agreement and of the redevelopment timelines to be established pursuant to SB 143 to include fifteen (15) additional years for purposes of those redevelopment activities on the Shipyard Site and related tax increment financing.

S. To implement SB 143, the Shipyard Redevelopment Plan, as amended by the 2024 Shipyard Redevelopment Plan Amendment, provides the Agency may not establish or incur loans, advances or indebtedness to finance in whole or in part its activities in Phase 2 of the Shipyard Redevelopment Plan Area beyond a date that is : (i) thirty (30) years from the Initial HPS Transfer Date (as defined in the Shipyard Redevelopment Plan), plus (ii) an additional fifteen (15) years, which amount represents Anticipated Navy Delay. The Agency may not pay indebtedness or receive property taxes from Phase 2 of the Shipyard Redevelopment Plan Area after a date that is: (i) forty-five (45) years after the Initial HPS Transfer Date, plus (ii) an additional fifteen (15) years, which amount represents Anticipated Navy Delay.

T. To implement SB 143, the BVHP Redevelopment Plan, as amended by the 2024 BVHP Redevelopment Plan Amendment, provides the Agency may not incur or establish loans, advances or indebtedness to finance in whole or in part its activities in Zone 1 of Project Area B beyond thirty (30) years from the 2024 Plan Amendment Date (as defined in the BVHP Redevelopment Plan). The Agency may not pay indebtedness or receive property taxes pursuant Health & Safety Code section 33670 from Zone 1 of Project Area B after forty-five (45) years from the 2024 Plan Amendment Date. Solely for the purpose of using property tax revenues generated from Zone 1 of the BVHP Redevelopment Plan Area to fund Qualified Project Costs and other costs necessary to complete the enforceable obligations of the CP-HPS2 project, including Agency Affordable Housing Costs and Agency Costs (as defined in the CP-HPS2

DDA)) in Phase 2 of the Shipyard Redevelopment Plan Area, each of the time limits described in this Recital T shall include an additional fifteen (15) years, which amount represents Anticipated Navy Delay.

U. The extension of such time limits will advance the development of the Project, which has faced numerous extraordinary challenges that have hindered the timely development of the Project, including substantial delays caused by the ongoing clean-up of the Shipyard Site due to ongoing investigation and testing.

V. The City and the Agency have made findings pursuant to CCRL sections 33445 and 33445.1 authorizing the payment of costs for the installation and construction of Infrastructure and Improvements relating to the Project to be acquired by the City or other public agencies.

W. In order to facilitate the implementation of the Project, the Agency and Developer entered into the DDA. Attached to the DDA is the Financing Plan, which has been amended by the First Amendment to Financing Plan (as amended, the “**Financing Plan**”) under which the Agency has incurred certain executory financial obligations, including the obligation to pledge Net Available Increment for the purposes of the Financing Plan. The Shipyard Redevelopment Plan, the BVHP Redevelopment Plan, and their implementing documents, including the DDA, and related ordinances and regulations, are referred to in this First Amendment collectively as the “**Plan Documents**”. The Agency and Developer are also entering into the Acquisition and Reimbursement Agreement (as amended, the “**Acquisition and Reimbursement Agreement**”) setting forth the procedures by which Developer will be reimbursed for Qualified Project Costs and Authorized Payments from the Funding Sources.

X. The redevelopment of the Project Site in accordance with the Plan Documents affords numerous public benefits for the City and its residents, which include: eliminating blighting influences from and revitalizing the blighted Project Site; constructing substantial new rental and for-sale affordable and market-rate housing; creating publicly accessible open space and new, enhanced public access to the waterfront; and generating new jobs, including employment opportunities for economically disadvantaged individuals.

Y. In accordance with the Financing Plan, the Agency will establish CFDs for the Project Site. The CFDs, through the Agency, will levy special taxes and issue CFD Bonds to finance the acquisition of Infrastructure and other Improvements as described in the Financing Plan before and after development in the Project Site will generate tax increment. In addition to CFD financing, tax increment from the Project Site and Tax Allocation Debt and Supplemental Obligation Financing secured by such tax increment will be used to pay or otherwise directly reimburse Qualified Project Costs. The Financing Plan establishes Funding Goals for Public Financing under the Financing Plan and describes the general terms and conditions under which the Agency will issue CFD Bonds, Tax Allocation Debt, Supplemental Obligation Financing, and Alternative Financing.

Z. Except as provided in the Financing Plan, no tax increment revenues generated outside the Project Site will be made available for the Project. Also, Developer agrees in the

Financing Plan to pay certain shortfalls in the available tax increment after Tax Allocation Debt is issued by the Agency to finance Infrastructure and other Improvements. This payment obligation applies to a decrease in tax increment caused by Developer's initiation of a reassessment of property owned by Developer in the Project Site. Developer's payment obligation for any such shortfalls will terminate upon the occurrence of certain conditions described in the Financing Plan.

AA. The DDA requires the Agency to set aside at least twenty percent (20%) of the tax increment it receives to increase, improve, and preserve the City's supply of housing for persons and families of very low-, low-, or moderate income (the "**Low and Moderate Income Housing Fund**"). Attached to the DDA is the Below-Market Rate Housing Plan. The Agency and the City intend to reserve and dedicate Housing Increment as provided in the Below-Market Rate Housing Plan and the Financing Plan and consistent with Proposition G.

BB. The Agency's use of Housing Increment from the Project Site, as well as affordable housing funds from outside of the Project Site, to the extent required, is essential for: (1) developing the Agency Affordable Units in the Project Site; (2) the Agency's compliance with the CCRL requirement that at least fifteen percent (15%) of the new and rehabilitated housing units in the Shipyard Redevelopment Plan Area and BVHP Redevelopment Plan Area be affordable; and (3) achieving the DDA objectives for Affordable Units as more particularly described in the Below-Market Rate Housing Plan.

CC. To promote development in accordance with objectives and purposes of the Shipyard Redevelopment Plan, the BVHP Redevelopment Plan, Proposition G and the DDA, the City and the Agency entered into that certain Interagency Cooperation Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) which provides for their cooperation in administering the control and approval of subdivisions, and all other applicable land use, development, construction, improvement, infrastructure, occupancy, and use requirements applicable to the Project.

DD. To create a reliable source of funds to pay all of the Agency's contractual obligations under the Financing Plan, the Parties now wish to: (1) agree to pledge irrevocably Net Available Increment to finance or refinance Qualified Project Costs; and (2) authorize and approve the Agency's incurrence of bonded indebtedness for these purposes, all on the terms and conditions further set forth below.

AGREEMENT

ACCORDINGLY, in consideration of the matters described in the foregoing recitals, the covenants contained in this First Amendment and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the City and the Agency agree as follows:

1. New Section 3.1. Section 3.1 of the Original Pledge Agreement is hereby deleted and replaced with the following:

“**3.1 Shipyard Indebtedness.** The City authorizes and approves the Agency to:

(a) incur indebtedness (including Tax Allocation Debt and Supplemental Obligation Financing) to finance or refinance Qualified Project Costs (the “**Shipyard Indebtedness**”);

(b) pledge irrevocably all Net Available Increment produced from the Shipyard Redevelopment Plan Area, plus any accrued interest earnings, to pay the Shipyard Indebtedness;

(c) pledge irrevocably all Housing Increment generated in the Shipyard Redevelopment Plan Area, plus any accrued interest earnings, to finance or refinance development permitted under section 33334.2 of the CCRL; and

(d) Nothing in this Section 3.1 shall prohibit the issuance of Project Indebtedness (as defined in Section 3.2) by the Agency secured by both the Net Available Increment provided from Phase 2 of the Shipyard Redevelopment Plan Area and the Net Available Increment provided from Zone 1 of the BVHP Redevelopment Plan Area, nor shall anything prohibit the use of the proceeds of Project Indebtedness on Qualified Project Costs and other costs necessary to complete the enforceable obligations of the CP-HPS2 project, including Agency Affordable Housing Costs and Agency Costs (as defined in the CP-HPS2 DDA)) throughout both Phase 2 of the Shipyard Redevelopment Plan Area and Zone 1 of Project Area B of the BVHP Redevelopment Plan Area.”

2. New Section 3.2. Section 3.2 of the Original Pledge Agreement is hereby deleted and replaced with the following:

“**3.2 BVHP Indebtedness.** The City authorizes and approves the Agency to:

(a) incur indebtedness (including Tax Allocation Debt and Supplemental Obligation Financing) to finance or refinance Qualified Project Costs (the “**BVHP Indebtedness**”, and together with the Shipyard Indebtedness, the “**Project Indebtedness**”);

(b) pledge irrevocably all Net Available Increment produced from Zone 1 of the BVHP Redevelopment Plan Area, plus any accrued interest earnings, to pay the BVHP Indebtedness;

(c) pledge irrevocably all Housing Increment generated in Zone 1 of the BVHP Redevelopment Plan Area, plus any accrued interest earnings, to finance or refinance development permitted under section 33334.2 of the CCRL;

and

(d) Nothing in this Section 3.2 shall prohibit the issuance of Project Indebtedness by the Agency secured by both the Net Available Increment provided from Phase 2 of the Shipyard Redevelopment Plan Area and the Net Available Increment provided from Zone 1 of the BVHP Redevelopment Plan Area, nor shall anything prohibit the use of the proceeds of Project Indebtedness on Qualified Project Costs and other costs necessary to complete the enforceable obligations of the CP-HPS2 project, including Agency Affordable Housing Costs and Agency Costs (as defined in the CP-HPS2 DDA)) throughout both Phase 2 of the Shipyard Redevelopment Plan Area and Zone 1 of Project Area B of the BVHP Redevelopment Plan Area.”

3. Amendment to Section 4.1(a). Section 4.1(a) of the Original Pledge Agreement is hereby deleted and replaced with the following:

“(a) any CFD may finance Infrastructure or other Improvements that will be owned or controlled by the City and any other public agency or privately-owned if such Infrastructure or Improvements are open to the public to the extent permitted under the CFD Act and the documents governing formation of the applicable CFD. This Agreement constitutes a joint community facilities agreement within the meaning of section 53316.2 of the CFD Act; and”

4. Amendment to Section 5. Section 5 of the Original Pledge is hereby deleted and replaced with the following:

5. Recognized Obligation Payment Schedule

5.1 Agency Covenant. The Agency agrees to submit to the City Controller and Oversight Board of the City and County of San Francisco a Recognized Obligations Payment Schedule (ROPS) annually for as long as the Agency is entitled to collect tax increment generated in the Project Site. The ROPS must report the amount of funds the Agency needs to meet its obligations under the Financing Plan and the Below-Market Rate Housing Plan and all other requirements of the CCRL, as amended by the Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 et seq. for the Project.

5.2 City Covenant. The City covenants to take all actions necessary to allocate to the Agency, to the extent legally permissible, all Net Available Increment and Housing Increment, based on the Agency’s ROPS.

5.3 Satisfaction of Indebtedness. The City and the Agency agree that Net Available Increment may be used only in accordance with this Agreement, the DDA, including the Financing Plan, and the CCRL.

5.4 Qualified Pre-Agreement Costs. The City and the Agency agree that Qualified Pre-Agreement Costs may be financed from the Funding Sources in the same manner as Qualified Project Costs are financed under the Financing Plan.

5. New Section 6. Section 6 of the Original Pledge Agreement is hereby deleted and replaced with the following:

“6. EFFECTIVE DATES AND TERMS

6.1 Shipyards Effective Date and Term. As to the Shipyards Redevelopment Plan Area, the provisions of this Agreement other than Section 4 will:

(a) become effective (the “**Shipyards Effective Date**”) on the latest of: (i) the date the Shipyards Plan Amendment becomes effective; (ii) the date a Board of Supervisors resolution authorizing and approving this Agreement becomes effective; and (iii) the date this Agreement, including Developer’s consent, has been fully executed and delivered; and

(b) remain in effect until a date that is (i) forty-five (45) years from the Initial HPS Transfer Date (as defined in the Shipyards Redevelopment Plan), plus (ii) an additional fifteen (15) years, which amount represents Anticipated Navy Delay.

6.2 BVHP Effective Date. As to the BVHP Redevelopment Plan Area, the provisions of this Agreement other than Section 4 will:

(a) become effective (the “**BVHP Effective Date**”) on the latest of: (i) the date the BVHP Plan Amendment becomes effective; (ii) the date a Board of Supervisors resolution authorizing and approving this Agreement becomes effective; and (iii) the date this Agreement, including Developer’s consent, has been fully executed and delivered; and

(b) remain in effect until a date that is forty-five (45) years from the 2024 Plan Amendment Date (as defined in the BVHP Redevelopment Plan). Solely for the purpose of using property tax revenues generated from Zone 1 of the BVHP Redevelopment Plan Area to fund Qualified Project costs and other costs necessary to complete the enforceable obligations of the CP-HPS2 project, including Agency Affordable Housing Costs and Agency Costs (as defined in the CP-HPS2 DDA))in Phase 2 of the Shipyards Redevelopment Plan Area, this Agreement shall remain in effect until a date that is forty five (45) years from the 2024 Plan Amendment Date (as defined in the BVHP Redevelopment Plan), plus (ii) an additional fifteen (15) years, which amount represents Anticipated Navy Delay.

6.3 Effective Date and Term of Section 4. The provisions of Section 4 relating

to CFDs shall become effective upon execution of this Agreement and shall remain in effect so long as CFDs exist on the Project Site.

6.4 Indebtedness Time Limits Implementing SB 143. As contemplated by SB 143 enacted by the Legislature in 2023, the time limits for establishing or incurring loans, advances, or indebtedness and the time limits for paying indebtedness or receiving property taxes are as follows:

- (a) For Phase 2 of the Shipyard Redevelopment Plan: The Agency shall not establish or incur loans, advances or indebtedness to finance in whole or in part its activities in Phase 2 of the Shipyard Redevelopment Plan Area beyond a date that is (i) thirty (30) years from the Initial HPS Transfer Date (as defined in the Shipyard Redevelopment Plan), plus (ii) an additional fifteen (15) years, which amount represents Anticipated Navy Delay. The Agency may not pay indebtedness or receive property taxes from Phase 2 of the Shipyard Redevelopment Plan Area after a date that is (i) forty-five (45) years after the Initial HPS Transfer Date, plus (ii) an additional fifteen (15) years, which amount represents Anticipated Navy Delay.
- (b) For Zone 1 of Project Area B of the BVHP Redevelopment Plan: The Agency may not incur or establish loans, advances or indebtedness to finance in whole or in part its activities in Zone 1 of Project Area B beyond thirty (30) years from the 2024 Plan Amendment Date (as defined in the BVHP Redevelopment Plan). The Agency may not pay indebtedness or receive property taxes pursuant to Health & Safety Code section 33670 from Zone 1 of Project Area B after forty-five (45) years from the 2024 Plan Amendment Date. Solely for the purpose of using property tax revenues generated from Zone 1 of the BVHP Redevelopment Plan Area to fund Qualified Project Costs and other costs necessary to complete the enforceable obligations of the CP-HPS2 project, including Agency Affordable Housing Costs and Agency Costs (as defined in the CP-HPS2 DDA)) in Phase 2 of the Shipyard Redevelopment Plan Area, (i) the Agency may not incur or establish loans, advances or indebtedness to finance in whole or in part its activities in Zone 1 of Project Area B beyond a date that is (1) thirty (30) years from the 2024 Plan Amendment Date (as defined in the BVHP Redevelopment Plan), plus (ii) an additional fifteen (15) years, which amount represents Anticipated Navy Delay, and (ii) the Agency may not pay indebtedness or receive property taxes pursuant to Health & Safety Code section 33670 from Zone 1 of Project Area B after a date that is (1) forty-five (45) years from the 2024 Plan Amendment Date, plus (2) an additional fifteen (15) years, which amount represents Anticipated Navy Delay.

6. Amendment to Section 8. Section 8 of the Original Pledge Agreement is hereby deleted and replaced with the following:

8. Limitations on Tax Increment

8.1 No Increment from Other Areas. The Parties recognize and agree that in accordance with the DDA, the Shipyard Redevelopment Plan and the BVHP Redevelopment Plan, no property tax increment or bond proceeds from areas other than the Project Site (other than affordable housing funds from outside the Project Site) will be made available for the Project.

7. Amendment to Section 9.2. The first sentence of Section 9.2 of the Original Pledge Agreement is hereby deleted and replaced with the following:

“Other than as set forth in Section 9.3, the Parties have determined that monetary damages are generally inappropriate and that it would be extremely difficult and impractical to fix or determine the actual damages to a Party as a result of a TAA Default and that equitable remedies including specific performance, but not including damages, are the appropriate remedies for enforcement of this Agreement.

8. Amendment to Section 10. The Developer’s address in Section 10 of the Original Pledge Agreement is hereby amended to read as follows:

“And copies of all notices to: CP Development Co., LLC
One Sansome Street, Suite 3500
San Francisco, California 94104
Attn: Suheil Totah

with copy to: CP Development Co., LLC
c/o FivePoint
15131 Alton Parkway, 4th Floor
Irvine, California 92618
Attn: Legal Notices

And to: Perkins Coie LLP
505 Howard Street Suite 1000
San Francisco, CA 94105
Attention: Matthew S. Gray

10. New Section 13.6. Section 13.6 of the Original Pledge Agreement is hereby deleted and replaced with the following:

13.6 Definitions. The following terms have the meanings given to the terms

below or are defined where indicated.

“**2024 BVHP Plan Amendment**” is defined in Recital L.

“**2024 Shipyard Plan Amendment**” is defined in Recital L.

“**AB 26**” is defined in Recital E.

“**AB 1484**” is defined in Recital F.

“**Acquisition and Reimbursement Agreement**” is defined in Recital S.

“**Agency**” means the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, as the successor to the Redevelopment Agency.

“**Agency Affordable Units**” is defined in the Below-Market Rate Housing Plan.

“**Agreement**” means the Original Pledge Agreement, as amended by the First Amendment.

“**Alice Griffith Replacement Units**” is defined in the Below-Market Rate Housing Plan.

“**Alternative Financing**” is defined in the Financing Plan.

“**Below-Market Rate Housing Plan**” is defined in the DDA.

“**BVHP Effective Date**” is defined in Section 6.2(a).

“**BVHP Indebtedness**” is defined in Section 3.2(a).

“**BVHP Redevelopment Plan**” is defined in Recital L.

“**BVHP Redevelopment Plan Area**” is defined in Recital B.

“**Board of Supervisors**” is defined in Recital A.

“**Candlestick Housing Increment**” is defined in the Financing Plan.

“**Candlestick Site**” is defined in the DDA.

“**CCRL**” is defined in Recital A.

“**CFD**” is defined in the Financing Plan.

“**CFD Act**” is defined in Section 4.1.

“**CFD Bonds**” is defined in the Financing Plan.

“**City**” is defined in the introductory paragraph.

“**Citywide Housing Advance**” is defined in the Financing Plan.

“**Commission**” is defined in Recital G.

“**DDA**” is defined in Recital C.

“**Developer**” means CP Development Co., LLC, a Delaware limited liability company, as successor to CP Development Co., L.P., a Delaware limited liability partnership.

“**Developer Representative**” is defined in the DDA.

“**Enforceable Obligation**” is defined in Recital H.

“**Excess Increment**” is defined in the Financing Plan.

“**Existing Indebtedness**” is defined in the Financing Plan.

“**Financing Plan**” is defined in Recital S.

“**First Amendment**” means the First Amendment to Tax Increment Allocation Pledge Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated for reference purposes as _____, 20__.

“**First Amendment Effective Date**” is defined in Section 14.

“**First Amendment Reference Date**” is defined in the introductory paragraph.

“**Funding Goals**” is defined in the Financing Plan.

“**Funding Sources**” is defined in the Financing Plan.

“**General Fund**” means the City’s general operating fund, into which taxes are deposited, excluding dedicated revenue sources for certain municipal services, capital projects, and debt service.

“**Housing Increment**” is defined in the Financing Plan.

“**Improvements**” is defined in the DDA.

“**Infrastructure**” is defined in the DDA.

“Low and Moderate Income Housing Fund” is defined in Recital Z.

“Mandated Payment” is defined in the Financing Plan.

“Mandated Payment Pro-Rata Portion” is defined in the Financing Plan.

“Net Available Increment” is defined in the Financing Plan.

“Non-Material Change” is defined in Section 11.1.

“Original BVHP Redevelopment Plan” is defined in Recital B.

“Original Pledge Agreement” is defined in Recital D.

“Original Shipyard Redevelopment Plan” is defined in Recital A.

“Oversight Board” is defined in Recital G.

“Parties” or **“Party”** means the Agency or the City, or both, as the context requires.

“Person” is defined in the DDA.

“Plan Documents” is defined in Recital S.

“Pre-Agreement Costs” is defined in the Financing Plan.

“Project” is defined in the DDA.

“Project Costs” is defined in the Financing Plan.

“Project Indebtedness” is defined in Section 3.2(a).

“Project Site” is defined in the DDA.

“Public Financing” is defined in the Financing Plan.

“Qualified” is defined in the Financing Plan.

“Redevelopment Agency” is defined in Recital C.

“Shipyard Effective Date” is defined in Section 6.1(a).

“Shipyard Housing Increment” is defined in the Financing Plan.

“**Shipyards Indebtedness**” is defined in Section 3.1(a).

“**Shipyards Redevelopment Plan**” is defined in Recital L.

“**Shipyards Redevelopment Plan Area**” is defined in Recital A.

“**Shipyards Site**” is defined in the DDA.

“**Statement of Indebtedness**” is defined in the Financing Plan.

“**Supplemental Obligation Financing**” is defined in the Financing Plan.

“**TAA Default**” is defined in Section 9.1(a).

“**Tax Allocation Debt**” is defined in the Financing Plan.

“**Transferee**” is defined in the DDA.

“**Vertical Developer**” is defined in the DDA.”

10. Relation to Original Pledge Agreement. Except as modified by this First Amendment, the Original Pledge Agreement shall remain in full force and effect in accordance with the terms and provisions thereof. Each Party confirms, represents, and warrants to the other Party: (a) that the execution and delivery of this First Amendment has been fully authorized by all necessary corporate action; (b) that the person signing this First Amendment has the requisite authority to do so and the authority and power to bind the entity on whose behalf they have signed; and (c) that, this First Amendment is valid, binding and legally enforceable in accordance with its terms.

11. Successors and Assigns. This First Amendment inures to the benefit of and binds the City’s and the Agency’s respective successors and assigns. Developer (and its Transferees) and Vertical Developers are intended third party beneficiaries of this First Amendment. Except for Developer (and its Transferees) and Vertical Developers, this First Amendment is for the exclusive benefit of the Parties and not for the benefit of any other Person and may not be deemed to have conferred any rights, express or implied, upon any other Person.

12. Governing Law. This First Amendment is governed by and must be construed in accordance with the laws of the State of California.

13. Counterparts. This First Amendment may be executed in counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

14. Effective Date. This First Amendment shall become effective on the latest to occur of (the "**First Amendment Effective Date**") (i) the date that it is duly executed and delivered by the parties hereto, (ii) the effective date of a resolution adopted by the Oversight Board approving

this First Amendment, and (iii) the date on which both the 2024 BVHP Plan Amendment and 2024 Shipyard Plan Amendment have become effective.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

DRAFT

IN WITNESS WHEREOF, the Parties have each caused this First Amendment to be duly executed on its behalf as of the First Amendment Effective Date.

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Mayor

By: _____
Clerk of the Board of Supervisors

By: _____
Controller

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Deputy City Attorney

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO,
a public body organized and existing

By: _____
Thurston Kaslofsky
Executive Director

APPROVED AS TO FORM:

By: _____
James B. Morales
General Counsel

DEVELOPER'S CONSENT AND AGREEMENT

By signing below, the undersigned, on behalf of Developer, acknowledges that Developer is an intended third party beneficiary of the First Amendment to Tax Increment Allocation Pledge Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) dated for reference purposes as of _____, 202__ (the "**First Amendment**"), to which this consent is attached, consents to the First Amendment, may enforce this First Amendment, and specifically agrees to be bound by all limitations on remedies under the First Amendment applicable to Developer.

Executed and delivered as of _____, 20__.

CP DEVELOPMENT CO., LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

DRAFT