

File No. 191166

Committee Item No. _____

Board Item No. _____ 19

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

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Board of Supervisors Meeting

Date: _____
Date: 2/4/2020

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- Draft Notice of Special Tax Lien
- Department of Elections Letter - 12/6/19
- Public Agency Statement and Consent - 10/22/19
- Consent and Waiver of Special Tax District - 10/22/19
- _____
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Prepared by: Jocelyn Wong
Prepared by: _____

Date: January 10, 2020
Date: _____

1 [Levying Taxes - Special Tax District No. 2019-1 (Pier 70 Condominiums)]

2

3 Ordinance levying special taxes within City and County of San Francisco Special Tax
4 District No. 2019-1 (Pier 70 Condominiums).

5 NOTE: Unchanged Code text and uncodified text are in plain Arial font.
6 Additions to Codes are in *single-underline italics Times New Roman font*.
7 Deletions to Codes are in *strikethrough italics Times New Roman font*.
8 Board amendment additions are in double-underlined Arial font.
9 Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code
subsections or parts of tables.

10 Be it ordained by the People of the City and County of San Francisco:

11

12 Section 1. Background and Findings. The Board of Supervisors of the City and
13 County of San Francisco ("Board") hereby finds, determines, and declares, based on the
14 record before it, that:

15 (a) California Statutes of 1968, Chapter 1333 ("Burton Act") and San Francisco
16 Charter Section 4.114 and Appendix B, beginning at Section B3.581, empower the City and
17 County of San Francisco ("City"), acting through the San Francisco Port Commission ("Port"
18 or "Port Commission"), with the power and duty to use, conduct, operate, maintain, manage,
19 regulate, and control the lands within Port jurisdiction.

20 (b) FC Pier 70, LLC, a Delaware limited liability company ("Master Developer") and the
21 City, acting by and through the Port, are parties to a Disposition and Development Agreement
22 (as amended from time to time, "DDA"), including a Financing Plan (as amended from time to
23 time, "Financing Plan"), that governs the disposition and development of approximately 28
24 acres of land in the waterfront area of the City known as Pier 70 ("Project Site").

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1 (c) In the general election held on November 4, 2014, an initiative entitled, the "Union
2 Iron Works Historic District Housing, Waterfront Parks, Jobs and Preservation Initiative"
3 ("Proposition F"), was approved by the voters in the City.

4 (d) The DDA contemplates a project ("Project") under which the Port would initially
5 lease the Project Site to the Master Developer for infrastructure development, and, ultimately,
6 lease and sell parcels in the Project Site to vertical developers, for development of a mixed-
7 use project described in the DDA.

8 (e) The City anticipates that, in addition to the infrastructure and private development
9 described above, future improvements will be necessary to ensure that the shoreline, public
10 facilities, and public access improvements will be protected should sea level rise in the vicinity
11 of the Project Site, and the Board desires to provide a mechanism to pay for the costs of such
12 improvements.

13 (f) At its hearing on August 24, 2017, and prior to recommending proposed Planning
14 Code amendments for approval, by Motion No. 19976, the Planning Commission certified a
15 Final Environmental Impact Report ("FEIR") for the Project (Case No. 2014-001272ENV)
16 pursuant to the California Environmental Quality Act ("CEQA") (California Public Resources
17 Code Sections 21000 et seq.), the CEQA Guidelines (14 Cal. Code Reg. Sections 15000 et
18 seq.), and Chapter 31 of the Administrative Code. A copy of said Motion is on file with the
19 Clerk of the Board in File No. 170930, and is incorporated herein by reference.

20 (g) In recommending the proposed Planning Code amendments for approval by this
21 Board at its hearing on August 24, 2017, by Motion No. 19977, the Planning Commission also
22 adopted findings under CEQA, including a statement of overriding consideration, and a
23 Mitigation Monitoring and Reporting Program ("MMRP"). A copy of said Motion and MMRP
24 are on file with the Clerk of the Board in File No. 170930, and are incorporated herein by
25 reference.

1 (h) Under Chapter 43, Article X of the Administrative Code ("Code"), which Code
2 incorporates by reference the Mello-Roos Community Facilities Act of 1982, as amended
3 ("Mello-Roos Act"), this Board is authorized to establish special tax districts and to act as the
4 legislative body for each such district.

5 (i) On November 19, 2019, this Board adopted Resolution No. 500-19 entitled
6 "Resolution declaring the intention of the Board to establish City and County of San Francisco
7 Special Tax District No. 2019-1 (Pier 70 Condominiums) and a Future Annexation Area;
8 ordering and setting a time and place for a public hearing of the Board, sitting as a Committee
9 of the Whole, on January 14, 2020; determining other matters in connection therewith, as
10 defined herein; and making findings under the California Environmental Quality Act"
11 ("Resolution of Intention"), which Resolution of Intention was signed by the Mayor on
12 November 27, 2019, a complete copy of which is on file with the Clerk of the Board in File No.
13 191076, stating its intention to form (i) the "City and County of San Francisco Special Tax
14 District No. 2019-1 (Pier 70 Condominiums)" ("Special Tax District") and (ii) a "City and
15 County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) (Future
16 Annexation Area)" ("Future Annexation Area"), pursuant to the Code.

17 (j) On November 19, 2019, this Board also adopted Resolution No. 501-19 entitled
18 "Resolution declaring the intention of the Board to incur bonded indebtedness and other debt
19 in an aggregate principal amount not to exceed \$1,697,600,000 for the City and County of
20 San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) and determining other
21 matters related thereto, as defined herein" ("Resolution of Intention to Incur Indebtedness"),
22 which Resolution of Intention to Incur Indebtedness was signed by the Mayor on November
23 27, 2019, a complete copy of which is on file with the Clerk of the Board in File No. 191077,
24 stating its intention to incur bonded indebtedness and other debt (as defined in the Mello-
25 Roos Act) within the boundaries of the Special Tax District for the purpose of financing the

1 costs of certain facilities specified in the Resolution of Intention.

2 (k) Notice was published as required by the Code of the intention of this Board to form
3 the Special Tax District and the Future Annexation Area, to levy a special tax to provide for
4 certain facilities, services, and incidental expenses and to incur bonded indebtedness and
5 other debt for the Special Tax District in an amount not to exceed \$1,697,600,000.

6 (l) On January 14, 2020, this Board held noticed public hearings as required by the
7 Code. At said hearings all persons desiring to be heard on all matters pertaining to the
8 formation of the Special Tax District and the Future Annexation Area, the levy of said special
9 taxes, and the incurrence of bonded indebtedness and other debt were heard, substantial
10 evidence was presented and considered by this Board and full and fair hearings were held.

11 (m) Subsequent to the hearings, this Board adopted resolutions entitled "Resolution of
12 formation of City and County of San Francisco Special Tax District No. 2019-1 (Pier 70
13 Condominiums) and a Future Annexation Area; determining other matters in connection
14 therewith, as defined herein; and making findings under the California Environmental Quality
15 Act" ("Resolution of Formation"), "Resolution determining necessity to incur bonded
16 indebtedness and other debt in an aggregate principal amount not to exceed \$1,697,600,000
17 for the City and County of San Francisco Special Tax District No. 2019-1 (Pier 70
18 Condominiums) and determining other matters in connection therewith, as defined herein"
19 ("Resolution of Necessity") and "Resolution calling special election in City and County of San
20 Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) and determining other
21 matters in connection therewith, as defined herein" ("Resolution of Special Election"), which
22 resolutions defined the facilities, services, and incidental expenses to be financed by the
23 Special Tax District, established the Special Tax District, authorized the levy of special taxes
24 within the Special Tax District, determined the necessity to incur bonded indebtedness and
25 other debt in the Special Tax District and called an election within the Special Tax District on

1 the propositions of incurring indebtedness, levying the special taxes, and establishing an
2 appropriations limit within the Special Tax District.

3 (n) In the Resolution of Formation, this Board made certain findings under CEQA
4 about the FEIR for the disposition and development of the Project Site, and those findings are
5 incorporated in this Ordinance as if set forth in their entirety herein.

6 (o) In the Resolution of Formation, this Board determined that in order to advance the
7 public purposes of the City, the type of facilities proposed to be financed by the Special Tax
8 District and pursuant to the Code shall consist of those items listed as facilities in Exhibit A
9 hereto and by this reference incorporated herein ("Facilities"). The list of Facilities in Exhibit A
10 is included in this Ordinance in order to comply with Section 43.10.15 of the Code.

11 (p) In the Resolution of Formation, this Board also determined that in order to advance
12 the public purposes of the City, the type of services proposed to be financed by the Special
13 Tax District and pursuant to the Code shall consist of those items listed as services in Exhibit
14 A hereto and by this reference incorporated herein ("Services"). The list of Services in Exhibit
15 A is included in this Ordinance in order to comply with Section 43.10.16 of the Code.

16 (q) In the Resolution of Formation, this Board also determined that in order to advance
17 the public purposes of the City, the type of incidental expenses proposed to be financed by
18 the Special Tax District and pursuant to the Code shall consist of those items listed as
19 incidental expenses in Exhibit A hereto and by this reference incorporated herein ("incidental
20 expenses").

21 (r) On January 27, 2020, a special election was held within the Special Tax District at
22 which the qualified electors approved the propositions of incurring indebtedness, levying the
23 special taxes, and establishing an appropriations limit within the Special Tax District by the
24 two-thirds vote required by the Code.

25 ///

1 Section 2. The Board hereby authorizes and levies special taxes within the Special
2 Tax District pursuant to the Code, at the rate and in accordance with the formula ("Rate and
3 Method") set forth in the Resolution of Formation, which Resolution of Formation is by this
4 reference incorporated herein, a complete copy of which is on file with the Clerk of the Board
5 in File No. 191162. The special taxes are hereby levied commencing in fiscal year 2020-21
6 and in each fiscal year thereafter until payment in full of any bonds or other debt (as defined in
7 the Mello-Roos Act) issued by the City for the Special Tax District ("Bonds") or such longer
8 period provided in the Rate and Method, as contemplated by the Resolution of Formation and
9 the Resolution of Necessity, and all costs of administering the Special Tax District.:

10 Section 3. The Director of the Office of Public Finance of the City is hereby authorized
11 and directed each fiscal year to determine the specific special tax rate and amount to be
12 levied for the next ensuing fiscal year for each parcel of real property within the Special Tax
13 District, in the manner and as provided in the Resolution of Formation and the Rate and
14 Method.

15 Section 4. In no event shall the special taxes be levied on any parcel within the Special
16 Tax District in excess of the maximum special taxes specified in the Resolution of Formation
17 and the Rate and Method.

18 Section 5. All of the collections of the special taxes shall be used as provided for in the
19 Code, in the Resolution of Formation, and in the Financing Plan, including, but not limited to,
20 the payment of principal and interest on the Bonds, the replenishment of one or more debt
21 service reserve funds for the Bonds, the payment of the costs of the Facilities, the Services,
22 and the incidental expenses, the payment of the costs of the City in administering the Special
23 Tax District, and the costs of collecting and administering the special taxes.

24 Section 6. The special taxes shall be collected in the same manner as ordinary ad
25 valorem taxes are collected and shall have the same lien priority, and be subject to the same

1 penalties and the same procedure and sale in cases of delinquency as provided for ad
2 valorem taxes; provided, however, that this Board hereby expressly approves the use of hand
3 billing for collection of special taxes in the Special Tax District and may provide for other
4 appropriate methods of collection by resolutions of this Board. In addition, the provisions of
5 Section 53356.1 of the Mello-Roos Act shall apply to delinquent special tax payments. The
6 Director of the Office of Public Finance of the City is hereby authorized and directed to provide
7 all necessary information to the appropriate officers of the City in order to effect proper billing
8 and collection of the special taxes, so that the special taxes shall be included on the secured
9 property tax roll of the City for fiscal year 2020-21 and for each fiscal year thereafter until the
10 Bonds and all costs of administering the Special Tax District are paid in full or such longer
11 period of time provided in the Rate and Method.

12 Section 7. As permitted by the Code, the provisions of this Ordinance shall apply not
13 only to the initial territory included in the Special Tax District but also to parcels included in the
14 Future Annexation Area that are annexed to the Special Tax District at the rate or rates to be
15 approved unanimously by the owner or owners of each parcel or parcels to be annexed to the
16 Special Tax District.

17 Section 8. Severability. If for any reason any portion of this Ordinance is found by a
18 court of competent jurisdiction to be invalid, or if the special taxes are found by a court of
19 competent jurisdiction inapplicable to any particular parcel within the Special Tax District, the
20 balance of this Ordinance and the application of the special taxes to the remaining parcels
21 within the Special Tax District shall not be affected. Furthermore, if any section, subsection,
22 sentence, clause, phrase, or word of this Ordinance, or any application thereof to any person
23 or circumstance, is held to be invalid or unconstitutional by a decision of a court of competent
24 jurisdiction, such decision shall not affect the validity of the remaining portions or applications
25 of this Ordinance. This Board hereby declares that it would have passed this Ordinance and

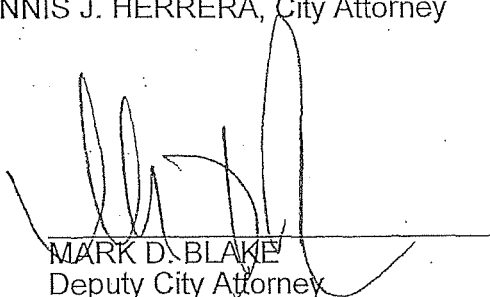
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each and every section, subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this Ordinance or application thereof would be subsequently declared invalid or unconstitutional.

Section 9. Effective Date. This Ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the Ordinance, the Mayor returns the Ordinance unsigned or does not sign the Ordinance within 10 days of receiving it, or the Board overrides the Mayor's veto of the Ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By:



MARK D. BLAKE
Deputy City Attorney

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EXHIBIT A

CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2019-1
(Pier 70 Condominiums)

DESCRIPTION OF FACILITIES, SERVICES AND OTHER COSTS TO BE FINANCED BY
THE SPECIAL TAX DISTRICT

City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) (as originally configured and as expanded through annexation of property in the future, the "STD"), is authorized to finance the Facilities, Services and Incidental Costs described in this Exhibit A. Capitalized terms used in this Exhibit A but not defined herein have the meaning given them in (1) the Appendix to Transaction Documents for the Pier 70 28-Acre Site Project, attached as an appendix to the Disposition and Development Agreement ("DDA"), dated as of May 2, 2018, by and between the Port and the Developer, including all exhibits and attachments, as may be amended from time to time and (2) those definitions included in the Vertical Disposition and Development Agreement for Parcel K North, dated February 8, 2019 ("VDDA"). When used in this Exhibit A, "including" has the meaning given to it in the DDA.

AUTHORIZED FACILITIES

The STD is authorized to finance the purchase, construction, reconstruction, expansion, improvement, or rehabilitation of all or any portion of the facilities authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), including:

1. Land Acquisition - includes, but is not limited to, acquisition of land for public improvements or for other requirements under the DDA and VDDA.

- 1 2. Demolition and Abatement - includes, but is not limited to, Site Preparation costs,
2 including abatement of hazardous materials, removal of below-grade, at-grade, and
3 above-grade facilities, and recycling or disposal of waste, including demolition and
4 abatement within future vertical sites that is necessary for Horizontal Improvements.
5
- 6 3. Auxiliary Water Supply System - includes, but is not limited to, main pipe, laterals,
7 valves, fire hydrants, cathodic protection, tie-ins, and any other components required
8 for onsite and offsite high pressure water supply network intended for fire suppression.
9
- 10 4. Low Pressure Water - includes, but is not limited to, main pipe, laterals, water meters,
11 water meter boxes, back flow preventers, gate valves, air valves, blow-offs, fire
12 hydrants, cathodic protection, tie-ins, and any other components required for onsite
13 and offsite low pressure water supply network intended for domestic use.
14
- 15 5. Non-Potable Water - includes, but is not limited to, main pipe, laterals, water meters,
16 water meter boxes, back flow preventers, gate valves, air valves, blow-offs, cathodic
17 protection, tie-ins, blackwater treatment facility (whether publicly or privately owned),
18 and any other components required for non-potable water supply network intended to
19 provide treated wastewater for use in, among other things, irrigation of parks,
20 landscaping, and non-potable uses within buildings.
21
- 22 6. Combined Sanitary Sewer and Stormwater Management- includes, but is not limited to,
23 retrofit of existing combined sewer facilities, new gravity main pipe, force main pipe and
24 associated valves, laterals, manholes, catch basins, traps, air vents, pump stations,
25 outfalls, lift stations, connections to existing systems, stormwater treatment BMPs such

1 as detention vaults, and any other components required for a network intended to
2 convey storm water and sanitary sewage, including components, such as ejector
3 pumps, associated with vertical buildings to meet design criteria for the Horizontal
4 Improvements.

5
6 7. Joint Trench & Dry Utilities - includes, but is not limited to, installation of primary and
7 secondary conduits, overhead poles, pull boxes, vaults, subsurface enclosures, gas
8 main, and anodes for dry utilities including electrical, gas, telephone, cable, internet,
9 and information systems.

10
11 8. Earthwork and Retaining Walls - includes, but is not limited to, Site Preparation
12 activities including importation of clean fill materials, clearing and grubbing, slope
13 stabilization, ground improvement, installation of geogrid, surcharging, wick drains,
14 excavation, rock fragmentation, grading, placement of fill, compaction, retaining walls,
15 subdrainage, erosion control, temporary fencing, and post-construction stabilization
16 such as hydroseeding. Also, includes, but is not limited to, excavation of future vertical
17 development sites if the excavated soils is used on site for purposes of raising
18 Horizontal Improvements.

19
20 9. Roadways - includes, but is not limited to, Public ROWs, road subgrade preparation,
21 aggregate base, concrete roadway base, asphalt wearing surface, concrete curb,
22 concrete gutter, medians, colored asphalt and concrete, pavers, speed bumps,
23 sawcutting, grinding, conform paving, resurfacing, any other components required for
24 onsite and offsite roadways, transit stops, bus facilities, permanent pavement marking
25 and striping, traffic control signage, traffic light signals, offsite traffic improvements, and

1 any other components or appurtenant features as required in the approved
2 Improvement Plan details and specifications. through the permitting process.

3 10. Streetscape - includes, but is not limited to, subgrade preparation, aggregate base,
4 sidewalks, pavers, ADA curb ramps with detectable tiles, streetlights, light pole
5 foundations, signage, emergency services infrastructure, landscaping (including trees
6 and silva cells and/or structural soil), irrigation, street furniture, waste receptacles, bike
7 racks, shared bike parking facilities (whether publicly or privately owned), newspaper
8 stands, any other components or appurtenant features as required in the approved
9 Improvement Plan details and specifications through the permitting process, and
10 interpretative signage and facilities.

11
12 11. Parks and Public Space - includes, but is not limited to, fine grading, storm drainage
13 and treatment, sanitary sewer, low pressure water, park lighting, community wifi,
14 security infrastructure, low-voltage electrical, various hardscaping, irrigation,
15 landscaping, various concrete structures, site furnishings, public art, viewing platforms,
16 retrofit of shoreline structures and slopes (including demolition, excavation, installation
17 of revetment, structural repair, and any other components, e.g., Shoreline
18 Improvements), and any other associated work in publicly accessible spaces such as
19 parks, open spaces, plazas, and mid-block passages, including publicly-accessible
20 parks, plazas, mid-block passages and open space that is located on private property,
21 but identified as public open space, mid-block passages, streets or streetscapes in the
22 DDA or Design for Development.

23
24 12. Historic Rehabilitation Required for Horizontal Improvements - includes, but is not limited
25 to, eligible cost for relocation, structural retrofit, repair, and rehabilitation of historic

1 buildings associated with horizontal public improvements, such as Building 12 lifting,
2 Building 21 relocation, Building 108 reuse for blackwater treatment, and Building 15
3 structural frame.

4
5 13. Hazardous Soil Removal - includes, but is not limited to, removal and disposal of
6 contaminated soil which cannot be reused on site in accordance with the Pier 70 Risk
7 Management Plan, Pier 70 Master Plan Area, dated July 25, 2013, and associated with
8 Horizontal Improvements.

9
10 14. Shoreline Adaptation Studies - includes, but is not limited to, analysis and planning to
11 characterize the preferred Shoreline Protection Project and alternatives, including pre-
12 entitlement planning and design work, environmental review, negotiation, and
13 Regulatory Approvals related to the Shoreline Protection Facilities, conducted in
14 accordance with Pier 70 Financing Plan Section 4.7(f) (Determining Pier 70 Shoreline
15 Protection Facilities).

16
17 15. Shoreline Protection Facilities includes, but is not limited to, future waterfront
18 Improvements at the San Francisco shoreline to protect the area from perils associated
19 with seismic events and climate change, including sea level rise and floods, and other
20 public improvements approved by the Port Commission and the Board of Supervisors.

21
22 16. Noonan Replacement Space, a space to accommodate the Noonan Space Lease in a
23 new or rehabilitated building that meets the requirements of DDA § 7.13 (Noonan
24 Replacement Space) for which the Port has issued a Temporary Certificate of
25

1 Occupancy and Noonan moving costs related to relocating Noonan Tenants from the
2 existing Noonan Building to the Noonan Replacement Space.

3
4 17. Arts Building, a new building on Parcel E4 with space dedicated and restricted to
5 arts/light industrial uses in accordance with DDA § 7.12 (Arts Building) and the Arts
6 Program, as well as community space that can be funded under the Financing Plan.

7
8 18. Historic Building Feasibility Gap as specified in Financing Plan Section 11.1 (Subsidy
9 for Historic Buildings 12 and 21).

10
11 19. Deferred Infrastructure.

12
13 20. Entitlement costs, including Entitlement Costs and costs to obtain approvals necessary
14 to proceed with development, incurred after the Reference Date to develop
15 improvements authorized to be financed by the San Francisco Special Tax Financing
16 Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982
17 (Cal. Gov't Code Section 53311 et seq.), such as the cost to comply with the California
18 Environmental Quality Act, negotiate transaction documents, permitting of Horizontal
19 Improvements, subdivision mapping, conduct community outreach, and prepare
20 development design and land use requirements, but not expenses related to any
21 campaign or ballot measure or any other expenses prohibited by law. Entitlement costs
22 may include interim costs as approved from time to time by the Board of Supervisors.

23
24 21. Associated Public Benefits.
25

1 22. Miscellaneous Horizontal Development Costs - any other Horizontal Development
2 Costs associated with implementing the DDA and VDDA, including any additional costs
3 that the Parties agree shall be incurred by the Developer for the Project, including
4 workforce liaisons; studies and consultants required to comply with the DDA, such as
5 auditors, inspectors, attorneys and appraisers; replacement and rework costs, including
6 repairs to correct incidental damage that occurs throughout the course of construction
7 and restoration of roadway pavement in areas where there are trenches excavated
8 after the initial roadway is paved, and maintenance prior to acceptance by the City
9 and/or Port.

10
11 23. Any other costs authorized to be financed by the STD under the DDA and VDDA.

12
13 24. Soft Costs required to support the construction of the Horizontal Improvements and
14 implementation of the DDA and VDDA, including developer management costs,
15 construction management Fees, and asset management costs.

16
17 25. Developer Mitigation Measures, including the formation of the Transportation
18 Management Association and dust, vibration and asbestos monitoring.

19
20 26. Miscellaneous Costs, such as costs associated with implementing the DDA and VDDA,
21 including any additional costs that the Parties have agreed shall be incurred by the
22 Developer for the Project, such as master planning for each phase, audits, appraisals,
23 workforce development costs (such as a liaison), cash payments and community
24 outreach initiatives.

1 Any facility authorized to be financed by the STD may be financed through the construction and
2 acquisition of the facility or through the payment of fees for such facility.

3
4 The facilities authorized to be financed may be located within or outside the boundaries of the
5 STD.

6
7 The facilities to be financed shall include all Hard Costs and Soft Costs associated with the
8 facilities, including the costs of the acquisition of land and rights-of-way, the costs of design,
9 engineering and planning, the costs of any environmental or traffic studies, surveys or other
10 reports, costs related to landscaping and irrigation, soils and other environmental testing and
11 observation, permits, plan check, and inspection fees, insurance, legal and related overhead
12 costs, bonding, trailer rental, utility bills, site security, coordination and supervision and any
13 other costs or appurtenances related to any of the foregoing as further defined in one or more
14 acquisition agreements with the developer of the property in the STD.

15
16 The facilities to be financed shall also include all incidental expenses, defined as follows:

17
18 (1) The cost of planning and designing facilities to be financed by the STD, including the cost
19 of environmental evaluations of those facilities.

20
21 (2) The costs associated with the creation of the STD, issuance of bonds, determination of the
22 amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to
23 carry out the authorized purposes of the STD.

1 (3) Any other expenses incidental to the construction, completion, and inspection of the
2 authorized work, including costs for temporary facilities with a useful life of at least 3 years that
3 are required to construct an authorized facility.
4

5 (4) Special taxes levied on a property in the STD and paid by the Master Developer on behalf
6 of a local agency or other landowner prior to the development of the property.
7

8 The facilities to be financed also includes the interim cost of the facilities, which shall mean the
9 Developer Return or Port Return, as applicable, and any interest payable on any promissory
10 note payable to the STD.
11

12 The STD may also apply bond proceeds and special taxes to repay the Port Commission for
13 advances made to pay for authorized costs, under any promissory note or otherwise.
14

15 Special taxes may be collected and set-aside in designated funds and collected over several
16 years (i.e., reserves), and used to fund facilities authorized to be financed by the STD.
17

18 AUTHORIZED SERVICES

19

20 Special taxes collected in the STD may finance, in whole or in part, the services authorized to
21 be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X)
22 and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et
23 seq.), for the FC Project Area, and areas outside the FC Project Area, not including the 20th
24 Street CFD, including:
25

- 1 • Maintenance, capital repair, replacement and operation (including public events) of
2 Public Spaces, including facilities for public enjoyment, such as public parks, public
3 recreational facilities, public access, open space, and other public amenities, some of
4 which may be rooftop facilities or located on private property but identified as public
5 open space in the DDA or Design for Development.
- 6
- 7 • Maintenance, capital repair, replacement and operation of Public Right-of-Ways
8 (ROWs), including public streets, sidewalks, shared public ways, mid-block passages,
9 bicycle lanes, and other paths of travel, associated landscaping and furnishings,
10 retaining walls within the ROWs, and related amenities in the FC Project Area,
11 including any portion of the Building 15 structure over 22nd Street, some of which may
12 be located on private property but identified as public open space in the DDA or Design
13 for Development.
- 14
- 15 • Maintenance, capital repair, replacement and operation of Shoreline Improvements in
16 and adjacent to the FC Project Area that were completed per the DDA, such as
17 shoreline restoration, including installation of stone columns, pilings, secant walls, and
18 other structures to stabilize the seawall or shoreline, removal of bay fill, creation of
19 waterfront public access to or environmental remediation of the San Francisco
20 waterfront.
- 21
- 22 • Maintenance, capital repair, replacement and operation of landscaping and irrigation
23 systems and other equipment, material, and supplies directly related to maintaining and
24 replacing landscaped areas and water features in Public Spaces and Public ROWs.
- 25

- 1 • Maintenance, capital repair, replacement and operation as needed of Public Spaces,
2 including street cleaning and paving.
- 3
- 4 • Maintenance, capital repair, replacement and operation of lighting, rest rooms, trash
5 receptacles, park benches, planting containers, picnic tables, bollards, bicycle racks
6 and corrals, and other furniture and fixtures and signage in Public Spaces and Public
7 ROWs.
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- 9 • Maintenance, capital repair, replacement and operation of utilities in Public Spaces and
10 Public ROWs.
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- 12 • General liability insurance for any Public ROWs or structures in Public ROWs that
13 Public Works does not submit to the Board of Supervisors for City acceptance for City
14 General Fund liability purposes and other commercially reasonable insurance
15 coverages.
- 16
- 17 • Port, City, or third party personnel, administrative, and overhead costs related to
18 maintenance or to contracting for and managing third-party maintenance, including rent
19 for storage space needed to support the maintenance activities.
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- 21 • Any other costs authorized to be financed by the STD under the DDA and VDDA.
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23 Special taxes may be collected and set-aside in designated funds and collected over several
24 years (i.e., reserves), and used to fund services authorized to be financed by the STD. The
25 term "operation" includes providing security and hosting special events.

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INCIDENTAL COSTS

Special taxes collected in the STD will also fund, in whole or in part, the incidental costs associated with the facilities and services authorized to be financed. Incidental costs include, but are not limited to:

1. Administrative expenses and fees including costs incurred to form the STD, to annex territory to the STD, to annually administer the STD, to levy and collect special taxes for the STD, and any other costs incurred in standard administration of the STD by the City or their authorized consultants;
2. Any amounts needed to cure actual or estimated delinquencies in special taxes for the current or previous fiscal years;
3. Bond related expenses, including underwriters discount, reserve fund, capitalized interest, bond, disclosure, and underwriter counsel fees and all other incidental expenses; and
4. Reimbursement of costs related to the formation of the STD advanced by the City and any landowner(s) in the STD, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City or any landowner(s) in the STD or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the STD.

LEGISLATIVE DIGEST

[Levying Taxes - Special Tax District No. 2019-1 9 Pier 70 Condominiums]

Ordinance levying special taxes within City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums).

Existing Law

This is new law.

Background Information

The City, acting through the Port Commission, is empowered to manage lands within the Port's jurisdiction. The Port has entered into a Disposition and Development Agreement ("DDA"), including a Financing Plan ("Financing Plan") with FC Pier 70 LLC, a Delaware limited liability company ("Master Developer") in connection with the development of approximately 28 acres of land in the waterfront area within the jurisdiction of the Port known as Pier 70 ("Project Site").

The DDA contemplates that the Port will initially lease the Project Site to the Master Developer for infrastructure development, and, ultimately, lease and sell parcels in the Project Site to vertical developers for the development of a mixed-use project described in the DDA. In addition to the infrastructure and private development, future improvements will be necessary to ensure that the shoreline, public facilities, and public access improvements will be protected should sea level rise occur in the vicinity of the Project Site.

In order to pay the cost for such future shoreline, public facilities, and public access infrastructure improvements, a communities facilities district ("San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums)") ("District") has been established under the City's Special Tax District Financing Law ("Code"). The proposed Ordinance authorizes the levy of special taxes within the District (including any Future Annexation Area) pursuant to the Code, at the rate and in accordance with the formula ("Rate and Method") set forth in the Resolution of Formation to establish the District, as adopted by the Board. Special taxes levied pursuant to the Ordinance will continue until payment in full of any bonds or other debt issued by the City for the District or longer period as provided in the Rate and Method.

Under the proposed Ordinance, the Controller's Director of the Office of Public Finance is authorized each fiscal year to determine the specific special tax rate and amount to be levied for the next ensuing fiscal year for each parcel of real property within the District, in the manner and as provided in the Resolution of Formation and the Rate and Method.

CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2019-1
(Pier 70 Condominiums)

SPECIAL TAX DISTRICT REPORT

CONTENTS

Introduction

- A. Description of Facilities and Services
- B. Proposed Boundaries of the Special Tax District
- C. Cost Estimate

EXHIBIT A - Description of the Proposed Facilities and Services

EXHIBIT B - Cost Estimate

EXHIBIT C - Rate and Method of Apportionment of Special Tax

CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2019-1
(Pier 70 Condominiums)

INTRODUCTION

Project Background. California Statutes of 1968, Chapter 1333 ("Burton Act") and San Francisco Charter Section 4.114 and Appendix B, beginning at Section B3.581, empower the City and County of San Francisco ("City"), acting through the San Francisco Port Commission ("Port" or "Port Commission"), with the power and duty to use, conduct, operate, maintain, manage, regulate, and control the lands within Port jurisdiction.

FC Pier 70, 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 approximately 28 acres of land in the waterfront area of the City known as Pier 70 ("Project Site").

In the general election held on November 4, 2014, an initiative entitled, the "Union Iron Works Historic District Housing, Waterfront Parks, Jobs and Preservation Initiative" ("Proposition F"), was approved by the voters in the City.

The DDA contemplates a project ("Project") under which the Port would initially lease the Project Site to the Master Developer for infrastructure development, and, ultimately, lease and sell parcels in the Project Site to vertical developers, for development of a mixed-use project described in the DDA.

The City anticipates that, in addition to the infrastructure and private development described above, future improvements will be necessary to ensure that the shoreline, public facilities, and public access improvements will be protected should sea level rise in the vicinity of the Project Site, and the Board of Supervisors of the City wishes to provide a mechanism to finance the costs of infrastructure, certain other facilities and certain services necessary or incident to development of the Project Site, including, without limitation, future improvements necessitated by sea level rise.

Authority to Establish Special Tax Districts. Under Chapter 43, Article X of the San Francisco Administrative Code (the "Code"), which Code incorporates by reference the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"), the Board of Supervisors is authorized to establish a special tax district and to act as the legislative body for a special tax district.

Resolution of Intention. On November 19, 2019, the Board of Supervisors adopted a resolution entitled "Resolution declaring the intention of the Board of Supervisors to establish City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) and a Future Annexation Area; ordering and setting a time and place for a public hearing of the Board of Supervisors, sitting as a Committee of the Whole, on January 14, 2020; determining other matters in connection therewith, as defined herein; and making findings under the California Environmental Quality Act" (the "Resolution of Intention"), which Resolution of Intention was signed by the Mayor of the City on November 27, 2019.

In the Resolution of Intention, the Board of Supervisors proposed to conduct proceedings to establish a special tax district to be known as "City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums)" (the "Special Tax District") and determined that public convenience and necessity require that a future annexation area for the Special Tax District (the "Future Annexation Area") be established.

Special Tax District Report. In the Resolution of Intention, the Board of Supervisors ordered the preparation of a written Special Tax District Report (this "Report") that would contain the following information:

(a) A description of the facilities (the "Facilities") and the services ("Services") by type which will be required to adequately meet the needs of the Special Tax District and the Future Annexation Area.

(b) An estimate of the fair and reasonable cost of the Facilities including the cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith and incidental expenses in connection therewith, including the costs of the proposed bond financing and other debt and all other related costs as provided in Mello-Roos Act Section 53345.3.

(c) An estimate of the fair and reasonable cost of the Services and incidental expenses in connection therewith, and all other related costs.

For particulars, reference is made to the Resolution of Intention for the Special Tax District, as previously approved and adopted by the Board of Supervisors.

NOW, THEREFORE, I, the Director of the Office of Public Finance of the City, do hereby submit the following data:

A. DESCRIPTION OF FACILITIES AND SERVICES. A general description of the proposed Facilities and Services is as shown in Exhibit "A" attached hereto and hereby made a part hereof.

The Special Tax District is expected to finance the abatement and removal of hazardous substances. A Feasibility Study and Remedial Action Plan ("Remedial Action Plan") for the Project Site, including the property in the Special Tax District, was prepared by Treadwell & Rollo, on behalf of the San Francisco Port Commission, in 2012; the Regional Water Quality Control Board – San Francisco Bay Region approved the Remedial Action Plan on August 9, 2012. Treadwell & Rollo also prepared a Pier 70 Risk Management Plan ("Risk Management Plan") for the San Francisco Port Commission, dated July 25, 2013.

The Risk Management Plan identifies pre-development, development and post-development measures to mitigate potential risks to the environment, current and future on-site employees, future residents, construction and maintenance workers, visitors, and the public. Implementation of the Risk Management Plan constitutes the required remedial action to address environmental contaminants at the site.

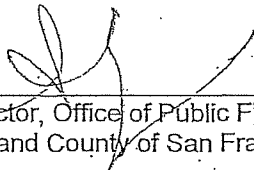
B. PROPOSED BOUNDARIES OF THE SPECIAL TAX DISTRICT. The proposed boundaries of the Special Tax District and the Future Annexation Area are as set forth in the map of the Special Tax District previously recorded in the Assessor-Recorder's Office on December

12, 2019 as Document No. K876615-00 in Book 001 Page 170 of the Book of Maps of Assessment and Special Tax Districts, to which reference is hereby made.

Parcels within the Future Annexation Area shall be annexed to the Special Tax District only with the unanimous approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed.

C. **COST ESTIMATE.** Exhibit "B" attached hereto and hereby made a part hereof includes (1) an estimate of the fair and reasonable cost of the Facilities including the cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith and incidental expenses in connection therewith, including the costs of the proposed bond financing and other debt and all other related costs as provided in Mello-Roos Act Section 53345.3 and (2) an estimate of the fair and reasonable cost of the Services and incidental expenses in connection therewith, and all other related costs.

Dated as of January 9, 2019

By: 

Director, Office of Public Finance
City and County of San Francisco

EXHIBIT A

CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2019-1
(Pier 70 Condominiums)

DESCRIPTION OF FACILITIES, SERVICES AND OTHER COSTS TO BE
FINANCED BY THE SPECIAL TAX DISTRICT

City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) (as originally configured and as expanded through annexation of property in the future, the "STD"); is authorized to finance the Facilities, Services and Incidental Costs described in this Exhibit A. Capitalized terms used in this Exhibit A but not defined herein have the meaning given them in (1) the Appendix to Transaction Documents for the Pier 70 28-Acre Site Project, attached as an appendix to the Disposition and Development Agreement ("DDA"), dated as of May 2, 2018, by and between the Port and the Developer, including all exhibits and attachments, as may be amended from time to time and (2) those definitions included in the Vertical Disposition and Development Agreement for Parcel K North, dated February 8, 2019 ("VDDA"). When used in this Exhibit A, "including" has the meaning given to it in the DDA.

AUTHORIZED FACILITIES

The STD is authorized to finance the purchase, construction, reconstruction, expansion, improvement, or rehabilitation of all or any portion of the facilities authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), including:

1. Land Acquisition – includes, but is not limited to, acquisition of land for public improvements or for other requirements under the DDA and VDDA.
2. Demolition and Abatement – includes, but is not limited to, Site Preparation costs, including abatement of hazardous materials, removal of below-grade, at-grade, and above-grade facilities, and recycling or disposal of waste, including demolition and abatement within future vertical sites that is necessary for Horizontal Improvements.
3. Auxiliary Water Supply System - includes, but is not limited to, main pipe, laterals, valves, fire hydrants, cathodic protection, tie-ins, and any other components required for onsite and offsite high pressure water supply network intended for fire suppression.
4. Low Pressure Water - includes, but is not limited to, main pipe, laterals, water meters, water meter boxes, back flow preventers, gate valves, air valves, blow-offs, fire hydrants, cathodic protection, tie-ins, and any other components required for onsite and offsite low pressure water supply network intended for domestic use.
5. Non-Potable Water - includes, but is not limited to, main pipe, laterals, water meters, water meter boxes, back flow preventers, gate valves, air valves, blow-offs, cathodic protection, tie-ins, blackwater treatment facility (whether publicly or privately owned), and any other

- components required for non-potable water supply network intended to provide treated wastewater for use in, among other things, irrigation of parks, landscaping, and non-potable uses within buildings.
6. Combined Sanitary Sewer and Stormwater Management— includes, but is not limited to, retrofit of existing combined sewer facilities, new gravity main pipe, force main pipe and associated valves, laterals, manholes, catch basins, traps, air vents, pump stations, outfalls, lift stations, connections to existing systems, stormwater treatment BMPs such as detention vaults, and any other components required for a network intended to convey storm water and sanitary sewage, including components, such as ejector pumps, associated with vertical buildings to meet design criteria for the Horizontal Improvements.
 7. Joint Trench & Dry Utilities – includes, but is not limited to, installation of primary and secondary conduits, overhead poles, pull boxes, vaults, subsurface enclosures, gas main, and anodes for dry utilities including electrical, gas, telephone, cable, internet, and information systems.
 8. Earthwork and Retaining Walls – includes, but is not limited to, Site Preparation activities including importation of clean fill materials, clearing and grubbing, slope stabilization, ground improvement, installation of geogrid, surcharging, wick drains, excavation, rock fragmentation, grading, placement of fill, compaction, retaining walls, subdrainage, erosion control, temporary fencing, and post-construction stabilization such as hydroseeding. Also, includes, but is not limited to, excavation of future vertical development sites if the excavated soils is used on site for purposes of raising Horizontal Improvements.
 9. Roadways – includes, but is not limited to, Public ROWs, road subgrade preparation, aggregate base, concrete roadway base, asphalt wearing surface, concrete curb, concrete gutter, medians, colored asphalt and concrete, pavers, speed bumps, sawcutting, grinding, conform paving, resurfacing, any other components required for onsite and offsite roadways, transit stops, bus facilities, permanent pavement marking and striping, traffic control signage, traffic light signals, offsite traffic improvements, and any other components or appurtenant features as required in the approved Improvement Plan details and specifications. through the permitting process.
 10. Streetscape – includes, but is not limited to, subgrade preparation, aggregate base, sidewalks, pavers, ADA curb ramps with detectable tiles, streetlights, light pole foundations, signage, emergency services infrastructure, landscaping (including trees and silva cells and/or structural soil), irrigation, street furniture, waste receptacles, bike racks, shared bike parking facilities (whether publicly or privately owned), newspaper stands, any other components or appurtenant features as required in the approved Improvement Plan details and specifications through the permitting process, and interpretative signage and facilities.
 11. Parks and Public Space – includes, but is not limited to, fine grading, storm drainage and treatment, sanitary sewer, low pressure water, park lighting, community wifi, security infrastructure, low-voltage electrical, various hardscaping, irrigation, landscaping, various concrete structures, site furnishings, public art, viewing platforms, retrofit of shoreline structures and slopes (including demolition, excavation, installation of revetment, structural repair, and any other components, e.g., Shoreline Improvements), and any other associated work in publicly accessible spaces such as parks, open spaces, plazas, and

mid-block passages, including publicly-accessible parks, plazas, mid-block passages and open space that is located on private property, but identified as public open space, mid-block passages, streets or streetscapes in the DDA or Design for Development.

12. Historic Rehabilitation Required for Horizontal Improvements – includes, but is not limited to, eligible cost for relocation, structural retrofit, repair, and rehabilitation of historic buildings associated with horizontal public improvements, such as Building 12 lifting, Building 21 relocation, Building 108 reuse for blackwater treatment, and Building 15 structural frame.
13. Hazardous Soil Removal – includes, but is not limited to, removal and disposal of contaminated soil which cannot be reused on site in accordance with the Pier 70 Risk Management Plan, Pier 70 Master Plan Area, dated July 25, 2013, and associated with Horizontal Improvements.
14. Shoreline Adaptation Studies - includes, but is not limited to, analysis and planning to characterize the preferred Shoreline Protection Project and alternatives, including pre-entitlement planning and design work, environmental review, negotiation, and Regulatory Approvals related to the Shoreline Protection Facilities, conducted in accordance with Pier 70 Financing Plan Section 4.7(f) (Determining Pier 70 Shoreline Protection Facilities).
15. Shoreline Protection Facilities includes, but is not limited to, future waterfront Improvements at the San Francisco shoreline to protect the area from perils associated with seismic events and climate change, including sea level rise and floods, and other public improvements approved by the Port Commission and the Board of Supervisors.
16. Noonan Replacement Space, a space to accommodate the Noonan Space Lease in a new or rehabilitated building that meets the requirements of DDA § 7.13 (Noonan Replacement Space) for which the Port has issued a Temporary Certificate of Occupancy and Noonan moving costs related to relocating Noonan Tenants from the existing Noonan Building to the Noonan Replacement Space.
17. Arts Building, a new building on Parcel E4 with space dedicated and restricted to arts/light industrial uses in accordance with DDA § 7.12 (Arts Building) and the Arts Program, as well as community space that can be funded under the Financing Plan.
18. Historic Building Feasibility Gap as specified in Financing Plan Section 11.1 (Subsidy for Historic Buildings 12 and 21).
19. Deferred Infrastructure.
20. Entitlement costs, including Entitlement Costs and costs to obtain approvals necessary to proceed with development, incurred after the Reference Date to develop improvements authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code

ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), such as the cost to comply with the California Environmental Quality Act, negotiate transaction documents, permitting of Horizontal Improvements, subdivision mapping, conduct community outreach, and prepare development design and land use requirements, but not expenses related to any campaign or ballot measure or any other expenses prohibited by law. Entitlement costs may include interim costs as approved from time to time by the Board of Supervisors.

21. Associated Public Benefits.

22. Miscellaneous Horizontal Development Costs - any other Horizontal Development Costs associated with implementing the DDA and VDDA, including any additional costs that the Parties agree shall be incurred by the Developer for the Project, including workforce liaisons; studies and consultants required to comply with the DDA, such as auditors, inspectors, attorneys and appraisers; replacement and rework costs, including repairs to correct incidental damage that occurs throughout the course of construction and restoration of roadway pavement in areas where there are trenches excavated after the initial roadway is paved, and maintenance prior to acceptance by the City and/or Port.

23. Any other costs authorized to be financed by the STD under the DDA and VDDA.

24. Soft Costs required to support the construction of the Horizontal Improvements and implementation of the DDA and VDDA, including developer management costs, construction management Fees, and asset management costs.

25. Developer Mitigation Measures, including the formation of the Transportation Management Association and dust, vibration and asbestos monitoring.

26. Miscellaneous Costs, such as costs associated with implementing the DDA and VDDA, including any additional costs that the Parties have agreed shall be incurred by the Developer for the Project, such as master planning for each phase, audits, appraisals, workforce development costs (such as a liaison), cash payments and community outreach initiatives.

Any facility authorized to be financed by the STD may be financed through the construction and acquisition of the facility or through the payment of fees for such facility.

The facilities authorized to be financed may be located within or outside the boundaries of the STD.

The facilities to be financed shall include all Hard Costs and Soft Costs associated with the facilities, including the costs of the acquisition of land and rights-of-way, the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, costs related to landscaping and irrigation, soils and other environmental testing and observation, permits, plan check, and inspection fees, insurance, legal and related overhead costs, bonding, trailer rental, utility bills, site security, coordination and supervision and any other costs or appurtenances related to any of the foregoing as further defined in one or more acquisition agreements with the developer of the property in the STD.

The facilities to be financed shall also include all incidental expenses, defined as follows:

- (1) The cost of planning and designing facilities to be financed by the STD, including the cost of environmental evaluations of those facilities.
- (2) The costs associated with the creation of the STD, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the STD.
- (3) Any other expenses incidental to the construction, completion, and inspection of the authorized work, including costs for temporary facilities with a useful life of at least 3 years that are required to construct an authorized facility.
- (4) Special taxes levied on a property in the STD and paid by the Master Developer on behalf of a local agency or other landowner prior to the development of the property.

The facilities to be financed also includes the interim cost of the facilities, which shall mean the Developer Return or Port Return, as applicable, and any interest payable on any promissory note payable to the STD.

The STD may also apply bond proceeds and special taxes to repay the Port Commission for advances made to pay for authorized costs, under any promissory note or otherwise.

Special taxes may be collected and set-aside in designated funds and collected over several years (i.e., reserves), and used to fund facilities authorized to be financed by the STD.

AUTHORIZED SERVICES

Special taxes collected in the STD may finance, in whole or in part, the services authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), for the FC Project Area, and areas outside the FC Project Area, not including the 20th Street CFD, including:

- Maintenance, capital repair, replacement and operation (including public events) of Public Spaces, including facilities for public enjoyment, such as public parks, public recreational facilities, public access, open space, and other public amenities, some of which may be rooftop facilities or located on private property but identified as public open space in the DDA or Design for Development.
- Maintenance, capital repair, replacement and operation of Public Right-of-Ways (ROWs), including public streets, sidewalks, shared public ways, mid-block passages, bicycle lanes, and other paths of travel, associated landscaping and furnishings, retaining walls within the ROWs, and related amenities in the FC Project Area, including any portion of the Building 15 structure over 22nd Street; some of which may be located on private property but identified as public open space in the DDA or Design for Development.

- Maintenance, capital repair, replacement and operation of Shoreline Improvements in and adjacent to the FC Project Area that were completed per the DDA, such as shoreline restoration, including installation of stone columns, pilings, secant walls, and other structures to stabilize the seawall or shoreline, removal of bay fill, creation of waterfront public access to or environmental remediation of the San Francisco waterfront.
- Maintenance, capital repair, replacement and operation of landscaping and irrigation systems and other equipment, material, and supplies directly related to maintaining and replacing landscaped areas and water features in Public Spaces and Public ROWs.
- Maintenance, capital repair, replacement and operation as needed of Public Spaces, including street cleaning and paving.
- Maintenance, capital repair, replacement and operation of lighting, rest rooms, trash receptacles, park benches, planting containers, picnic tables, bollards, bicycle racks and corrals, and other furniture and fixtures and signage in Public Spaces and Public ROWs.
- Maintenance, capital repair, replacement and operation of utilities in Public Spaces and Public ROWs.
- General liability insurance for any Public ROWs or structures in Public ROWs that Public Works does not submit to the Board of Supervisors for City acceptance for City General Fund liability purposes and other commercially reasonable insurance coverages.
- Port, City, or third party personnel, administrative, and overhead costs related to maintenance or to contracting for and managing third-party maintenance, including rent for storage space needed to support the maintenance activities.
- Any other costs authorized to be financed by the STD under the DDA and VDDA.

Special taxes may be collected and set-aside in designated funds and collected over several years (i.e., reserves), and used to fund services authorized to be financed by the STD. The term "operation" includes providing security and hosting special events.

INCIDENTAL COSTS

Special taxes collected in the STD will also fund, in whole or in part, the incidental costs associated with the facilities and services authorized to be financed. Incidental costs include, but are not limited to:

1. Administrative expenses and fees including costs incurred to form the STD, to annex territory to the STD, to annually administer the STD, to levy and collect special taxes for the STD, and any other costs incurred in standard administration of the STD by the City or their authorized consultants;
2. Any amounts needed to cure actual or estimated delinquencies in special taxes for the current or previous fiscal years;
3. Bond related expenses, including underwriters discount, reserve fund, capitalized interest, bond, disclosure, and underwriter counsel fees and all other incidental expenses; and
4. Reimbursement of costs related to the formation of the STD advanced by the City and any landowner(s) in the STD, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City or any landowner(s) in the STD, or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the STD.

EXHIBIT B

**CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2019-1
(Pier 70 Condominiums)**

Facilities

The following is a summary of the estimated costs (in 2019 dollars) of acquisition and construction of the Facilities throughout the Project Site, some of which will be financed by the Special Tax District and some of which will be financed by City and County of San Francisco Special Tax District No. 2019-2 (Pier 70 Leased Properties).

<u>Facility</u>	<u>Estimated Cost</u>
Facilities Special Tax Improvements	\$426,280,000
Shoreline Special Tax Improvements (1)	348,300,000
Arts Buildings Special Tax Improvements	<u>20,000,000</u>
Total	\$794,580,000

(1) The Shoreline Special Tax is only levied in City and County of San Francisco Special Tax District No. 2019-2 (Pier 70 Leased Properties).

Services

The following is an estimate of the cost (in 2019 dollars) of providing the Services throughout the Project Site, some of which will be financed by the Special Tax District and some of which will be financed by City and County of San Francisco Special Tax District No. 2019-2 (Pier 70 Leased Properties), with the cost escalating annually thereafter.

<u>Services</u>	<u>Estimated Cost</u>
Maintenance of Public Spaces and Public ROWs	\$3,000,000

Incidental Expenses

In addition to the acquisition and construction costs of the Facilities, the City will finance bond or other debt-issuance costs, capitalized interest, a debt service reserve fund and other costs associated with the sale of bonds or other debt and annual administration of the Special Tax District.

The estimated bond or other debt issuance costs are approximately 5 percent of the principal amount of the bond or other debt. The estimated costs of determining the amount of taxes, collecting special taxes, allocating special taxes, and other costs incurred in order to carry out the authorized purposes of the Special Tax District is approximately \$70,000 per year.

The estimated costs of forming the Special Tax District are approximately \$150,000.

EXHIBIT C

CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2019-1
(Pier 70 Condominiums)

Rate and Method of Apportionment of Special Tax

Special Taxes applicable to each Taxable Parcel in the City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) shall be levied and collected according to the tax liability determined by the Administrator through the application of the appropriate amount or rate for Taxable Parcels, as described below. All Taxable Parcels in the STD shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the STD.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“28-Acre Site” is defined in the Appendix.

“Administrative Expenses” means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City carrying out duties with respect to the STD and the Bonds, including, but not limited to, levying and collecting the Special Taxes, the fees and expenses of legal counsel, charges levied by the City, including the Controller’s Office, the Treasurer and Tax Collector’s Office, the City Attorney, and the Port, costs related to property owner inquiries regarding the Special Taxes, costs associated with appeals or requests for interpretation associated with the Special Taxes and this RMA, costs associated with annexation of property into the STD, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with any continuing disclosure requirements for the City and any other major property owner (whether or not deemed to be an obligated person), costs associated with foreclosure and collection of delinquent Special Taxes, and all other costs and expenses of the City in any way related to the establishment or administration of the STD.

“Administrator” means the Director of the Office of Public Finance or his/her designee who shall be responsible for administering the Special Taxes according to this RMA.

“Affordable Housing Project” means a residential or primarily residential project, as determined by the Review Authority, within which 100% of the residential units have a deed restriction recorded on title of the property that (i) limits the rental rates on the units or (ii) in any other way is intended to restrict the current or future value of the unit, as determined by the Review Authority.

“Airspace Parcel” means a Taxable Parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land parcel.

“Apartment Building” means a residential or mixed-use building within which all of the residential units are offered for rent to the general public and are not available for sale to or ownership by individual homebuyers.

“Appendix” means the Appendix to Transaction Documents for the Pier 70 28-Acre Site Project.

“Arts Building Special Tax Bonds” means any Bonds secured by the Arts Building Special Taxes that are issued to pay Arts Building Costs.

“Arts Building Costs” means up to \$20 million in costs (or such other amount identified in the Financing Plan) associated with the Arts Building, the Noonan Replacement Space and community facilities allocated under the Financing Plan, and authorized to be financed by the Arts Building Special Tax and Arts Building Special Tax Bonds by the Financing Plan and by the formation proceedings for the STD and the Leased Properties STD No. 2019-2.

“Arts Building Special Tax” means a special tax levied in Tax Zone 2 in any Fiscal Year to pay the Arts Building Special Tax Requirement.

“Arts Building Special Tax Requirement” means the amount necessary in any Fiscal Year to pay: (i) pay principal and interest on Arts Building Special Tax Bonds that are due in the calendar year that begins in such Fiscal Year; (ii) pay periodic costs on Arts Building Special Tax Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments; (iii) replenish reserve funds created for Arts Building Special Tax Bonds under the applicable Indenture to the extent such replenishment has not been included in the computation of the Arts Building Special Tax Requirement in a previous Fiscal Year; (iv) cure any delinquencies in the payment of principal or interest on Arts Building Special Tax Bonds which have occurred in the prior Fiscal Year; (v) pay Administrative Expenses; (vi) pay other obligations described in the Financing Plan; and (vii) pay directly for Arts Building Costs. The amount calculated to pay items (i) through (vii) above may be reduced in any Fiscal Year by: (a) interest earnings on or surplus balances in funds and accounts for the Arts Building Special Tax Bonds to the extent that such earnings or balances are available to apply against such costs pursuant to the applicable Indenture; (b) in the sole and absolute discretion of the Port, proceeds received by the STD from the collection of penalties associated with delinquent Arts Building Special Taxes; and (c) any other revenues available to pay such costs, as determined by the Administrator, the City, and the Port.

“Assessor’s Parcel” or **“Parcel”** means a lot or parcel, including an Airspace Parcel, shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

“Association” means a homeowners or property owners association, including any master or sub-association, that provides services to; and collects dues, fees, or charges from, property within the STD.

“Association Square Footage” means square footage within a building that is (i) on property in the STD that is owned in fee or by easement by, or leased to, an Association, not including any such property that is located directly under a residential structure, and (ii) used for purposes of the Association and not leased or otherwise used for purposes that are not part of the operation of the Association.

“Authorized Expenditures” means, separately with respect to the Facilities Special Tax, Arts Building Special Tax, and Services Special Tax, those costs, facilities or public services authorized to be funded by the applicable Special Taxes as set forth in the Financing Plan and the documents adopted by the Board at STD Formation, as may be amended from time to time.

“**Base Arts Building Special Tax**” means, for any Square Footage Category in Tax Zone 2, the per-square foot Arts Building Special Tax identified in Table 2 in Section C below.

“**Base Facilities Special Tax**” means, for any Square Footage Category, the per-square foot Facilities Special Tax for Square Footage within such Square Footage Category, as identified in Table 1 in Section C below.

“**Base Services Special Tax**” means, for any Square Footage Category, the per-square foot Services Special Tax for Square Footage within such Square Footage Category, as identified in Table 3 in Section C below.

“**Base Special Tax**” means:

- I. For Tax Zone 1: collectively, the Base Facilities Special Tax and the Base Services Special Tax, and
- II. For Tax Zone 2: collectively, the Base Facilities Special Tax, the Base Arts Building Special Tax, and the Base Services Special Tax.

“**Board**” means the Board of Supervisors of the City, acting as the legislative body of STD No. 2019-1.

“**Bond Sale**” means, for the Facilities Special Tax, issuance of any Facilities Special Tax Bonds and, for the Arts Building Special Tax, issuance of any Arts Building Special Tax Bonds.

“**Bonds**” means bonds or other debt (as defined in the CFD Law), whether in one or more series, that are issued or assumed by or for the STD to finance Authorized Expenditures including any Arts Building Special Tax Bonds and Facilities Special Tax Bonds. The term “Bonds” includes any promissory note executed by or on behalf of the STD for the benefit of the Port.

“**Building Permit**” means a permit that is issued by the Port or the City that allows for vertical construction of a building or buildings, including any addendum to a site permit, but excluding a separate permit issued for construction of building foundations.

“**Capitalized Interest**” means funds in any capitalized interest account available to pay debt service on Bonds.

“**Certificate of Occupancy**” means the first certificate, including any temporary certificate of occupancy, issued by the Port or the City to confirm that a building or a portion of a building has met all of the building codes and can be occupied for residential or non-residential use. For purposes of this RMA, “Certificate of Occupancy” shall not include any certificate of occupancy that was issued prior to January 1, 2018 for a building within the STD; however, any subsequent certificates of occupancy that are issued for new construction or expansion of a building shall be deemed a Certificate of Occupancy and the Special Taxes shall apply to the associated Square Footage.

“**CFD Law**” means the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X), which incorporates the Mello-Roos Community Facilities Act of 1982 (Cal. Gov’t Code §§ 53311-53368).

“City” means the City and County of San Francisco, California.

“County” means the City and County of San Francisco, California.

“DDA” means the Disposition and Development Agreement between the Port and the Developer, including all exhibits and attachments, as may be amended from time to time.

“Deputy Director” means the Deputy Director of Finance and Administration for the Port or other such official that acts as the chief financial officer for the Port.

“Developed Property” means, in any Fiscal Year, the following:

For Tax Zone 1:

For levy of the Facilities Special Tax: all Taxable Parcels for which the 36-month anniversary of the VDDA Execution Date has occurred in a preceding Fiscal Year, regardless of whether a Building Permit has been issued.

For levy of the Services Special Tax: all Taxable Parcels for which a Certificate of Occupancy was issued on or prior to June 30 of the preceding Fiscal Year, but not prior to January 1, 2018.

For Tax Zone 2:

For levy of the Facilities Special Tax and Arts Building Special Tax: all Taxable Parcels for which the 36-month anniversary of the VDDA Execution Date has occurred in a preceding Fiscal Year, regardless of whether a Building Permit has been issued. For any Taxable Parcel on which a structure is built and occupied without execution of a VDDA, such Taxable Parcel shall be categorized as Developed Property in the Fiscal Year in which a Certificate of Occupancy was issued on or prior to June 30 of the preceding Fiscal Year.

For levy of the Services Special Tax: all Taxable Parcels for which a Certificate of Occupancy was issued on or prior to June 30 of the preceding Fiscal Year, but not prior to January 1, 2018.

“Developer” means FC Pier 70, LLC, or any successor or assign, as tenant under the Master Lease.

“Developer Private Agreement” means all of the following: (i) the Developer has agreed pursuant to Section 4.12(b)(2)(A) of the Financing Plan to pay the Facilities Special Tax on Undeveloped Property of Vertical Developers; (ii) the Developer has entered into such a written agreement with each Vertical Developer; and (iii) the San Francisco Port Commission has agreed to the levy of a Facilities Special Tax on Undeveloped Property based on such agreements.

“Developer Public Agreement” means all of the following: (i) the Developer has entered into an agreement with the Port pursuant to Section 4.12(b)(2)(B) of the Financing Plan to pay the Facilities Special Tax on Port-Owned Development Parcels; and (ii) the San Francisco Port Commission has agreed to the levy of Facilities Special Taxes on the Port-Owned Development Parcels.

“Development Approval Documents” means, collectively, the DDA, any Vertical DDAs, any Final Maps, Review Authority approvals, condominium plans, or other such approved or recorded

document or plan that identifies the type of structure(s), acreage, or Square Footage approved for development on Taxable Parcels.

“Escalator” means the lesser of the following: (i) the annual percentage increase, if any, in the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-Hayward region (base years 1982-1984=100) published by the Bureau of Labor Statistics of the United States Department of Labor, or, if such index is no longer published, a similar escalator that is determined by the Port and City to be appropriate, and (ii) five percent (5%).

“Estimated Base Arts Building Special Tax Revenues” means, at any point in time, the amount calculated by the Administrator by multiplying the Base Arts Building Special Tax by Square Footage within each Square Footage Category proposed for development in Tax Zone 2 and, if applicable, in completed buildings on a Taxable Parcel in Tax Zone 2.

“Estimated Base Facilities Special Tax Revenues” means, at any point in time, the amount calculated by the Administrator by multiplying the Base Facilities Special Tax by Square Footage within each Square Footage Category proposed for development and, if applicable, in completed buildings on a Taxable Parcel.

“Exempt Association Square Footage” means, prior to the First Bond Sale, any Association Square Footage in or expected in a building on any Parcel of Developed Property. After the First Bond Sale, “Exempt Association Square Footage” for any building on a Parcel of Developed Property shall be the sum of the following, as determined by the Review Authority:

1. Square footage in or expected in the building that, at the time the Parcel became Developed Property, was determined by the Review Authority to be reserved for Association Square Footage; and

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2. Square footage in or expected in the building that (i) exceeds the original Exempt Association Square Footage determined when the Parcel became Developed Property, and (ii) if exempted from Special Taxes, would not reduce coverage on outstanding Bonds below the Required Coverage.

The Administrator and the Review Authority will maintain a record of the amount and location of Exempt Association Square Footage within each building in the STD. If, in any Fiscal Year, the Administrator determines that square footage that had been designated as Exempt Association Square Footage no longer meets the definition set forth above, such square footage shall be assigned by the Review Authority to the appropriate Square Footage Category and taxed accordingly pursuant to this RMA.

“Exempt Non-Residential Square Footage” means any ground level retail uses within a building that is otherwise comprised of Residential Square Footage, as reflected on the Building Permit or Vertical DDA and as determined in the sole discretion of the Administrator and the Port. If, in any Fiscal Year, the Administrator identifies Non-Residential Square Footage on a ground level Parcel that had been taxed in the prior Fiscal Year based on Residential Square Footage that had been constructed, or expected to be constructed, on the Parcel, the Administrator will apply Section D.3 to determine if the Non-Residential Square Footage will be Exempt Non-Residential Square Footage or Taxable Non-Residential Square Footage.

“Expected Land Uses” means the total Square Footage in each Square Footage Category expected on each Planning Parcel in the STD. The Expected Land Uses at STD Formation are identified in Attachment 3 and may be revised pursuant to Sections B, C, D, and E below.

“Expected Maximum Arts Building Special Tax Revenues” means the aggregate Arts Building Special Tax that can be levied based on application of the Base Arts Building Special Tax to the Expected Land Uses in Tax Zone 2. The Expected Maximum Arts Building Special Tax Revenues for each Planning Parcel in Tax Zone 2 at the time of STD Formation are shown in Attachment 3 and may be revised pursuant to Sections B, C, D, and E below.

“Expected Maximum Facilities Special Tax Revenues” means the aggregate Facilities Special Tax that can be levied based on application of the Base Facilities Special Tax to the Expected Land Uses. The Expected Maximum Facilities Special Tax Revenues for each Planning Parcel at STD Formation are shown in Attachment 3 and may be revised pursuant to Sections B, C, D, and E below.

“Expected Taxable Property” means, in any Fiscal Year, any Parcel within the STD that: (i) pursuant to the Development Approval Documents, was expected to be a Taxable Parcel; (ii) is not a Port-Owned Development Parcel; (iii) based on the Expected Land Uses, was assigned Expected Maximum Facilities Special Tax Revenues or Expected Maximum Arts Building Special Tax Revenues; and (iv) subsequently falls within one or more of the categories that would otherwise be exempt from Special Taxes pursuant to Section H below.

“Facilities Special Tax” means a special tax levied in any Fiscal Year to pay the Facilities Special Tax Requirement.

“Facilities Special Tax Bonds” means any Bonds secured by Facilities Special Taxes.

“Facilities Special Tax Requirement” means the amount necessary in any Fiscal Year to pay: (i) pay principal and interest on Facilities Special Tax Bonds that are due in the calendar year that begins in such Fiscal Year; (ii) pay periodic costs on Facilities Special Tax Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments; (iii) replenish reserve funds created for Facilities Special Tax Bonds under the applicable Indenture to the extent such replenishment has not been included in the computation of the Facilities Special Tax Requirement in a previous Fiscal Year; (iv) cure any delinquencies in the payment of principal or interest on Facilities Special Tax Bonds which have occurred in the prior Fiscal Year; (v) pay Administrative Expenses; (vi) pay other obligations described in the Financing Plan; and (vii) pay directly for Authorized Expenditures, so long as such levy under this clause (vii) does not increase the Facilities Special Tax levied on Undeveloped Property. The amount calculated to pay items (i) through (vii) above may be reduced in any Fiscal Year by: (a) interest earnings on or surplus balances in funds and accounts for the Facilities Special Tax Bonds to the extent that such earnings or balances are available to apply against such costs pursuant to the applicable Indenture; (b) in the sole and absolute discretion of the Port, proceeds received by the STD from the collection of penalties associated with delinquent Facilities Special Taxes; and (c) any other revenues available to pay such costs, as determined by the Administrator, the City, and the Port.

“Final Map” means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots on which Building Permits for new construction may be issued without further subdivision.

“Financing Plan” means the Financing Plan attached as Exhibit C1 to, and incorporated into, the DDA, as such plan may be amended or supplemented from time to time in accordance with the terms of the DDA.

“First Bond Sale” means, for the Facilities Special Tax, a Bond Sale of the first series of Facilities Special Tax Bonds, and, for the Arts Building Special Tax, a Bond Sale of the first series of Arts Building Special Tax Bonds.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“For-Sale Residential Square Footage” means the Square Footage within one or more For-Sale Residential Units.

“For-Sale Residential Unit” means an individual Residential Unit that is not a Rental Unit.

“Future Annexation Area” means that geographic area that, at STD Formation, was considered potential annexation area for the STD and which was, therefore, identified as “future annexation area” on the recorded STD boundary map. Such designation does not mean that any or all of the Future Annexation Area will annex into the STD, but should owners of property designated as Future Annexation Area choose to annex, the annexation may be processed pursuant to the annexation procedures in the CFD Law for territory included in a future annexation area, as well as the procedures established by the Board.

“Indenture” means any indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Bonds are issued, as modified, amended, or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Change” means a change to the Expected Land Uses after STD Formation.

“Leased Properties STD No. 2019-2” means the City and County of San Francisco Special Tax District No. 2019-2 (Pier 70 Leased Properties).

“Master Lease” means a lease for all or part of the 28-Acre Site that, with licenses for other portions of Pier 70, allows the Developer to take possession of the FC Project Area (as defined in the Appendix) and construct horizontal improvements approved under the DDA.

“Maximum Arts Building Special Tax” means the greatest amount of Arts Building Special Tax that can be levied on a Taxable Parcel in Tax Zone 2 in any Fiscal Year determined in accordance with Sections C, D, and E below.

“Maximum Arts Building Special Tax Revenues” means, at any point in time, the aggregate Maximum Arts Building Special Tax that can be levied on all Taxable Parcels in Tax Zone 2.

“Maximum Facilities Special Tax” means the greatest amount of Facilities Special Tax that can be levied on a Taxable Parcel in any Fiscal Year determined in accordance with Sections C, D, and E below.

“Maximum Facilities Special Tax Revenues” means, at any point in time, the aggregate Maximum Facilities Special Tax that can be levied on all Taxable Parcels.

“Maximum Services Special Tax” means the greatest amount of Services Special Tax that can be levied on a Taxable Parcel in any Fiscal Year determined in accordance with Sections C, D, and E below.

“Maximum Services Special Tax Revenues” means, at any point in time, the aggregate Maximum Services Special Tax that can be levied on all Taxable Parcels.

“Maximum Special Tax” means, for any Taxable Parcel in Tax Zone 1 in any Fiscal Year, the sum of the Maximum Facilities Special Tax and Maximum Services Special Tax. For any Taxable Parcel in Tax Zone 2, “Maximum Special Tax” means in any Fiscal Year, the sum of the Maximum Facilities Special Tax, Maximum Arts Building Special Tax, and Maximum Services Special Tax.

“Maximum Special Tax Revenues” means, collectively, the Maximum Facilities Special Tax Revenues, the Maximum Arts Building Special Tax Revenues, and the Maximum Services Special Tax Revenues.

“Non-Residential Square Footage” means Square Footage that is or is expected to be space within any structure or portion thereof intended or primarily suitable for, or accessory to, occupancy by retail, office, commercial, or any other Square Footage in a building that does not meet the definition of Residential Square Footage or Exempt Association Square Footage. The Administrator, in conjunction with the Review Authority, shall make the final determination as to the amount of Non-Residential Square Footage on any Taxable Parcel within the STD, and such determination shall be conclusive and binding. Incidental retail or commercial uses in an Affordable Housing Project that is not Expected Taxable Property shall be Exempt Non-Residential Square Footage. Non-Residential Square Foot means a single square-foot unit of Non-Residential Square Footage.

“Planning Code” means the Planning Code of the City and County of San Francisco, as it may be amended from time to time.

“Planning Parcel” means a geographic area within the STD that, for planning and entitlement purposes, has been designated as a separate Parcel with an alpha, numeric, or alpha-numeric identifier to be used for reference until an Assessor’s Parcel is created and an Assessor’s Parcel number is assigned. The Planning Parcels at STD Formation are identified in Attachment 1 hereto and may be revised pursuant to Sections D and E below.

“Port” means the Port of San Francisco.

“Port-Owned Development Parcel” means any Parcel of Undeveloped Property in the STD that is anticipated to be developed by a Vertical Developer but which is, at the time of calculation of a Special Tax levy, owned by the Port.

“Proportionately” means, for Developed Property, that the ratio of the actual Services Special Tax levied in any Fiscal Year to the Maximum Services Special Tax authorized to be levied in that Fiscal Year is equal for all Parcels of Developed Property in the same zone. For Undeveloped Property, “Proportionately” means that the ratio of the actual Facilities Special Tax levied to the Maximum Facilities Special Tax is equal for all Parcels of Undeveloped Property in the same zone. For Expected Taxable Property, “Proportionately” means that the ratio of the actual Facilities Special Tax and Arts Building Special Tax levied to the Maximum Facilities Special Tax and Maximum Arts Building Special Tax is equal for all Parcels of Expected Taxable Property in the same zone.

“Public Property” means any property within the boundaries of the STD that is owned by or leased to the federal government, State of California, City, or public agency other than the Port. Parcels of Public Property shall be taxed as Developed Property or Undeveloped Property, as determined by the Administrator pursuant to the definitions set forth in this RMA.

“Remainder Special Taxes” means, as calculated between September 1st and December 31st of any Fiscal Year, any Facilities Special Tax and Arts Building Special Tax revenues that were collected in the prior Fiscal Year and were not needed to: (i) pay debt service on the applicable Facilities Special Tax Bonds or Arts Building Special Tax Bonds that was due in the calendar year that begins in the Fiscal Year in which the Remainder Special Taxes were levied; (ii) pay periodic costs on the applicable Facilities Special Tax Bonds or Arts Building Special Tax Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments on such Facilities Special Tax Bonds or Arts Building Special Tax Bonds; (iii) replenish reserve funds created for the applicable Facilities Special Tax Bonds or Arts Building Special Tax Bonds under the Indenture; (iv) cure any delinquencies in the payment of principal or interest on the applicable Facilities Special Tax Bonds or Arts Building Special Tax Bonds which have occurred in the prior Fiscal Year; (v) pay other obligations described in the Financing Plan; or (vi) pay Administrative Expenses that have been incurred, or are expected to be incurred, by the City and Port prior to the receipt of additional Facilities Special Tax and Arts Building Special Tax proceeds.

“Rental Residential Square Footage” means Square Footage that is or is expected to be used for one or more of the following uses: (i) Rental Units; (ii) any type of group or student housing that provides lodging for a week or more and may or may not have individual cooking facilities, including but not limited to boarding houses, dormitories, housing operated by medical institutions, and single room occupancy units; or (iii) a residential care facility that is not staffed by licensed medical professionals. The Review Authority shall make the determination as to the amount of Rental Residential Square Footage on a Taxable Parcel in the STD.

“Rental Unit” means a Residential Unit within an Apartment Building.

“Required Coverage” means (i) for Arts Building Special Tax Bonds, the amount by which the Maximum Arts Building Special Tax Revenues must exceed the Arts Building Special Tax Bond debt service and priority Administrative Expenses (if any), as set forth in the applicable Indenture, Certificate of Special Tax Consultant, or other STD Formation Proceedings or Bond document that identifies the minimum required debt service coverage; and (ii) for Facilities Special Tax Bonds, the amount by which the Maximum Facilities Special Tax Revenues must exceed the Facilities Special Tax Bond debt service and priority Administrative Expenses (if any), as set forth in the applicable Indenture, Certificate of Special Tax Consultant, or other STD Formation Proceedings or Bond document that identifies the minimum required debt service coverage.

“Residential Square Footage” means, collectively, For-Sale Residential Square Footage and Rental Residential Square Footage. Residential Square Foot means a single square-foot unit of Residential Square Footage.

“Residential Unit” means a room or suite of two or more rooms that is designed for residential occupancy for 32 consecutive days or more, including provisions for sleeping, eating and sanitation. “Residential Unit” includes, but is not limited to, an individual townhome, condominium, flat, apartment, or loft unit, and individual units within a senior or assisted living facility.

“Review Authority” means the Deputy Director of Real Estate & Development for the Port or an alternate designee from the Port or the City who is responsible for approvals and entitlements of a development project.

“RMA” means this Rate and Method of Apportionment of Special Taxes.

“Services Special Tax” means a special tax levied in any Fiscal Year to pay the Services Special Tax Requirement.

“Services Special Tax Requirement” means the amount necessary in any Fiscal Year to: (i) pay the costs of operations and maintenance or other public services that are included as Authorized Expenditures; (ii) cure delinquencies in the payment of Services Special Taxes in the prior Fiscal Year; and (iii) pay Administrative Expenses.

“Special Taxes” means:

For Tax Zone 1: the Facilities Special Tax and Services Special Tax.

For Tax Zone 2: the Facilities Special Tax, Arts Building Special Tax, and Services Special Tax.

“Square Footage” means: (i) for Rental Residential Square Footage and Non-Residential Square Footage, the net rentable, net leasable, and net saleable square footage on a Taxable Parcel, as determined by the Review Authority in conjunction with the Vertical Developer; (ii) for For-Sale Residential Square Footage, the square footage of each individual Residential Unit, as reflected on a condominium plan, site plan, or Building Permit, provided by the Vertical Developer or the Port, or expected pursuant to Development Approval Documents, and (iii) for Association Square Footage, the net rentable, net leasable, and net saleable square footage in a building on a Taxable Parcel owned by or leased to an Association. If a Building Permit is issued that will increase the Square Footage on any Parcel, the Administrator shall, in the first Fiscal Year after the final Building Permit inspection has been conducted in association with such expansion, work with the Review Authority to recalculate (i) the Square Footage on the Taxable Parcel, and (ii) the Maximum Special Taxes for the Parcel based on the increased Square Footage. The final determination of Square Footage for each Square Footage Category on each Taxable Parcel shall be made by the Review Authority.

“Square Footage Category” means, individually, Non-Residential Square Footage or Residential Square Footage.

“STD” or **“STD No. 2019-1”** means the City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums).

“STD Formation” means the date on which the Board approved documents to form the STD.

“STD Formation Proceedings” means the proceedings to form the STD, including all resolutions, reports, and notices.

“Tax-Exempt Port Parcels” means Port-owned parcels that are or are intended to be used as streets, walkways, alleys, rights of way, parks, or open space.

“Tax Zone” means a separate and distinct geographic area in the STD within which one or more Special Taxes are applied at a rate or in a manner that is different than in other areas within the STD. The two Tax Zones at STD Formation are identified in Attachment 2 hereto.

“Taxable Association Square Footage” means any Association Square Footage in a building that does not meet the definition of Exempt Association Square Footage. Taxable Association Square Footage

shall be assigned by the Review Authority to the appropriate Square Footage Category and taxed accordingly pursuant to this RMA.

“Taxable Non-Residential Square Footage” means any Non-Residential Square Footage in a building that does not meet the definition of Exempt Non-Residential Square Footage.

“Taxable Parcel” means any Parcel within the STD that is not exempt from Special Taxes pursuant to law or Section H below.

“Transition Event” shall be deemed to have occurred when the Administrator determines that: (i) all Arts Building Special Tax Bonds secured by the levy and collection of Arts Building Special Taxes in Tax Zone 2 have been fully repaid or there are sufficient revenues available to fully repay the Arts Building Special Tax Bonds in funds and accounts that, pursuant to the applicable Indenture, will require such revenues to be applied to repay the Arts Building Special Tax Bonds; (ii) all Administrative Expenses from prior Fiscal Years have been paid or reimbursed to the City; and (iii) the proportional share of Arts Building Costs allocated to Tax Zone 2 have been paid, as determined by the Port.

“Transition Year” means the first Fiscal Year in which the Administrator determines that the Transition Event occurred in the prior Fiscal Year.

“Undeveloped Property” means, in any Fiscal Year, all Taxable Parcels that are not Developed Property, or Expected Taxable Property.

“VDDA Execution Date” means the date on which a Vertical DDA was executed between the Port and a Vertical Developer.

“Vertical DDA” means, for a Taxable Parcel, an executed Vertical Disposition and Development Agreement between the Port and a Vertical Developer.

“Vertical Developer” means a developer that has entered into a Vertical DDA for construction of vertical improvements on a Taxable Parcel.

B. DATA FOR STD ADMINISTRATION

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor’s Parcel numbers for all Taxable Parcels. The Administrator shall also determine: (i) whether each Taxable Parcel is Developed Property, Undeveloped Property (including Port-Owned Development Parcels), or Expected Taxable Property; (ii) the Planning Parcel and Tax Zone within which each Assessor’s Parcel is located; (iii) for Developed Property, the For-Sale Residential Square Footage, Rental Residential Square Footage, Exempt Non-Residential Square Footage, Taxable Non-Residential Square Footage, Exempt Association Square Footage, and Taxable Association Square Footage on each Parcel; (iv) the appropriate Square Footage Category into which any Taxable Association Square Footage should be assigned, and (v) the Facilities Special Tax Requirement, Arts Building Special Tax Requirement, and Services Special Tax Requirement for the Fiscal Year.

The Administrator shall also: (i) coordinate with the Deputy Director to determine whether the Transition Event occurred in the prior Fiscal Year; (ii) coordinate with the Treasurer-Tax Collector’s Office to determine if there have been any Special Tax delinquencies or repayment of Special Tax delinquencies in prior Fiscal Years; (iii) in consultation with the Review Authority, review the Development Approval Documents and communicate with the Developer and Vertical Developers regarding proposed Land Use

Changes; and (iv) upon each annexation, Land Use Change, and notification of executed Vertical DDAs, update Attachment 3 to reflect the then-current Expected Land Uses, Expected Maximum Facilities Special Tax Revenues and Expected Maximum Arts Building Special Tax Revenues. The Developer, Port, and Vertical Developer shall notify the Administrator each time a Vertical DDA is executed in order for the Administrator to keep track of VDDA Execution Dates for each Vertical DDA.

In any Fiscal Year, if it is determined that (i) a parcel map or condominium plan was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the map or plan was recorded, the Assessor does not yet recognize the newly-created Parcels, and (iii) one or more of the newly-created Parcels meets the definition of Developed Property, the Administrator shall calculate the Special Taxes for the property affected by recordation of the map or plan by determining the Special Taxes that applies separately to each newly-created Parcel, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map or condominium plan.

C. MAXIMUM SPECIAL TAXES

In calculating Maximum Special Taxes pursuant to this Section C, in any Fiscal Year in which the boundaries of the Planning Parcels are not identical to the boundaries of the then-current Assessor's Parcels, the Administrator shall review the Expected Land Uses for each Planning Parcel and assign the Maximum Special Taxes to the then-current Assessor's Parcels. The Maximum Special Tax Revenues after such allocation shall not be less than the Maximum Special Tax Revenues prior to the allocation.

1. *Undeveloped Property*

1a. **Facilities Special Tax**

The Maximum Facilities Special Tax for Undeveloped Property in all Tax Zones shall be the Expected Maximum Facilities Special Tax Revenues shown in Attachment 3 of this RMA, as it may be amended as set forth herein.

1b. **Arts Building Special Tax and Services Special Tax**

No Arts Building Special Tax or Services Special Tax shall be levied on Parcels of Undeveloped Property in any Tax Zone within the STD.

2. *Developed Property*

2a. **Facilities Special Tax**

When a Taxable Parcel (or multiple Taxable Parcels within a building) becomes Developed Property, the Administrator shall use the Base Facilities Special Taxes shown in Table 1 below and apply the steps set forth in this Section 2a to determine the Maximum Facilities Special Tax for the Parcel(s):

Step 1. The Administrator shall review the Building Permit, Certificate of Occupancy, Vertical DDA, condominium plan, architectural drawings, Development Approval Documents, information provided by the Developer, or Vertical

Developer, and any other documents or data that estimate or identify the Residential Square Footage or Non-Residential Square Footage anticipated on the Taxable Parcel(s).

Step 2. Using the information from Step 1:

- Based on the Tax Zone in which the Taxable Parcel(s) is located, multiply the applicable Base Facilities Special Tax from Table 1 for Residential Square Footage by the total Residential Square Footage expected within each building on the Taxable Parcel(s).

IV.

- Based on the Tax Zone in which the Taxable Parcel(s) is located, multiply the applicable Base Facilities Special Tax from Table 1 for Taxable Non-Residential Square Footage by the total Taxable Non-Residential Square Footage expected within each building on the Taxable Parcel(s).
- If, based on the Expected Land Uses, the Administrator determines that there is Expected Taxable Property within any building, multiply the applicable Base Facilities Special Tax from Table 1 based on what had been anticipated on the Expected Taxable Property by the Square Footage of the Expected Land Uses for that Expected Taxable Property.

Prior to the First Bond Sale, the Maximum Facilities Special Tax for the Taxable Parcel(s) shall be the sum of the amounts calculated above, and Steps 3 and 4 below shall not apply.

After the First Bond Sale, the Administrator shall apply Steps 3 and 4 to determine the Maximum Facilities Special Tax for the Taxable Parcel(s).

Step 3. Sum the amounts calculated in Step 2 to determine the Estimated Base Facilities Special Tax Revenues for the Taxable Parcel(s).

Step 4. Compare the Estimated Base Facilities Special Tax Revenues from Step 3 to the Expected Maximum Facilities Special Tax Revenues, and apply one of the following, as applicable:

- *If the Estimated Base Facilities Special Tax Revenues are: (i) greater than or equal to the Expected Maximum Facilities Special Tax Revenues or (ii) less than the Expected Maximum Facilities Special Tax Revenues, but the Maximum Facilities Special Tax Revenues, assuming the same land uses that went into the calculation of the Estimated Base Facilities Special Tax Revenues, are still sufficient to provide Required Coverage, then the Maximum Facilities Special Tax for the Taxable Parcel(s) shall be determined by multiplying the applicable Base Facilities Special Taxes by the Square Footage of each Square Footage Category expected within the building(s) on the Taxable Parcel(s). The Administrator shall update Attachment 3 to reflect the adjusted Expected*

Maximum Facilities Special Tax Revenues and the new Maximum Facilities Special Tax Revenues.

- *If the Estimated Base Facilities Special Tax Revenues are less than the Expected Maximum Facilities Special Tax Revenues, and the Maximum Facilities Special Tax Revenues, assuming the same land uses that went into the calculation of the Estimated Base Facilities Special Tax Revenues, are insufficient to provide Required Coverage, then the Base Facilities Special Taxes that were applied in Step 4 shall be increased proportionately until the amount that can be levied on the Taxable Parcel(s), combined with the Expected Maximum Facilities Special Tax Revenues from other Planning Parcels in the STD, is sufficient to maintain Required Coverage; provided, however, such increase cannot exceed, in the aggregate, the amount by which Expected Maximum Facilities Special Tax Revenues from the Taxable Parcel exceeds the Estimated Base Facilities Special Tax Revenues from the Taxable Parcel(s).*

V.

After proportionately increasing the Base Facilities Special Taxes to an amount that will maintain Required Coverage, the Administrator shall use the adjusted per-square foot rates to calculate the Maximum Facilities Special Tax for each Taxable Parcel for which the increased Base Facilities Special Tax was determined to be necessary pursuant to this Step 4. The Administrator shall also revise Attachment 3 to reflect the new Expected Maximum Facilities Special Tax Revenues.

Table 1 Base Facilities Special Tax		
Square Footage Category	Base Facilities Special Tax in Tax Zone 1 (FY 2019-20) *	Base Facilities Special Tax in Tax Zone 2 (FY 2019-20) *
Residential Square Footage	\$5.22 per Residential Square Foot	\$4.89 per Residential Square Foot
Taxable Non-Residential Square Footage	\$5.22 per Non-Residential Square Foot	\$4.89 per Non-Residential Square Foot

* The Base Facilities Special Taxes shown above shall be escalated as set forth in Section D.1.

Unless and until individual Assessor's Parcels are created for Non-Residential Square Footage and Residential Square Footage within a building, the Administrator shall sum the Facilities Special Tax that, pursuant to Section F below, would be levied on all land uses on a Taxable Parcel and levy this aggregate Facilities Special Tax amount on the Taxable Parcel.

If, in any Fiscal Year, the Maximum Facilities Special Tax is determined for any Parcels of Developed Property for which a Building Permit had not yet been issued and, if, when a Building Permit is issued on the Parcel, the Residential Square Footage or Non-Residential Square Footage is different than the Residential Square Footage or Non-Residential Square Footage that was used to determine the Maximum Facilities Special Tax, then the Administrator shall once again apply Steps 1 through 4 in this Section C.2a to recalculate the Maximum Facilities Special Tax for the Parcel based on the Residential Square Footage or Non-Residential Square Footage that was determined when the Building Permit was issued. The Administrator shall do a final check of the Residential Square Footage and Non-Residential Square Footage for the Parcel when a Certificate of Occupancy is issued. Once again, if the Residential Square Footage or Non-Residential Square Footage is different than the Residential Square Footage or Non-Residential Square Footage that was used to determine the Maximum Facilities Special Tax after the Building Permit was issued, then the Administrator shall apply Steps 1 through 4 in this Section C.2a to recalculate the Maximum Facilities Special Tax for the Parcel.

2b. Arts Building Special Tax

Prior to the Transition Year, when a Taxable Parcel (or multiple Taxable Parcels within a building) in Tax Zone 2 becomes Developed Property, the Administrator shall use the Base Arts Building Special Taxes shown in Table 2 below and apply the steps set forth in this Section 2b to determine the Maximum Arts Building Special Tax for the Taxable Parcel(s). No Arts Building Special Tax shall be levied on Parcels in Tax Zone 1.

Table 2 Base Arts Building Special Tax in Tax Zone 2		
Square Footage Category	Base Arts Building Special Tax in Tax Zone 2 Before the Transition Year (FY 2019-20) *	Base Arts Building Special Tax in Tax Zone 2 in and After the Transition Year (FY 2019-20) *
Residential Square Footage	\$0.66 per Residential Square Foot	\$0.00 per Residential Square Foot
Taxable Non-Residential Square Footage	\$0.66 per Non-Residential Square Foot	\$0.00 per Non-Residential Square Foot

* The Base Arts Building Special Taxes shown above shall be escalated as set forth in Section D.1.

Step 1. The Administrator shall review the Building Permit, Certificate of Occupancy, Vertical DDA, condominium plan, architectural drawings, Development Approval Documents, information provided by the Port, Developer or Vertical Developer, and any other documents or data that estimate or identify the Square Footage within each Square Footage Category to determine Residential Square Footage or Non-Residential Square Footage anticipated within each building on the Taxable Parcel(s).

Step 2. Using the information from Step 1:

- For Tax Zone 2 only, multiply the applicable Base Arts Building Special Tax from Table 2 for Residential Square Footage by the total Residential Square Footage expected within each building on the Taxable Parcel(s).

VI.

- For Tax Zone 2 only, multiply the applicable Base Arts Building Special Tax from Table 2 for Taxable Non-Residential Square Footage by the total Taxable Non-Residential Square Footage expected on the Taxable Parcel(s).

VII.

- If, based on the Expected Land Uses, the Administrator determines that there is Expected Taxable Property within the building(s) in Tax Zone 2, multiply the applicable Base Arts Building Special Tax from Table 2 based on what had been anticipated on the Expected Taxable Property by the Square Footage of the Expected Land Uses within each building.

Prior to the First Bond Sale, the Maximum Arts Building Special Tax for the Taxable Parcel(s) shall be the sum of the amounts calculated above, and Steps 3 and 4 below shall not apply.

After the First Bond Sale, the Administrator shall apply Steps 3 and 4 to determine the Maximum Arts Building Special Tax for the Taxable Parcel(s).

Step 3. Sum the amounts calculated in Step 2 to determine the Estimated Base Arts Building Special Tax Revenues for the Taxable Parcel(s).

Step 4. Compare the Estimated Base Arts Building Special Tax Revenues from Step 3 to the Expected Maximum Arts Building Special Tax Revenues, and apply one of the following, as applicable:

- *If the Estimated Base Arts Building Special Tax Revenues are: (i) greater than or equal to the Expected Maximum Arts Building Special Tax Revenues or (ii) less than the Expected Maximum Arts Building Special Tax Revenues, but the Maximum Arts Building Special Tax Revenues, assuming the same land uses that went into the calculation of the Estimated Base Arts Building Special Tax Revenues, are still sufficient to provide Required Coverage, then the Maximum Arts Building Special Tax for each Taxable Parcel shall be determined by multiplying the applicable Base Arts Building Special Taxes by the Square Footage of each Square Footage Category expected within the building(s) on the Taxable Parcel(s). The Administrator shall update Attachment 3 to reflect the adjusted Expected Maximum Arts Building Special Tax Revenues and the new Maximum Arts Building Special Tax Revenues.*
- *If the Estimated Base Arts Building Special Tax Revenues are less than the Expected Maximum Arts Building Special Tax Revenues, and the*

Maximum Arts Building Special Tax Revenues, assuming the same land uses that went into the calculation of the Estimated Base Arts Building Special Tax Revenues, are insufficient to provide Required Coverage, then the Base Arts Building Special Taxes that were applied in Step 4 shall be increased proportionately until the amount that can be levied on the Taxable Parcel(s), combined with the Expected Maximum Arts Building Special Tax Revenues from other Planning Parcels in the STD, is sufficient to maintain Required Coverage; provided, however, such increase cannot exceed, in the aggregate, the amount by which Expected Maximum Arts Building Special Tax Revenues from the Taxable Parcel exceeds the Estimated Base Arts Building Special Tax Revenues from the Taxable Parcel(s).

VIII.

After proportionately increasing the Base Arts Building Special Taxes to an amount that will maintain Required Coverage, the Administrator shall use the adjusted per-square foot rates to calculate the Maximum Arts Building Special Tax for each Taxable Parcel for which the increased Base Arts Building Special Tax was determined to be necessary pursuant to this Step 4. The Administrator shall also revise Attachment 3 to reflect the new Expected Maximum Arts Building Special Tax Revenues.

Unless and until individual Assessor's Parcels are created for Non-Residential Square Footage and Residential Square Footage within a building, the Administrator shall sum the Arts Building Special Tax that, pursuant to Section F below, would be levied on all land uses on a Parcel and levy this aggregate Arts Building Special Tax amount on the Parcel.

If, in any Fiscal Year, the Maximum Arts Building Special Tax is determined for any Parcels of Developed Property for which a Building Permit had not yet been issued and, if, when a Building Permit is issued on the Parcel, the Residential Square Footage or Non-Residential Square Footage is different than the Residential Square Footage or Non-Residential Square Footage that was used to determine the Maximum Arts Building Special Tax, then the Administrator shall once again apply Steps 1 through 4 in this Section C.2b to recalculate the Maximum Arts Building Special Tax for the Parcel(s) based on the Residential Square Footage or Non-Residential Square Footage that was determined when the Building Permit was issued. The Administrator shall do a final check of the Residential Square Footage and Non-Residential Square Footage within the building when a Certificate of Occupancy is issued. Once again, if the Residential Square Footage or Non-Residential Square Footage is different than the Residential Square Footage or Non-Residential Square Footage that was used to determine the Maximum Arts Building Special Tax after the Building Permit was issued, then the Administrator shall apply Steps 1 through 4 in this Section C.2b to recalculate the Maximum Arts Building Special Tax for the Parcel.

If one or more Building Permits have been issued for development of structures on a Taxable Parcel, and additional structures are anticipated to be built on the Taxable Parcel as shown in the Development Approval Documents, the Administrator shall, regardless of the definitions set forth herein, categorize the buildings for which Building Permits have been issued as Developed

Property and, if the 36-month anniversary of the VDDA Execution Date has not occurred in a previous Fiscal Year, any remaining buildings for which Building Permits have not yet been issued shall not be subject to the Arts Building Special Tax until either: (i) a Building Permit is issued for such remaining buildings, or (ii) the Fiscal Year in which the 36-month anniversary of the VDDA Execution Date. To determine the Arts Building Special Tax for any such Parcel, the Administrator shall take the sum of the Arts Building Special Taxes determined for each building.

2c. Services Special Tax

Upon issuance of the first Certificate of Occupancy for a building on a Taxable Parcel, the Administrator shall reference Table 3 and apply the steps below to determine the Maximum Services Special Tax for the Parcel:

Table 3 Base Services Special Tax			
Square Footage Category	Base Services Special Tax in Tax Zone 1 (FY 2019-20)*	Base Services Special Tax in Tax Zone 2 Before the Transition Year (FY 2019-20) *	Base Services Special Tax in Tax Zone 2 In and After the Transition Year (FY 2019-20) *
Residential Square Footage	\$1.68 per Residential Square Foot	\$1.34 per Residential Square Foot	\$2.02 per Residential Square Foot
Taxable Non-Residential Square Footage	\$1.68 per Non-Residential Square Foot	\$1.34 per Non-Residential Square Foot	\$2.02 per Non-Residential Square Foot

* The Base Services Special Tax for each Tax Zone shown above shall be escalated as set forth in Section D.2.

Step 1. Review the Certificate of Occupancy, Building Permit, Vertical DDA, condominium plan, Development Approval Documents, architectural drawings, information provided by the Port, Developer or Vertical Developer, and coordinate with the Review Authority to determine the Residential Square Footage and Non-Residential Square Footage anticipated within each building.

Step 2. Using the information from Step 1:

- After consideration of the Tax Zone for the building and the Transition Year, multiply the applicable Base Services Special Tax from Table 3 for Residential Square Footage by the total Residential Square Footage within each building.

IX.

- Based on the Tax Zone in which the building is located and the Transition Year, multiply the applicable Base Services Special Tax from Table 3 for Taxable Non-Residential Square Footage by the total Taxable Non-Residential Square Footage expected in the building.

The Maximum Services Special Tax for the Parcel shall be the sum of the amounts calculated pursuant to this Step 2.

If additional structures are anticipated to be built on the Parcel as shown in the Development Approval Documents, the Administrator shall, regardless of the definitions set forth herein, categorize each building for which a Certificate of Occupancy has been issued as Developed Property, and any remaining buildings for which Certificates of Occupancy have not yet been issued shall not be subject to a Services Special Tax until a Certificate of Occupancy is issued for such remaining buildings. To determine the Services Special Tax for any such Parcel, the Administrator shall take the sum of the Services Special Taxes determined for each building.

3. *Expected Taxable Property*

Depending on the Tax Zone in which a Parcel of Expected Taxable Property is located, the Maximum Facilities Special Tax and, if applicable, Maximum Arts Building Special Tax assigned to the Parcel shall be the Expected Maximum Facilities Special Tax Revenues and, if applicable, Expected Maximum Arts Building Special Tax Revenues that were assigned to the Parcel (as determined by the Administrator) based on the Expected Land Uses prior to the Administrator determining that such Parcel had become Expected Taxable Property. In the Transition Year and each Fiscal Year thereafter, no Arts Building Special Tax shall be levied on Expected Taxable Property.

D. CHANGES TO THE MAXIMUM SPECIAL TAXES

1. *Annual Escalation of Facilities Special Tax and Arts Building Special Tax*

Beginning July 1, 2020 and each July 1 thereafter, each of the following amounts shall be increased by 2% of the amount in effect in the prior Fiscal Year: the Base Facilities Special Tax for each Tax Zone in Table 1; the Base Arts Building Special Tax for Tax Zone 2 in Table 2; the Expected Maximum Facilities Special Tax Revenues in Attachment 3, the Expected Maximum Arts Building Special Tax Revenues in Attachment 3, and the Maximum Facilities Special Tax and Maximum Arts Building Special Tax assigned to each Taxable Parcel.

2. *Annual Escalation of Services Special Tax*

Beginning July 1, 2020 and each July 1 thereafter, the Base Services Special Tax for each Tax Zone in Table 3 and the Maximum Services Special Tax assigned to each Taxable Parcel shall be adjusted by the Escalator.

3. *Changes in Square Footage Category on a Parcel of Developed Property*

If any Parcel that had been taxed as Developed Property in a prior Fiscal Year is rezoned or otherwise has a Land Use Change, the Administrator shall, separately for each of the Special Taxes, multiply the applicable Base Special Tax by the total Residential Square Footage and Taxable Non-Residential Square Footage on the Parcel after the Land Use Change; if the First Bond Sale has not yet occurred, the combined amount of the applicable Special Taxes shall be the Maximum Special Tax for the Parcel. If the First Bond Sale has taken place, the Administrator shall apply the remainder of this Section D.3.

If the Maximum Special Tax that would apply to the Parcel after the Land Use Change is greater than the Maximum Special Tax that applied to the Parcel prior to the Land Use Change, the Administrator shall increase the Maximum Special Tax for the Parcel to the amount calculated based on the Land Use Change. If the Maximum Special Tax after the Land Use Change is less than the Maximum Special Tax that applied prior to the Land Use Change, there shall be no change to the Maximum Special Tax for the Parcel. Under no circumstances shall the Maximum Special Tax on any Parcel of Developed Property be reduced, regardless of changes in Square Footage Category or Square Footage on the Parcel, including reductions in Square Footage that may occur due to demolition, fire, water damage, or acts of God.

4. *Changes to Planning Parcels and Expected Land Uses*

If, at any time prior to the First Bond Sale, the Developer or a Vertical Developer makes changes to the boundaries of the Planning Parcels or the Expected Land Uses within one or more Planning Parcels, the Administrator shall update the Expected Land Uses and Expected Maximum Facilities Special Tax Revenues and Expected Maximum Arts Building Special Tax Revenues, which will be reflected on an updated Attachment 3. In addition, the Administrator will request updated Attachments 1 and 2 from the Developer.

If, after the First Bond Sale, the Developer or a Vertical Developer proposes to make changes to the boundaries of the Planning Parcels or the Expected Land Uses within one or more Planning Parcels, the Administrator shall meet with the Port, Developer, and any affected Vertical Developers to review the proposed changes and evaluate the impact on the Expected Maximum Facilities Special Tax Revenues and Expected Maximum Arts Building Special Tax Revenues. If the Administrator determines that such changes will not reduce Required Coverage on Bonds that have been issued, the Port will decide whether to allow the proposed changes and corresponding redistribution of the Maximum Facilities Special Tax Revenues and Maximum Arts Building Special Tax Revenues. If such changes are permitted, the Administrator will update Attachment 3 and request updated Attachments 1 and 2 from the Developer. If the Administrator determines that the proposed changes will reduce Required Coverage on Bonds that have been issued, the Port will not permit the changes.

5. *Reduction in Maximum Facilities Special Taxes Prior to First Bond Sale*

Prior to the First Bond Sale, as set forth in the Financing Plan, the Port, Developer, and any affected Vertical Developer in Tax Zone 1 may agree to a proportional or disproportional reduction in the Base Facilities Special Tax. If the parties agree to such a reduction, the Port will direct the Administrator to use the reduced Base Facilities Special Tax for purposes of levying the taxes pursuant to this RMA, and such reduction shall be codified by recordation of an amended Notice of Special Tax Lien against all Taxable Parcels within the STD. The reduction shall be made without a vote of the qualified STD electors.

E. ANNEXATIONS

If, in any Fiscal Year, a property owner within the Future Annexation Area wants to annex property into Zone 2 of the STD, the Administrator shall apply the following steps as part of the annexation proceedings:

- Step 1.* Working with Port staff, the Administrator shall determine the Expected Land Uses for the area to be annexed.
- Step 2.* The Administrator shall prepare or have prepared updated Attachments 1, 2, and 3 to reflect the annexed property and identify the revised Expected Land Uses, Expected Maximum Facilities Special Tax Revenues and Expected Maximum Arts Building Special Tax Revenues. After the annexation is complete, the application of this RMA shall be based on the adjusted Expected Land Uses and Maximum Facilities Special Tax Revenues and Maximum Arts Building Special Tax Revenues, as applicable, including the newly annexed property.
- Step 3.* The Administrator shall ensure that a Notice of Special Tax Lien is recorded against all Parcels that are annexed to the STD.

F. METHOD OF LEVY OF THE SPECIAL TAXES

1. *Facilities Special Tax*

Each Fiscal Year, the Administrator shall determine the Facilities Special Tax Requirement for the Fiscal Year, and the Facilities Special Tax shall be levied according to the steps outlined below:

a. In Any Fiscal Year in Which There is No Developer Private Agreement or Developer Public Agreement in Place

Step 1. In all Fiscal Years, the Maximum Facilities Special Tax shall be levied on all Parcels of Developed Property regardless of debt service on Bonds (if any), and any Remainder Special Taxes collected shall be applied as set forth in the Indenture and the Financing Plan.

Step 2. After the First Bond Sale, if additional revenue is needed after Step 1 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Expected Taxable Property, up to 100% of the Maximum Facilities Special Tax for each Parcel of Expected Taxable Property.

b. In Any Fiscal Year in Which There is Either or Both a Developer Private Agreement and/or a Developer Public Agreement in Place

Step 1. In all Fiscal Years, the Maximum Facilities Special Tax shall be levied on all Parcels of Developed Property regardless of debt service on Bonds (if any), and any Remainder Special Taxes collected shall be applied as set forth in the Indenture and the Financing Plan.

Step 2. After the First Bond Sale, but only if a Developer Private Agreement is in place, if additional revenue is needed after Step 1 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property that is not a Port-Owned Development Parcel, up to 100% of the Maximum Facilities Special Tax for each Parcel of Undeveloped Property that is not a Port-Owned Development Parcel for such Fiscal Year.

Step 3. After the First Bond Sale, but only if a Developer Public Agreement is in place, if additional revenue is needed after Step 2 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Port-Owned Development Parcel, up to 100% of the Maximum Facilities Special Tax for each Port-Owned Development Parcel for such Fiscal Year.

Step 4: After the First Bond Sale, if additional revenue is needed after Step 3 in order to meet the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Expected Taxable Property, up to 100% of the Maximum Facilities Special Tax for each Parcel of Expected Taxable Property.

2. *Arts Building Special Tax*

Step 1. Each Fiscal Year the Maximum Arts Building Special Tax shall be levied on each Taxable Parcel of Developed Property. Any Remainder Special Taxes collected shall be applied as set forth in the Financing Plan. The Arts Building Special Tax may not be levied on Undeveloped Property.

Step 2. After the First Bond Sale, if additional revenue is needed after Step 1 in order to meet the Arts Building Special Tax Requirement, the Arts Building Special Tax shall be levied Proportionately on each Parcel of Expected Taxable Property, up to 100% of the Maximum Arts Building Special Tax for each Parcel of Expected Taxable Property.

3. *Services Special Tax*

Each Fiscal Year, the Administrator shall coordinate with the City and the Port to determine the Services Special Tax Requirement for the Fiscal Year. The Services Special Tax shall then be levied Proportionately on each Parcel of Developed Property, up to 100% of the Maximum Services Special Tax for each Parcel of Developed Property for such Fiscal Year until the amount levied is equal to the Services Special Tax Requirement. The Services Special Tax may not be levied on Undeveloped Property or Expected Taxable Property.

G. COLLECTION OF SPECIAL TAXES

Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes on the regular tax roll, provided, however, that the City may directly bill Special Taxes, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods as authorized by the CFD Law. The Board of Supervisors has ordered any Special Taxes to be levied on leasehold interests to be levied on the secured roll. The

Special Tax bill for any Parcel subject to a leasehold interest will be sent to the same party that receives the possessory interest tax bill associated with the leasehold.

In calculating the Facilities Special Tax Requirement, under no circumstances may the Facilities Special Tax that is levied on a Taxable Parcel in a Fiscal Year be increased by more than ten percent (10%) of the Maximum Facilities Special Tax for that Parcel (or such lesser amount required by the CFD Law) as a consequence of delinquency or default in payment of Facilities Special Taxes levied on another Parcel(s) in the STD.

The Facilities Special Tax shall be levied and collected on a Taxable Parcel until the Fiscal Year that is the 120th Fiscal Year in which the Facilities Special Tax has been levied on the Taxable Parcel.

The Arts Building Special Tax shall be levied and collected until the earlier of: (i) the Transition Year, and (ii) the 120th Fiscal Year in which the Arts Building Special Tax has been levied on the Taxable Parcel.

The Services Special Tax shall be levied and collected in perpetuity.

H. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Taxes shall be levied on Affordable Housing Projects, Tax-Exempt Port Parcels, or Exempt Association Square Footage unless such uses are Expected Taxable Property.

I. INTERPRETATION OF SPECIAL TAX FORMULA

The City may interpret, clarify, and revise this RMA to correct any inconsistency, vagueness, or ambiguity, by resolution or ordinance, as long as such interpretation, clarification, or revision does not materially affect the levy and collection of the Special Taxes and any security for any Bonds.

J. SPECIAL TAX APPEALS

Any taxpayer who wishes to challenge the accuracy of computation of the Special Taxes in any Fiscal Year may file an application with the Administrator. The Administrator, in consultation with the City Attorney, shall promptly review the taxpayer's application. If the Administrator concludes that the computation of the Special Taxes was not correct, the Administrator shall correct the Special Tax levy and, if applicable in any case, a refund shall be granted. If the Administrator concludes that the computation of the Special Taxes was correct, then such determination shall be final and conclusive, and the taxpayer shall have no appeal to the Board from the decision of the Administrator.

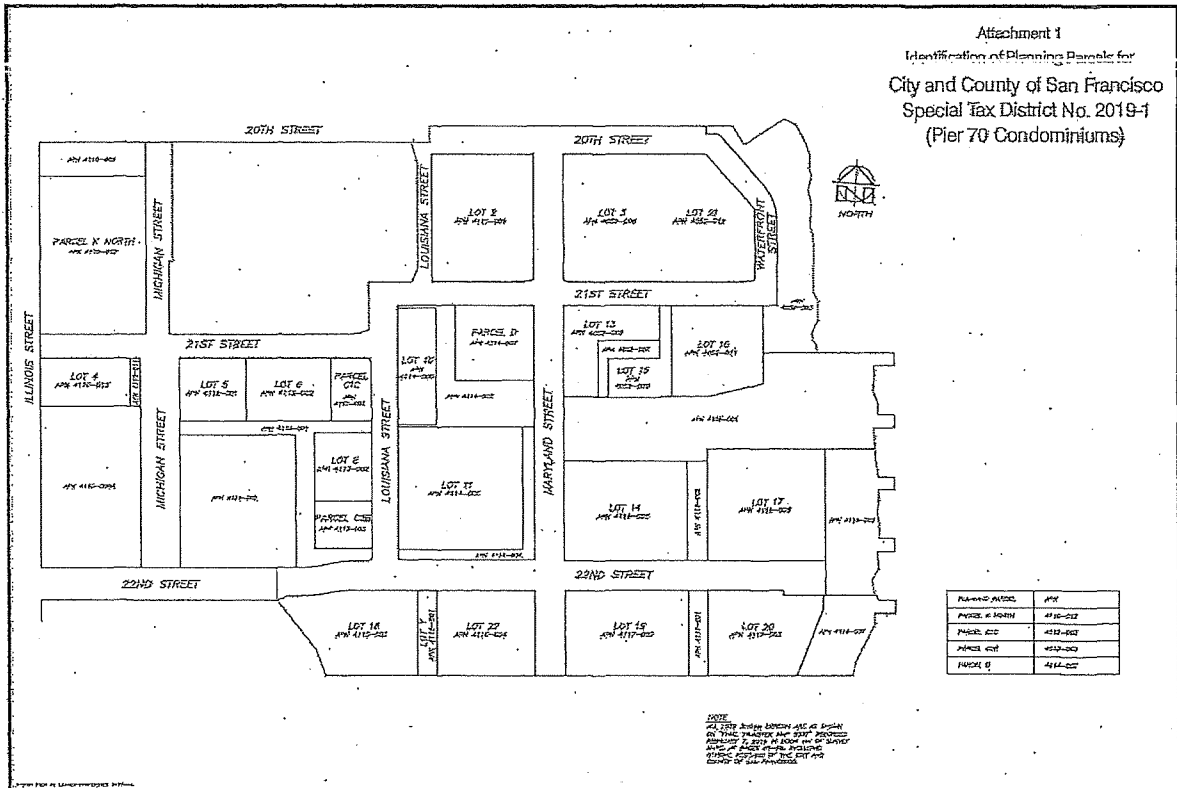
The filing of an application or an appeal shall not relieve the taxpayer of the obligation to pay the Special Taxes when due.

Nothing in this Section J shall be interpreted to allow a taxpayer to bring a claim that would otherwise be barred by applicable statutes of limitation set forth in the CFD Law or elsewhere in applicable law.

ATTACHMENT 1

CITY AND COUNTY OF SAN FRANCISCO SPECIAL TAX DISTRICT NO. 2019-1 (PIER 70 CONDOMINIUMS)

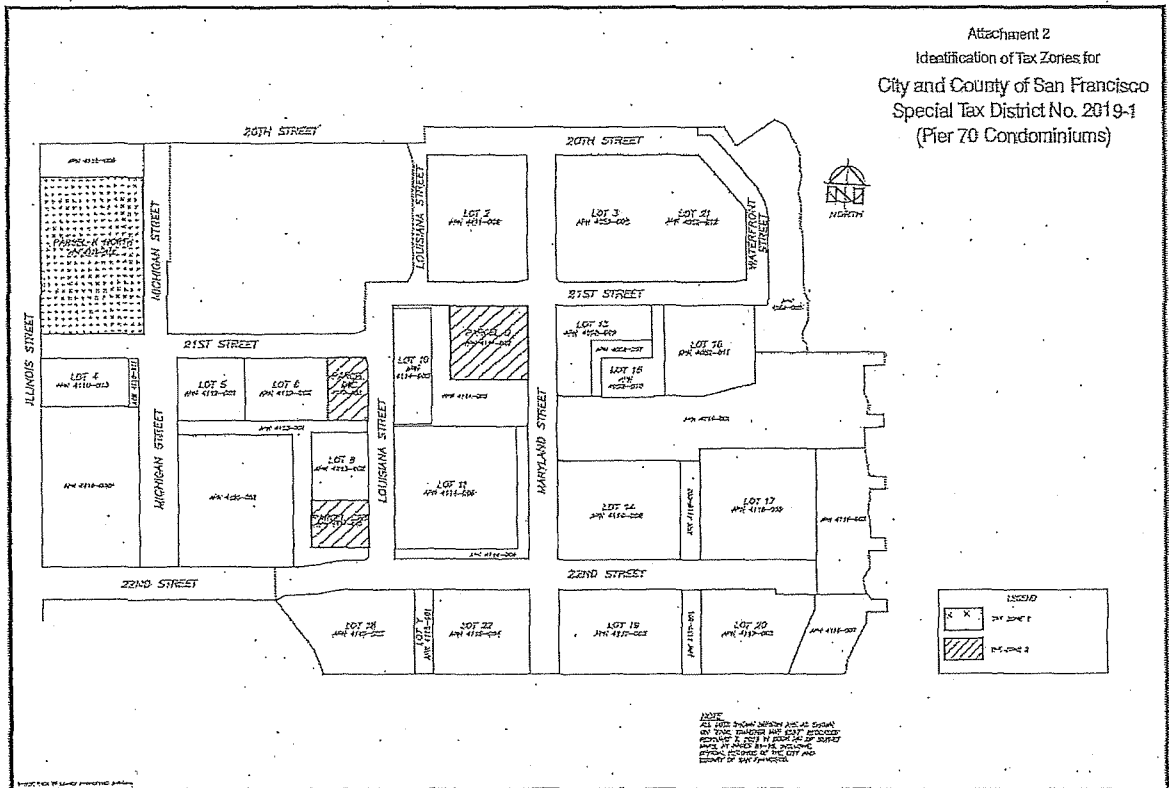
IDENTIFICATION OF PLANNING PARCELS



ATTACHMENT 2

CITY AND COUNTY OF SAN FRANCISCO SPECIAL TAX DISTRICT NO. 2019-1 (PIER 70 CONDOMINIUMS)

IDENTIFICATION OF TAX ZONES



ATTACHMENT 3

**CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2019-1
(PIER 70 CONDOMINIUMS)**

**EXPECTED LAND USES, EXPECTED MAXIMUM FACILITIES SPECIAL TAX REVENUES,
AND EXPECTED MAXIMUM ARTS BUILDING SPECIAL TAX REVENUES**

Planning Parcel	Square Footage Category	Expected Square Footage	Expected Maximum Facilities Special Tax Revenues (FY 2019-20)*	Expected Maximum Arts Building Special Tax Revenues (FY 2019-20)
<i>TAX ZONE 1</i>				
Parcel K North	Residential Square Footage	209,000	\$1,090,980	N/A
<i>TAX ZONE 2</i>				
Parcel C1C	Residential Square Footage	50,529	\$247,087	\$33,349
Parcel C2B	Residential Square Footage	52,632	\$257,370	\$34,737
Parcel D	Residential Square Footage	107,282	\$524,609	\$70,806
TOTAL	N/A	419,443	\$2,120,046	\$138,892

Recording Requested by:

Clerk of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

When Recorded Mail to:

Clerk of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Assessor Parcel Numbers (APN): 4110-012; 4112-003; 4113-003; 4114-007

CTC ESC # _____

NOTICE OF SPECIAL TAX LIEN

Please fill in Document Title(s) above this line)

This document is exempt from the \$75 Building Homes and Jobs Act Fee (per Government Code §27388.1) because:

- Document is a transfer of real property subject to the imposition of transfer tax
- Document is a transfer of real property that is a residential dwelling to an owner-occupier
- Document is recorded in connection with an exempt transfer of real property (i.e., subject to transfer tax or owner-occupied). If not recorded concurrently, provide recording date and document number of related transfer document:
Recording date _____ Document Number _____
- The \$225 per transaction cap is reached
- Document is not related to real property

**This page added to provide adequate space for recording information
(additional recording fee applies)**

NOTICE OF SPECIAL TAX LIEN

**CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2019-1
(Pier 70 Condominiums)**

Pursuant to the requirements of Section 3114.5 of the California Streets and Highways Code of California and Section 53328.3 of the California Government Code, the undersigned Clerk of the Board of Supervisors of the City and County of San Francisco, State of California, hereby gives notice that a lien to secure payment of a special tax is hereby imposed by the Board of Supervisors of the City and County of San Francisco, State of California. The special tax secured by this lien is authorized to be levied for the purpose of (1) financing directly the acquisition and construction of all or a portion of the facilities described in Exhibit B attached hereto (the "Authorized Facilities"), (2) financing the services described in Exhibit B attached hereto (the "Authorized Services"), (3) paying principal and interest on bonds (and other debt as defined in the Mello-Roos Community Facilities Act of 1982 cited below), the proceeds of which are being used to finance the acquisition and construction of all or a portion of the Authorized Facilities, and (4) paying the cost of administering the Special Tax District (defined below).

TAXES LEVIED BY THE SPECIAL TAX DISTRICT MAY BE USED TO PAY FOR CLEANUP OF HAZARDOUS SUBSTANCES.

The special tax is authorized to be levied within "City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums)" (the "Special Tax District") which has now been officially formed under the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X), which incorporates the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), and the lien of the special tax is a continuing lien that shall secure each annual levy of the special tax and that shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied, and canceled in accordance with law or until the special tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the Government Code.

The rate, method of apportionment, and manner of collection of the authorized special tax is as set forth in Exhibit C attached hereto and hereby made a part hereof. Conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied and the lien of the special tax canceled are as follows: None.

Notice is further given that upon the recording of this notice in the office of the Assessor-Recorder the obligation to pay the special tax levy shall become a lien upon all nonexempt real property within the Special Tax District in accordance with Section 3115.5 of the Streets and Highways Code of California.

The name(s) of the owner(s) and the assessor's tax parcel numbers of the real property included within the Special Tax District and not exempt from the special tax are as set forth in Exhibit A attached hereto and hereby made a part hereof.

Reference is made to the boundary map of the Special Tax District recorded on _____, 2020 at _____ [a.m./p.m.] as Document No. _____ in Book _____ Page _____ of the Book of Maps of Assessment and Special Tax Districts in the office of the Assessor-Recorder for the City

and County of San Francisco, State of California, which map is now the final boundary map of the Special Tax District.

For further information concerning the current and estimated future tax liability of owners or purchasers of real property subject to this special tax lien, interested persons should contact the Director of the Office of Public Finance, City and County of San Francisco, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102; Telephone: (415) 554-5956.

Dated: As of _____, 2020

By: _____
Clerk of the Board of Supervisors,
City and County of San Francisco

EXHIBIT A

NOTICE OF SPECIAL TAX LIEN

**CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2019-1
(Pier 70 Condominiums)**

**ASSESSOR'S PARCEL NUMBERS AND OWNERS OF LAND
WITHIN SPECIAL TAX DISTRICT**

Assessor's Tax Parcel Number	Landowner
4110-012	64 PKN OWNER, LLC, a Delaware limited liability company
4112-003, 4113-003, 4114-007	CITY AND COUNTY OF SAN FRANCISCO, ACTING BY AND THROUGH THE SAN FRANCISCO PORT COMMISSION

EXHIBIT B

NOTICE OF SPECIAL TAX LIEN

CITY AND COUNTY OF SAN FRANCISCO Special Tax District No. 2019-1 (Pier 70 Condominiums)

DESCRIPTION OF AUTHORIZED FACILITIES AND SERVICES

City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) (as originally configured and as expanded through annexation of property in the future, the "Special Tax District"), is authorized to finance the Facilities, Services and Incidental Costs described in this Exhibit A. Capitalized terms used in this Exhibit A but not defined herein have the meaning given them in (1) the Appendix to Transaction Documents for the Pier 70 28-Acre Site Project, attached as an appendix to the Disposition and Development Agreement ("DDA"), dated as of May 2, 2018, by and between the Port and the Developer, including all exhibits and attachments, as may be amended from time to time and (2) those definitions included in the Vertical Disposition and Development Agreement for Parcel K North, dated February 8, 2019 ("VDDA"). When used in this Exhibit A, "including" has the meaning given to it in the DDA.

AUTHORIZED FACILITIES

The Special Tax District is authorized to finance the purchase, construction, reconstruction, expansion, improvement, or rehabilitation of all or any portion of the facilities authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), including:

1. Land Acquisition – includes, but is not limited to, acquisition of land for public improvements or for other requirements under the DDA and VDDA.
2. Demolition and Abatement – includes, but is not limited to, Site Preparation costs, including abatement of hazardous materials, removal of below-grade, at-grade, and above-grade facilities, and recycling or disposal of waste, including demolition and abatement within future vertical sites that is necessary for Horizontal Improvements.
3. Auxiliary Water Supply System - includes, but is not limited to, main pipe, laterals, valves, fire hydrants, cathodic protection, tie-ins, and any other components required for onsite and offsite high pressure water supply network intended for fire suppression.
4. Low Pressure Water - includes, but is not limited to, main pipe, laterals, water meters, water meter boxes, back flow preventers, gate valves, air valves, blow-offs, fire hydrants, cathodic protection, tie-ins, and any other components required for onsite and offsite low pressure water supply network intended for domestic use.
5. Non-Potable Water - includes, but is not limited to, main pipe, laterals, water meters, water meter boxes, back flow preventers, gate valves, air valves, blow-offs, cathodic protection,

tie-ins, blackwater treatment facility (whether publicly or privately owned), and any other components required for non-potable water supply network intended to provide treated wastewater for use in, among other things, irrigation of parks, landscaping, and non-potable uses within buildings.

6. Combined Sanitary Sewer and Stormwater Management– includes, but is not limited to, retrofit of existing combined sewer facilities, new gravity main pipe, force main pipe and associated valves, laterals, manholes, catch basins, traps, air vents, pump stations, outfalls, lift stations, connections to existing systems, stormwater treatment BMPs such as detention vaults, and any other components required for a network intended to convey storm water and sanitary sewage, including components, such as ejector pumps, associated with vertical buildings to meet design criteria for the Horizontal Improvements.
7. Joint Trench & Dry Utilities – includes, but is not limited to, installation of primary and secondary conduits, overhead poles, pull boxes, vaults, subsurface enclosures, gas main, and anodes for dry utilities including electrical, gas, telephone, cable, internet, and information systems.
8. Earthwork and Retaining Walls – includes, but is not limited to, Site Preparation activities including importation of clean fill materials, clearing and grubbing, slope stabilization, ground improvement, installation of geogrid, surcharging, wick drains, excavation, rock fragmentation, grading, placement of fill, compaction, retaining walls, subdrainage, erosion control, temporary fencing, and post-construction stabilization such as hydroseeding. Also, includes, but is not limited to, excavation of future vertical development sites if the excavated soils is used on site for purposes of raising Horizontal Improvements.
9. Roadways – includes, but is not limited to, Public ROWs, road subgrade preparation, aggregate base, concrete roadway base, asphalt wearing surface, concrete curb, concrete gutter, medians, colored asphalt and concrete, pavers, speed bumps, sawcutting, grinding, conform paving, resurfacing, any other components required for onsite and offsite roadways, transit stops, bus facilities, permanent pavement marking and striping, traffic control signage, traffic light signals, offsite traffic improvements, and any other components or appurtenant features as required in the approved Improvement Plan details and specifications. through the permitting process.
10. Streetscape – includes, but is not limited to, subgrade preparation, aggregate base, sidewalks, pavers, ADA curb ramps with detectable tiles, streetlights, light pole foundations, signage, emergency services infrastructure, landscaping (including trees and silva cells and/or structural soil), irrigation, street furniture, waste receptacles, bike racks, shared bike parking facilities (whether publicly or privately owned), newspaper stands, any other components or appurtenant features as required in the approved Improvement Plan details and specifications through the permitting process, and interpretative signage and facilities.
11. Parks and Public Space – includes, but is not limited to, fine grading, storm drainage and treatment, sanitary sewer, low pressure water, park lighting, community wifi, security infrastructure, low-voltage electrical, various hardscaping, irrigation, landscaping, various concrete structures, site furnishings, public art, viewing platforms, retrofit of shoreline structures and slopes (including demolition, excavation, installation of revetment, structural repair, and any other components, e.g., Shoreline Improvements), and any other

associated work in publicly accessible spaces such as parks, open spaces, plazas, and mid-block passages, including publicly-accessible parks, plazas, mid-block passages and open space that is located on private property, but identified as public open space, mid-block passages, streets or streetscapes in the DDA or Design for Development.

12. Historic Rehabilitation Required for Horizontal Improvements – includes, but is not limited to, eligible cost for relocation, structural retrofit, repair, and rehabilitation of historic buildings associated with horizontal public improvements, such as Building 12 lifting, Building 21 relocation, Building 108 reuse for blackwater treatment, and Building 15 structural frame.
13. Hazardous Soil Removal – includes, but is not limited to, removal and disposal of contaminated soil which cannot be reused on site in accordance with the Pier 70 Risk Management Plan, Pier 70 Master Plan Area, dated July 25, 2013, and associated with Horizontal Improvements.
14. Shoreline Adaptation Studies - includes, but is not limited to, analysis and planning to characterize the preferred Shoreline Protection Project and alternatives, including pre-entitlement planning and design work, environmental review, negotiation, and Regulatory Approvals related to the Shoreline Protection Facilities, conducted in accordance with Pier 70 Financing Plan Section 4.7(f) (Determining Pier 70 Shoreline Protection Facilities).
15. Shoreline Protection Facilities includes, but is not limited to, future waterfront Improvements at the San Francisco shoreline to protect the area from perils associated with seismic events and climate change, including sea level rise and floods, and other public improvements approved by the Port Commission and the Board of Supervisors.
16. Noonan Replacement Space, a space to accommodate the Noonan Space Lease in a new or rehabilitated building that meets the requirements of DDA § 7.13 (Noonan Replacement Space) for which the Port has issued a Temporary Certificate of Occupancy and Noonan moving costs related to relocating Noonan Tenants from the existing Noonan Building to the Noonan Replacement Space.
17. Arts Building, a new building on Parcel E4 with space dedicated and restricted to arts/light industrial uses in accordance with DDA § 7.12 (Arts Building) and the Arts Program, as well as community space that can be funded under the Financing Plan.
18. Historic Building Feasibility Gap as specified in Financing Plan Section 11.1 (Subsidy for Historic Buildings 12 and 21).
19. Deferred Infrastructure.
20. Entitlement costs, including Entitlement Costs and costs to obtain approvals necessary to proceed with development, incurred after the Reference Date to develop improvements authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), such as the cost to comply with the California Environmental Quality Act, negotiate transaction documents, permitting of Horizontal Improvements, subdivision mapping, conduct community outreach, and prepare development design and

land use requirements, but not expenses related to any campaign or ballot measure or any other expenses prohibited by law. Entitlement costs may include interim costs as approved from time to time by the Board of Supervisors.

21. Associated Public Benefits.
22. Miscellaneous Horizontal Development Costs - any other Horizontal Development Costs associated with implementing the DDA and VDDA, including any additional costs that the Parties agree shall be incurred by the Developer for the Project, including workforce liaisons; studies and consultants required to comply with the DDA, such as auditors, inspectors, attorneys and appraisers; replacement and rework costs, including repairs to correct incidental damage that occurs throughout the course of construction and restoration of roadway pavement in areas where there are trenches excavated after the initial roadway is paved, and maintenance prior to acceptance by the City and/or Port.
23. Any other costs authorized to be financed by the Special Tax District under the DDA and VDDA.
24. Soft Costs required to support the construction of the Horizontal Improvements and implementation of the DDA and VDDA, including developer management costs, construction management Fees, and asset management costs.
25. Developer Mitigation Measures, including the formation of the Transportation Management Association and dust, vibration and asbestos monitoring.
26. Miscellaneous Costs, such as costs associated with implementing the DDA and VDDA, including any additional costs that the Parties have agreed shall be incurred by the Developer for the Project, such as master planning for each phase, audits, appraisals, workforce development costs (such as a liaison), cash payments and community outreach initiatives.

Any facility authorized to be financed by the Special Tax District may be financed through the construction and acquisition of the facility or through the payment of fees for such facility.

The facilities authorized to be financed may be located within or outside the boundaries of the Special Tax District.

The facilities to be financed shall include all Hard Costs and Soft Costs associated with the facilities, including the costs of the acquisition of land and rights-of-way, the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, costs related to landscaping and irrigation, soils and other environmental testing and observation, permits, plan check, and inspection fees, insurance, legal and related overhead costs, bonding, trailer rental, utility bills, site security, coordination and supervision and any other costs or appurtenances related to any of the foregoing as further defined in one or more acquisition agreements with the developer of the property in the Special Tax District.

The facilities to be financed shall also include all incidental expenses, defined as follows:

- (1) The cost of planning and designing facilities to be financed by the Special Tax District, including the cost of environmental evaluations of those facilities.

- (2) The costs associated with the creation of the Special Tax District, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the Special Tax District.
- (3) Any other expenses incidental to the construction, completion, and inspection of the authorized work, including costs for temporary facilities with a useful life of at least 3 years that are required to construct an authorized facility.
- (4) Special taxes levied on a property in the Special Tax District and paid by the Master Developer on behalf of a local agency or other landowner prior to the development of the property.

The facilities to be financed also includes the interim cost of the facilities, which shall mean the Developer Return or Port Return, as applicable, and any interest payable on any promissory note payable to the Special Tax District.

The Special Tax District may also apply bond proceeds and special taxes to repay the Port Commission for advances made to pay for authorized costs, under any promissory note or otherwise.

Special taxes may be collected and set-aside in designated funds and collected over several years (i.e., reserves), and used to fund facilities authorized to be financed by the Special Tax District.

AUTHORIZED SERVICES

Special taxes collected in the Special Tax District may finance, in whole or in part, the services authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), for the FC Project Area, and areas outside the FC Project Area, not including the 20th Street CFD, including:

- Maintenance, capital repair, replacement and operation (including public events) of Public Spaces, including facilities for public enjoyment, such as public parks, public recreational facilities, public access, open space, and other public amenities, some of which may be rooftop facilities or located on private property but identified as public open space in the DDA or Design for Development.
- Maintenance, capital repair, replacement and operation of Public Right-of-Ways (ROWs), including public streets, sidewalks, shared public ways, mid-block passages, bicycle lanes, and other paths of travel, associated landscaping and furnishings, retaining walls within the ROWs, and related amenities in the FC Project Area, including any portion of the Building 15 structure over 22nd Street, some of which may be located on private property but identified as public open space in the DDA or Design for Development.

- Maintenance, capital repair, replacement and operation of Shoreline Improvements in and adjacent to the FC Project Area that were completed per the DDA, such as shoreline restoration, including installation of stone columns, pilings, secant walls, and other structures to stabilize the seawall or shoreline, removal of bay fill, creation of waterfront public access to or environmental remediation of the San Francisco waterfront.
- Maintenance, capital repair, replacement and operation of landscaping and irrigation systems and other equipment, material, and supplies directly related to maintaining and replacing landscaped areas and water features in Public Spaces and Public ROWs.
- Maintenance, capital repair, replacement and operation as needed of Public Spaces, including street cleaning and paving.
- Maintenance, capital repair, replacement and operation of lighting, rest rooms, trash receptacles, park benches, planting containers, picnic tables, bollards, bicycle racks and corrals, and other furniture and fixtures and signage in Public Spaces and Public ROWs.
- Maintenance, capital repair, replacement and operation of utilities in Public Spaces and Public ROWs.
- General liability insurance for any Public ROWs or structures in Public ROWs that Public Works does not submit to the Board of Supervisors for City acceptance for City General Fund liability purposes and other commercially reasonable insurance coverages.
- Port, City, or third party personnel, administrative, and overhead costs related to maintenance or to contracting for and managing third-party maintenance, including rent for storage space needed to support the maintenance activities.
- Any other costs authorized to be financed by the Special Tax District under the DDA and VDDA.

Special taxes may be collected and set-aside in designated funds and collected over several years (i.e., reserves), and used to fund services authorized to be financed by the Special Tax District. The term “**operation**” includes providing security and hosting special events.

INCIDENTAL COSTS

Special taxes collected in the Special Tax District will also fund, in whole or in part, the incidental costs associated with the facilities and services authorized to be financed. Incidental costs include, but are not limited to:

1. Administrative expenses and fees including costs incurred to form the Special Tax District, to annex territory to the Special Tax District, to annually administer the Special Tax District, to levy and collect special taxes for the Special Tax District, and any other costs incurred in standard administration of the Special Tax District by the City or their authorized consultants;

2. Any amounts needed to cure actual or estimated delinquencies in special taxes for the current or previous fiscal years;
3. Bond related expenses, including underwriters discount, reserve fund, capitalized interest, bond, disclosure, and underwriter counsel fees and all other incidental expenses; and
4. Reimbursement of costs related to the formation of the Special Tax District advanced by the City and any landowner(s) in the Special Tax District, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City or any landowner(s) in the Special Tax District or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the Special Tax District.

EXHIBIT C

NOTICE OF SPECIAL TAX LIEN

CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2019-1
(Pier 70 Condominiums)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX



**CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF ELECTIONS**

John Arntz, Director

December 6, 2019

Honorable Members
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

Re: Registered Voters within Boundaries of Proposed "City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums)"

Members of the Board of Supervisors:

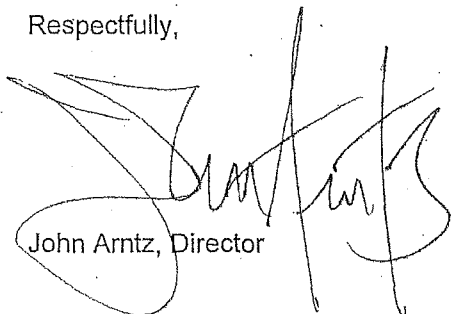
This letter confirms that on December 5, 2019, I reviewed the records of registered voters for the territory that is encompassed within the proposed boundaries of the City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) (the "Special Tax District"), as such territory is (a) shown on the boundary map for the Special Tax District, reference to which maps is hereby made and by this reference incorporated herein and (b) identified by the following list of Assessor Parcel Numbers and landowners:

Block	Lot	Owner per Assessor's Roll	Current Owner (if different)
4110	012	San Francisco Port Commission	64 PKN Owner, LLC*
4112	003	San Francisco Port Commission	
4113	003	San Francisco Port Commission	
4114	007	San Francisco Port Commission	

* To confirm current ownership, I reviewed a Quitclaim Deed dated February 13, 2019 by the City and County of San Francisco, acting by and through the San Francisco Port Commission and the City and County of San Francisco, acting by and through the San Francisco Real Estate Division.

Based on this review, I hereby certify that on the date hereof, there were no registered voters within the boundaries of the Special Tax District.

Respectfully,



John Arntz, Director

English (415) 554-4375

Fax (415) 554-7344

TTY (415) 554-4386

sfelections.org

1 Dr. Carlton B. Goodlett Place

City Hall, Room 48, San Francisco, CA 94102

中文 (415) 554-4367

Español (415) 554-4366

Filipino (415) 554-4310

CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2019-1
(PIER 70 CONDOMINIUMS)

PUBLIC AGENCY STATEMENT AND CONSENT

10/22, 2019

Board of Supervisors of the
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Members of the Board of Supervisors:

The Board of Supervisors of the City and County of San Francisco (the "City") has initiated formation of City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) (the "Special Tax District") under Chapter 43, Article X of the San Francisco Administrative Code (as it may be amended from time to time, the "Code"), which Code incorporates by reference the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"). This Public Agency Statement and Consent (this "Statement") is submitted in connection with the formation of the Special Tax District pursuant to Sections 53317(f)(1), 53317(f)(3) and 53326(a) of the Mello-Roos Act.

1. Property Owner. This Statement is submitted by the entity identified below (the "Property Owner"), which is the owner of the fee simple title of the parcels of land identified by the Assessor Parcel Numbers listed on Exhibit B attached hereto and incorporated herein by reference (the "Property"). The undersigned warrants to the City with respect to the Property that it is authorized to execute this Statement and that the submission of this Statement and participation in the proceedings to form the Special Tax District will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of the State of California or the United States of America, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, fiscal agent agreement, contract, agreement or other instrument to which the Property Owner is a party or is otherwise subject or bound.

2. Consent to Proceedings. The Property Owner hereby consents to proceedings under the Code to create the Special Tax District. The Property Owner acknowledges that a two-thirds vote of the qualified electors in the Special Tax District that vote on the issues is required for (i) the levy of special taxes in the Special Tax District pursuant to the Rate and Method of Apportionment of Special Tax (the "Rate and Method") to be prepared by the City, (ii) the issuance of special tax bonds and the incurrence of other debt (as defined in the Mello-Roos Act) for the Special Tax District in an amount to be determined during the formation proceedings and (iii) the establishment of an appropriations limit for the Special Tax District in an amount to be determined during the formation proceedings.

The Property Owner hereby declares that it is a "landowner" (as defined in Section 53317(f) of the Mello-Roos Act) for purposes of the formation proceedings for the Special Tax District because the Property either will be (a) transferred by conveyance of the fee interest to private ownership for the construction of improvements, in which case the Property Owner hereby agrees that the Property will be subject to the special tax on the same basis as private property within the Special Tax District and affirmatively waives any defense based on the fact of public ownership to any action to foreclose on the Property in the event of nonpayment of the special tax or (b) leased to a nonexempt person or entity and, pursuant to Section 53340.1 of the Mello-Roos Act, the special tax will be levied on the leasehold interest and payable by the owner of the leasehold interest.

3. Boundaries of CFD. The Property Owner hereby consents to the Property being included within the boundaries of the Special Tax District.

4. Purpose of CFD. The Property Owner acknowledges that the Special Tax District will be created for the purpose of financing the facilities, public services and other costs described in Exhibit A attached hereto and incorporated herein by reference.

5. Elections. The Property Owner hereby consents to a special election being held under the Code to authorize the special taxes and the issuance of the bonds and other debt and to establish an appropriations limit for the Special Tax District, to the consolidation of the matters into a single election and to the election being conducted by the City and its officials, using mailed or hand-delivered ballots, with such ballots being opened and canvassed and the results certified at the same meeting of the Board of Supervisors as the public hearings on the Special Tax District under the Code or as soon thereafter as possible.

6. Waivers. To expedite the completion of the proceedings for the Special Tax District, all notices of hearings and all notices of election, applicable waiting periods under the Code for the election and all ballot analyses and arguments for the election are hereby waived. The Property Owner also waives any requirement as to the specific form of the ballot to be used for the election, whether under the Code, the California Elections Code or otherwise.

This Statement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

By executing this Statement, the Property Owner agrees to all of the above.

CITY AND COUNTY OF SAN FRANCISCO,
ACTING BY AND THROUGH THE SAN
FRANCISCO PORT COMMISSION

By: 

Elaine Forbés
Executive Director
San Francisco Port Commission

EXHIBIT A

**PROPOSED DESCRIPTION OF FACILITIES, SERVICES AND OTHER COSTS TO BE
FINANCED BY THE SPECIAL TAX DISTRICT**

EXHIBIT A

City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) (as originally configured and as expanded through annexation of property in the future, the "STD"), is authorized to finance the Facilities, Services and Incidental Costs described in this Exhibit A. Capitalized terms used in this Exhibit A but not defined herein have the meaning given them in (1) the Appendix to Transaction Documents for the Pier 70 28-Acre Site Project, attached as an appendix to the Disposition and Development Agreement ("DDA"), dated as of May 2, 2018, by and between the Port and the Developer, including all exhibits and attachments, as may be amended from time to time and (2) those definitions included in the Vertical Disposition and Development Agreement for Parcel K North, dated February 8, 2019 ("VDDA"). When used in this Exhibit A, "including" has the meaning given to it in the DDA.

AUTHORIZED FACILITIES

The STD is authorized to finance the purchase, construction, reconstruction, expansion, improvement, or rehabilitation of all or any portion of the facilities authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), including:

1. Land Acquisition – includes, but is not limited to, acquisition of land for public improvements or for other requirements under the DDA and VDDA.
2. Demolition and Abatement – includes, but is not limited to, Site Preparation costs, including abatement of hazardous materials, removal of below-grade, at-grade, and above-grade facilities, and recycling or disposal of waste, including demolition and abatement within future vertical sites that is necessary for Horizontal Improvements.
3. Auxiliary Water Supply System - includes, but is not limited to, main pipe, laterals, valves, fire hydrants, cathodic protection, tie-ins, and any other components required for onsite and offsite high pressure water supply network intended for fire suppression.
4. Low Pressure Water - includes, but is not limited to, main pipe, laterals, water meters, water meter boxes, back flow preventers, gate valves, air valves, blow-offs, fire hydrants, cathodic protection, tie-ins, and any other components required for onsite and offsite low pressure water supply network intended for domestic use.
5. Non-Potable Water - includes, but is not limited to, main pipe, laterals, water meters, water meter boxes, back flow preventers, gate valves, air valves, blow-offs, cathodic protection, tie-ins, blackwater treatment facility (whether publicly or privately owned), and any other

components required for non-potable water supply network intended to provide treated wastewater for use in, among other things, irrigation of parks, landscaping, and non-potable uses within buildings.

6. Combined Sanitary Sewer and Stormwater Management— includes, but is not limited to, retrofit of existing combined sewer facilities, new gravity main pipe, force main pipe and associated valves, laterals, manholes, catch basins, traps, air vents, pump stations, outfalls, lift stations, connections to existing systems, stormwater treatment BMPs such as detention vaults, and any other components required for a network intended to convey storm water and sanitary sewage, including components, such as ejector pumps, associated with vertical buildings to meet design criteria for the Horizontal Improvements.
7. Joint Trench & Dry Utilities – includes, but is not limited to, installation of primary and secondary conduits, overhead poles, pull boxes, vaults, subsurface enclosures, gas main, and anodes for dry utilities including electrical, gas, telephone, cable, internet, and information systems.
8. Earthwork and Retaining Walls – includes, but is not limited to, Site Preparation activities including importation of clean fill materials, clearing and grubbing, slope stabilization, ground improvement, installation of geogrid, surcharging, wick drains, excavation, rock fragmentation, grading, placement of fill, compaction, retaining walls, subdrainage, erosion control, temporary fencing, and post-construction stabilization such as hydroseeding. Also, includes, but is not limited to, excavation of future vertical development sites if the excavated soils is used on site for purposes of raising Horizontal Improvements.
9. Roadways – includes, but is not limited to, Public ROWs, road subgrade preparation, aggregate base, concrete roadway base, asphalt wearing surface, concrete curb, concrete gutter, medians, colored asphalt and concrete, pavers, speed bumps, sawcutting, grinding, conform paving, resurfacing, any other components required for onsite and offsite roadways, transit stops, bus facilities, permanent pavement marking and striping, traffic control signage, traffic light signals, offsite traffic improvements, and any other components or appurtenant features as required in the approved Improvement Plan details and specifications. through the permitting process.
10. Streetscape – includes, but is not limited to, subgrade preparation, aggregate base, sidewalks, pavers, ADA curb ramps with detectable tiles, streetlights, light pole foundations, signage, emergency services infrastructure, landscaping (including trees and silva cells and/or structural soil), irrigation, street furniture, waste receptacles, bike racks, shared bike parking facilities (whether publicly or privately owned), newspaper stands, any other components or appurtenant features as required in the approved Improvement Plan details and specifications through the permitting process, and interpretative signage and facilities.
11. Parks and Public Space – includes, but is not limited to, fine grading, storm drainage and treatment, sanitary sewer, low pressure water, park lighting, community wifi, security

infrastructure, low-voltage electrical, various hardscaping, irrigation, landscaping, various concrete structures, site furnishings, public art, viewing platforms, retrofit of shoreline structures and slopes (including demolition, excavation, installation of revetment, structural repair, and any other components, e.g., Shoreline Improvements), and any other associated work in publicly accessible spaces such as parks, open spaces, plazas, and mid-block passages, including publicly-accessible parks, plazas, mid-block passages and open space that is located on private property, but identified as public open space, mid-block passages, streets or streetscapes in the DDA or Design for Development.

12. Historic Rehabilitation Required for Horizontal Improvements – includes, but is not limited to, eligible cost for relocation, structural retrofit, repair, and rehabilitation of historic buildings associated with horizontal public improvements, such as Building 12 lifting, Building 21 relocation, Building 108 reuse for blackwater treatment, and Building 15 structural frame.
13. Hazardous Soil Removal – includes, but is not limited to, removal and disposal of contaminated soil which cannot be reused on site in accordance with the Pier 70 Risk Management Plan, Pier 70 Master Plan Area, dated July 25, 2013, and associated with Horizontal Improvements.
14. Shoreline Adaptation Studies - includes, but is not limited to, analysis and planning to characterize the preferred Shoreline Protection Project and alternatives, including pre-entitlement planning and design work, environmental review, negotiation, and Regulatory Approvals related to the Shoreline Protection Facilities, conducted in accordance with Pier 70 Financing Plan Section 4.7(f) (Determining Pier 70 Shoreline Protection Facilities).
15. Shoreline Protection Facilities includes, but is not limited to, future waterfront Improvements at the San Francisco shoreline to protect the area from perils associated with seismic events and climate change, including sea level rise and floods, and other public improvements approved by the Port Commission and the Board of Supervisors.
16. Noonan Replacement Space, a space to accommodate the Noonan Space Lease in a new or rehabilitated building that meets the requirements of DDA § 7.13 (Noonan Replacement Space) for which the Port has issued a Temporary Certificate of Occupancy and Noonan moving costs related to relocating Noonan Tenants from the existing Noonan Building to the Noonan Replacement Space.
17. Arts Building, a new building on Parcel E4 with space dedicated and restricted to arts/light industrial uses in accordance with DDA § 7.12 (Arts Building) and the Arts Program, as well as community space that can be funded under the Financing Plan.
18. Historic Building Feasibility Gap as specified in Financing Plan Section 11.1 (Subsidy for Historic Buildings 12 and 21).
19. Deferred Infrastructure.

20. Entitlement costs, including Entitlement Costs and costs to obtain approvals necessary to proceed with development, incurred after the Reference Date to develop improvements authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), such as the cost to comply with the California Environmental Quality Act, negotiate transaction documents, permitting of Horizontal Improvements, subdivision mapping, conduct community outreach, and prepare development design and land use requirements, but not expenses related to any campaign or ballot measure or any other expenses prohibited by law. Entitlement costs may include interim costs as approved from time to time by the Board of Supervisors.
21. Associated Public Benefits.
22. Miscellaneous Horizontal Development Costs - any other Horizontal Development Costs associated with implementing the DDA and VDDA, including any additional costs that the Parties agree shall be incurred by the Developer for the Project, including workforce liaisons; studies and consultants required to comply with the DDA, such as auditors, inspectors, attorneys and appraisers; replacement and rework costs, including repairs to correct incidental damage that occurs throughout the course of construction and restoration of roadway pavement in areas where there are trenches excavated after the initial roadway is paved, and maintenance prior to acceptance by the City and/or Port.
23. Any other costs authorized to be financed by the STD under the DDA and VDDA.
24. Soft Costs required to support the construction of the Horizontal Improvements and implementation of the DDA and VDDA, including developer management costs, construction management Fees, and asset management costs.
25. Developer Mitigation Measures, including the formation of the Transportation Management Association and dust, vibration and asbestos monitoring.
26. Miscellaneous Costs, such as costs associated with implementing the DDA and VDDA, including any additional costs that the Parties have agreed shall be incurred by the Developer for the Project, such as master planning for each phase, audits, appraisals, workforce development costs (such as a liaison), cash payments and community outreach initiatives.

Any facility authorized to be financed by the STD may be financed through the construction and acquisition of the facility or through the payment of fees for such facility.

The facilities authorized to be financed may be located within or outside the boundaries of the STD.

The facilities to be financed shall include all Hard Costs and Soft Costs associated with the facilities, including the costs of the acquisition of land and rights-of-way, the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, costs related to landscaping and irrigation, soils and other environmental testing and observation, permits, plan check, and inspection fees, insurance, legal and related overhead costs, bonding, trailer rental, utility bills, site security, coordination and supervision and any other costs or appurtenances related to any of the foregoing as further defined in one or more acquisition agreements with the developer of the property in the STD.

The facilities to be financed shall also include all incidental expenses, defined as follows:

- (1) The cost of planning and designing facilities to be financed by the STD, including the cost of environmental evaluations of those facilities.
- (2) The costs associated with the creation of the STD, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the STD.
- (3) Any other expenses incidental to the construction, completion, and inspection of the authorized work, including costs for temporary facilities with a useful life of at least 3 years that are required to construct an authorized facility.
- (4) Special taxes levied on a property in the STD and paid by the Master Developer on behalf of a local agency or other landowner prior to the development of the property.

The facilities to be financed also includes the interim cost of the facilities, which shall mean the Developer Return or Port Return, as applicable, and any interest payable on any promissory note payable to the STD.

The STD may also apply bond proceeds and special taxes to repay the Port Commission for advances made to pay for authorized costs, under any promissory note or otherwise.

Special taxes may be collected and set-aside in designated funds and collected over several years (i.e., reserves), and used to fund facilities authorized to be financed by the STD.

AUTHORIZED SERVICES

Special taxes collected in the STD may finance, in whole or in part, the services authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43; art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), for the FC Project Area, and areas outside the FC Project Area, not including the 20th Street CFD, including:

- Maintenance, capital repair, replacement and operation (including public events) of Public Spaces, including facilities for public enjoyment, such as public parks, public recreational

facilities, public access, open space, and other public amenities, some of which may be rooftop facilities or located on private property but identified as public open space in the DDA or Design for Development.

- Maintenance, capital repair, replacement and operation of Public Right-of-Ways (ROWs), including public streets, sidewalks, shared public ways, mid-block passages, bicycle lanes, and other paths of travel, associated landscaping and furnishings, retaining walls within the ROWs, and related amenities in the FC Project Area, including any portion of the Building 15 structure over 22nd Street, some of which may be located on private property but identified as public open space in the DDA or Design for Development.
- Maintenance, capital repair, replacement and operation of Shoreline Improvements in and adjacent to the FC Project Area that were completed per the DDA, such as shoreline restoration, including installation of stone columns, pilings, secant walls, and other structures to stabilize the seawall or shoreline, removal of bay fill, creation of waterfront public access to or environmental remediation of the San Francisco waterfront.
- Maintenance, capital repair, replacement and operation of landscaping and irrigation systems and other equipment, material, and supplies directly related to maintaining and replacing landscaped areas and water features in Public Spaces and Public ROWs.
- Maintenance, capital repair, replacement and operation as needed of Public Spaces, including street cleaning and paving.
- Maintenance, capital repair, replacement and operation of lighting, rest rooms, trash receptacles, park benches, planting containers, picnic tables, bollards, bicycle racks and corrals, and other furniture and fixtures and signage in Public Spaces and Public ROWs.
- Maintenance, capital repair, replacement and operation of utilities in Public Spaces and Public ROWs.
- General liability insurance for any Public ROWs or structures in Public ROWs that Public Works does not submit to the Board of Supervisors for City acceptance for City General Fund liability purposes and other commercially reasonable insurance coverages.
- Port, City, or third party personnel, administrative, and overhead costs related to maintenance or to contracting for and managing third-party maintenance, including rent for storage space needed to support the maintenance activities.
- Any other costs authorized to be financed by the STD under the DDA and VDDA.

Special taxes may be collected and set-aside in designated funds and collected over several years (i.e., reserves), and used to fund services authorized to be financed by the STD. The term "operation" includes providing security and hosting special events.

INCIDENTAL COSTS

Special taxes collected in the STD will also fund, in whole or in part, the incidental costs associated with the facilities and services authorized to be financed. Incidental costs include, but are not limited to:

1. Administrative expenses and fees including costs incurred to form the STD, to annex territory to the STD, to annually administer the STD, to levy and collect special taxes for the STD, and any other costs incurred in standard administration of the STD by the City or their authorized consultants;
2. Any amounts needed to cure actual or estimated delinquencies in special taxes for the current or previous fiscal years;
3. Bond related expenses, including underwriters discount, reserve fund, capitalized interest, bond, disclosure, and underwriter counsel fees and all other incidental expenses; and
4. Reimbursement of costs related to the formation of the STD advanced by the City and any landowner(s) in the STD, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City or any landowner(s) in the STD or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the STD.

EXHIBIT B

ASSESSOR PARCEL NUMBERS

Assessor's Parcel Nos.

Names of Property Owners

4112-003
4113-003
4114-007

San Francisco Port Commission
San Francisco Port Commission
San Francisco Port Commission

**CONSENT AND WAIVER RELATING TO FORMATION OF A
SPECIAL TAX DISTRICT**

10/22, 2019

Board of Supervisors of the
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Members of the Board of Supervisors:

The Board of Supervisors of the City and County of San Francisco (the "City") has initiated formation of City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) (the "Special Tax District") under Chapter 43, Article X of the San Francisco Administrative Code (as it may be amended from time to time, the "Code"), which Code incorporates by reference the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"). This Consent and Waiver Relating to Formation of a Special Tax District (this "Consent and Waiver") is submitted in connection with the formation of the Special Tax District pursuant to Section 53326(a) of the Mello-Roos Act.

1. Property; Property Owner; Authorized Representative. 64 PKN Owner, LLC, a Delaware limited liability company (the "Property Owner") is the owner of 100% of the fee simple interest in property identified as City and County of San Francisco Assessor's Parcel Number Block 4110 Lot 012 (the "Property"). The Property is located within the proposed boundaries of the Special Tax District.

Pursuant to a "Designation of Authorized Representative Pursuant to California Government Code Section 53326(b)" (the "Delegation"), executed by the Property Owner on February 13, 2019, which designation is attached hereto as Exhibit B and incorporated herein by reference, the Property Owner designated the Executive Director of the San Francisco Port Commission (the "Executive Director") as its "authorized representative" in connection with the matters set forth in Section 2.

This Consent and Waiver is submitted by the Executive Director pursuant to the Code to the City. The Executive Director warrants to the City with respect to the Property that she is authorized to execute this Consent and Waiver on behalf of the Property Owner and that the Delegation is in full force and effect.

2. Consent to Proceedings. The Executive Director, as the authorized representative of the Property Owner, hereby consents to all of the following:

- a. Proceedings by the City under the Code to create the Special Tax District, which Special Tax District will initially include the Property; and
- b. A landowner-voter election in accordance with the Code to obtain authorization (1) to levy one or more special taxes for the purpose of financing the facilities, public services and other costs described in Exhibit A attached hereto and incorporated

herein by reference (the "Special Taxes") on the non-exempt property located within the Special Tax District, including the Property and (2) to authorize the issue of special tax bonds and other debt for the Special Tax District, all as shall be more fully established during the course of the legal proceedings for establishment of the Special Tax District.

3. Boundaries of Special Tax District. The Executive Director, as the authorized representative of the Property Owner, hereby consents to the Property being included within the boundaries of the Special Tax District.

4. Elections. The Executive Director, as the authorized representative of the Property Owner, hereby consents to a special election being held under the Code to authorize the matters set forth in Section 2.b, to the consolidation of the matters into a single election and to the election being conducted by the City and its officials, using mailed or hand-delivered ballots, with such ballots being opened and canvassed and the results certified at the same meeting of the Board of Supervisors as the public hearings on the Special Tax District under the Code or as soon thereafter as possible.

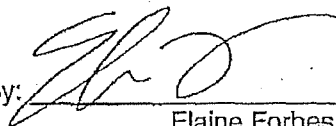
5. Waivers. To expedite the completion of the proceedings for the Special Tax District, the Executive Director, as the authorized representative of the Property Owner, hereby waives all notices of hearings and all notices of election, applicable waiting periods under the Code for the election and all ballot analyses and arguments for the election. The Executive Director, as the authorized representative of the Property Owner, hereby also waives any requirement as to the specific form of the ballot to be used for the election, whether under the Code, the California Elections Code or otherwise.

6. Counterparts. This Consent and Waiver may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

By executing this Consent and Waiver, the Executive Director, as the authorized representative of the Property Owner, agrees on behalf of the Property Owner to all of the above.

64 PKN OWNER, LLC, A DELAWARE LIMITED LIABILITY COMPANY

By: its Authorized Representative

By: 

Elaine Forbes
Executive Director
San Francisco Port Commission

EXHIBIT A

**PROPOSED DESCRIPTION OF FACILITIES, SERVICES AND OTHER COSTS TO BE
FINANCED BY THE SPECIAL TAX DISTRICT**

EXHIBIT A

City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) (as originally configured and as expanded through annexation of property in the future, the "STD"), is authorized to finance the Facilities, Services and Incidental Costs described in this Exhibit A. Capitalized terms used in this Exhibit A but not defined herein have the meaning given them in (1) the Appendix to Transaction Documents for the Pier 70 28-Acre Site Project, attached as an appendix to the Disposition and Development Agreement ("DDA"), dated as of May 2, 2018, by and between the Port and the Developer, including all exhibits and attachments, as may be amended from time to time and (2) those definitions included in the Vertical Disposition and Development Agreement for Parcel K North, dated February 8, 2019 ("VDDA"). When used in this Exhibit A, "including" has the meaning given to it in the DDA.

AUTHORIZED FACILITIES

The STD is authorized to finance the purchase, construction, reconstruction, expansion, improvement, or rehabilitation of all or any portion of the facilities authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), including:

1. Land Acquisition – includes, but is not limited to, acquisition of land for public improvements or for other requirements under the DDA and VDDA.
2. Demolition and Abatement – includes, but is not limited to, Site Preparation costs, including abatement of hazardous materials, removal of below-grade, at-grade, and above-grade facilities, and recycling or disposal of waste, including demolition and abatement within future vertical sites that is necessary for Horizontal Improvements.
3. Auxiliary Water Supply System - includes, but is not limited to, main pipe, laterals, valves, fire hydrants, cathodic protection, tie-ins, and any other components required for onsite and offsite high pressure water supply network intended for fire suppression.
4. Low Pressure Water - includes, but is not limited to, main pipe, laterals, water meters, water meter boxes, back flow preventers, gate valves, air valves, blow-offs, fire hydrants, cathodic protection, tie-ins, and any other components required for onsite and offsite low pressure water supply network intended for domestic use.
5. Non-Potable Water - includes, but is not limited to, main pipe, laterals, water meters, water meter boxes, back flow preventers, gate valves, air valves, blow-offs, cathodic protection, tie-ins, blackwater treatment facility (whether publicly or privately owned), and any other

components required for non-potable water supply network intended to provide treated wastewater for use in, among other things, irrigation of parks, landscaping, and non-potable uses within buildings.

6. Combined Sanitary Sewer and Stormwater Management– includes, but is not limited to, retrofit of existing combined sewer facilities, new gravity main pipe, force main pipe and associated valves, laterals, manholes, catch basins, traps, air vents, pump stations, outfalls, lift stations, connections to existing systems, stormwater treatment BMPs such as detention vaults, and any other components required for a network intended to convey storm water and sanitary sewage, including components, such as ejector pumps, associated with vertical buildings to meet design criteria for the Horizontal Improvements.
7. Joint Trench & Dry Utilities – includes, but is not limited to, installation of primary and secondary conduits, overhead poles, pull boxes, vaults, subsurface enclosures, gas main, and anodes for dry utilities including electrical, gas, telephone, cable, internet, and information systems.
8. Earthwork and Retaining Walls – includes, but is not limited to, Site Preparation activities including importation of clean fill materials, clearing and grubbing, slope stabilization, ground improvement, installation of geogrid, surcharging, wick drains, excavation, rock fragmentation, grading, placement of fill, compaction, retaining walls, subdrainage, erosion control, temporary fencing, and post-construction stabilization such as hydroseeding. Also, includes, but is not limited to, excavation of future vertical development sites if the excavated soils is used on site for purposes of raising Horizontal Improvements.
9. Roadways – includes, but is not limited to, Public ROWs, road subgrade preparation, aggregate base, concrete roadway base, asphalt wearing surface, concrete curb, concrete gutter, medians, colored asphalt and concrete, pavers, speed bumps, sawcutting, grinding, conform paving, resurfacing, any other components required for onsite and offsite roadways, transit stops, bus facilities, permanent pavement marking and striping, traffic control signage, traffic light signals, offsite traffic improvements, and any other components or appurtenant features as required in the approved Improvement Plan details and specifications, through the permitting process.
10. Streetscape – includes, but is not limited to, subgrade preparation, aggregate base, sidewalks, pavers, ADA curb ramps with detectable tiles, streetlights, light pole foundations, signage, emergency services infrastructure, landscaping (including trees and silva cells and/or structural soil), irrigation, street furniture, waste receptacles, bike racks, shared bike parking facilities (whether publicly or privately owned), newspaper stands, any other components or appurtenant features as required in the approved Improvement Plan details and specifications through the permitting process, and interpretative signage and facilities.
11. Parks and Public Space – includes, but is not limited to, fine grading, storm drainage and treatment, sanitary sewer, low pressure water, park lighting, community wifi, security

infrastructure, low-voltage electrical, various hardscaping, irrigation, landscaping, various concrete structures, site furnishings, public art, viewing platforms, retrofit of shoreline structures and slopes (including demolition, excavation, installation of revetment, structural repair, and any other components, e.g., Shoreline Improvements), and any other associated work in publicly accessible spaces such as parks, open spaces, plazas, and mid-block passages, including publicly-accessible parks, plazas, mid-block passages and open space that is located on private property, but identified as public open space, mid-block passages, streets or streetscapes in the DDA or Design for Development.

12. Historic Rehabilitation Required for Horizontal Improvements – includes, but is not limited to, eligible cost for relocation, structural retrofit, repair, and rehabilitation of historic buildings associated with horizontal public improvements, such as Building 12 lifting, Building 21 relocation, Building 108 reuse for blackwater treatment, and Building 15 structural frame.
13. Hazardous Soil Removal – includes, but is not limited to, removal and disposal of contaminated soil which cannot be reused on site in accordance with the Pier 70 Risk Management Plan, Pier 70 Master Plan Area, dated July 25, 2013, and associated with Horizontal Improvements.
14. Shoreline Adaptation Studies - includes, but is not limited to, analysis and planning to characterize the preferred Shoreline Protection Project and alternatives, including pre-entitlement planning and design work, environmental review, negotiation, and Regulatory Approvals related to the Shoreline Protection Facilities, conducted in accordance with Pier 70 Financing Plan Section 4.7(f) (Determining Pier 70 Shoreline Protection Facilities).
15. Shoreline Protection Facilities includes, but is not limited to, future waterfront Improvements at the San Francisco shoreline to protect the area from perils associated with seismic events and climate change, including sea level rise and floods, and other public improvements approved by the Port Commission and the Board of Supervisors.
16. Noonan Replacement Space, a space to accommodate the Noonan Space Lease in a new or rehabilitated building that meets the requirements of DDA § 7.13 (Noonan Replacement Space) for which the Port has issued a Temporary Certificate of Occupancy and Noonan moving costs related to relocating Noonan Tenants from the existing Noonan Building to the Noonan Replacement Space.
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18. Historic Building Feasibility Gap as specified in Financing Plan Section 11.1 (Subsidy for Historic Buildings 12 and 21).
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20. Entitlement costs, including Entitlement Costs and costs to obtain approvals necessary to proceed with development, incurred after the Reference Date to develop improvements authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), such as the cost to comply with the California Environmental Quality Act, negotiate transaction documents, permitting of Horizontal Improvements, subdivision mapping, conduct community outreach, and prepare development design and land use requirements, but not expenses related to any campaign or ballot measure or any other expenses prohibited by law. Entitlement costs may include interim costs as approved from time to time by the Board of Supervisors.
21. Associated Public Benefits.
22. Miscellaneous Horizontal Development Costs - any other Horizontal Development Costs associated with implementing the DDA and VDDA, including any additional costs that the Parties agree shall be incurred by the Developer for the Project, including workforce liaisons; studies and consultants required to comply with the DDA, such as auditors, inspectors, attorneys and appraisers; replacement and rework costs, including repairs to correct incidental damage that occurs throughout the course of construction and restoration of roadway pavement in areas where there are trenches excavated after the initial roadway is paved, and maintenance prior to acceptance by the City and/or Port.
23. Any other costs authorized to be financed by the STD under the DDA and VDDA.
24. Soft Costs required to support the construction of the Horizontal Improvements and implementation of the DDA and VDDA, including developer management costs, construction management Fees, and asset management costs.
25. Developer Mitigation Measures, including the formation of the Transportation Management Association and dust, vibration and asbestos monitoring.
26. Miscellaneous Costs, such as costs associated with implementing the DDA and VDDA, including any additional costs that the Parties have agreed shall be incurred by the Developer for the Project, such as master planning for each phase, audits, appraisals, workforce development costs (such as a liaison), cash payments and community outreach initiatives.

Any facility authorized to be financed by the STD may be financed through the construction and acquisition of the facility or through the payment of fees for such facility.

The facilities authorized to be financed may be located within or outside the boundaries of the STD.

The facilities to be financed shall include all Hard Costs and Soft Costs associated with the facilities, including the costs of the acquisition of land and rights-of-way, the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, costs related to landscaping and irrigation, soils and other environmental testing and observation, permits, plan check, and inspection fees, insurance, legal and related overhead costs, bonding, trailer rental, utility bills, site security, coordination and supervision and any other costs or appurtenances related to any of the foregoing as further defined in one or more acquisition agreements with the developer of the property in the STD.

The facilities to be financed shall also include all incidental expenses, defined as follows:

- (1) The cost of planning and designing facilities to be financed by the STD, including the cost of environmental evaluations of those facilities.
- (2) The costs associated with the creation of the STD, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the STD.
- (3) Any other expenses incidental to the construction, completion, and inspection of the authorized work, including costs for temporary facilities with a useful life of at least 3 years that are required to construct an authorized facility.
- (4) Special taxes levied on a property in the STD and paid by the Master Developer on behalf of a local agency or other landowner prior to the development of the property.

The facilities to be financed also includes the interim cost of the facilities, which shall mean the Developer Return or Port Return, as applicable, and any interest payable on any promissory note payable to the STD.

The STD may also apply bond proceeds and special taxes to repay the Port Commission for advances made to pay for authorized costs, under any promissory note or otherwise.

Special taxes may be collected and set-aside in designated funds and collected over several years (i.e., reserves), and used to fund facilities authorized to be financed by the STD.

AUTHORIZED SERVICES

Special taxes collected in the STD may finance, in whole or in part, the services authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), for the FC Project Area, and areas outside the FC Project Area, not including the 20th Street CFD, including:

- Maintenance, capital repair, replacement and operation (including public events) of Public Spaces, including facilities for public enjoyment, such as public parks, public recreational

facilities, public access, open space, and other public amenities, some of which may be rooftop facilities or located on private property but identified as public open space in the DDA or Design for Development.

- Maintenance, capital repair, replacement and operation of Public Right-of-Ways (ROWs), including public streets, sidewalks, shared public ways, mid-block passages, bicycle lanes, and other paths of travel, associated landscaping and furnishings, retaining walls within the ROWs, and related amenities in the FC Project Area, including any portion of the Building 15 structure over 22nd Street, some of which may be located on private property but identified as public open space in the DDA or Design for Development.
- Maintenance, capital repair, replacement and operation of Shoreline Improvements in and adjacent to the FC Project Area that were completed per the DDA, such as shoreline restoration, including installation of stone columns, pilings, secant walls, and other structures to stabilize the seawall or shoreline, removal of bay fill, creation of waterfront public access to or environmental remediation of the San Francisco waterfront.
- Maintenance, capital repair, replacement and operation of landscaping and irrigation systems and other equipment, material, and supplies directly related to maintaining and replacing landscaped areas and water features in Public Spaces and Public ROWs.
- Maintenance, capital repair, replacement and operation as needed of Public Spaces, including street cleaning and paving.
- Maintenance, capital repair, replacement and operation of lighting, rest rooms, trash receptacles, park benches, planting containers, picnic tables, bollards, bicycle racks and corrals, and other furniture and fixtures and signage in Public Spaces and Public ROWs.
- Maintenance, capital repair, replacement and operation of utilities in Public Spaces and Public ROWs.
- General liability insurance for any Public ROWs or structures in Public ROWs that Public Works does not submit to the Board of Supervisors for City acceptance for City General Fund liability purposes and other commercially reasonable insurance coverages.
- Port, City, or third party personnel, administrative, and overhead costs related to maintenance or to contracting for and managing third-party maintenance, including rent for storage space needed to support the maintenance activities.
- Any other costs authorized to be financed by the STD under the DDA and VDDA.

Special taxes may be collected and set-aside in designated funds and collected over several years (i.e., reserves), and used to fund services authorized to be financed by the STD. The term "operation" includes providing security and hosting special events.

INCIDENTAL COSTS

Special taxes collected in the STD will also fund, in whole or in part, the incidental costs associated with the facilities and services authorized to be financed. Incidental costs include, but are not limited to:

1. Administrative expenses and fees including costs incurred to form the STD, to annex territory to the STD, to annually administer the STD, to levy and collect special taxes for the STD, and any other costs incurred in standard administration of the STD by the City or their authorized consultants;
2. Any amounts needed to cure actual or estimated delinquencies in special taxes for the current or previous fiscal years;
3. Bond related expenses, including underwriters discount, reserve fund, capitalized interest, bond, disclosure, and underwriter counsel fees and all other incidental expenses; and
4. Reimbursement of costs related to the formation of the STD advanced by the City and any landowner(s) in the STD, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City or any landowner(s) in the STD or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the STD.

EXHIBIT B
DELEGATION

B-1

DELEGATION OF AUTHORITY TO VOTE ON FORMATION OF STD

**DESIGNATION OF AUTHORIZED REPRESENTATIVE
PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 53326(b)**

February 13, 2019

Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Formation of Special Tax District for Parcel K North

To Whom It May Concern:

The undersigned (the "Owner") is the owner of property identified as City and County of San Francisco Assessor's Parcel Number Block 4110, Lot 012 (the "Property"). The Property is located within a proposed special tax district to be formed by the City and County of San Francisco (the "Proposed Pier 70 Condo CFD") and is subject to a Vertical Disposition and Development Agreement between the City and County of San Francisco, acting by and through the San Francisco Port Commission and the Owner (the "VDDA"). The Proposed Pier 70 Condo CFD will include properties within a 28-acre portion of Pier 70 that will be developed with residential condominiums. The Proposed Pier 70 Condo CFD does not yet have an official name, but for purposes of this designation, the Proposed Pier 70 Condo CFD shall be that special tax district which is sponsored by the City and County of San Francisco that includes the Property and is authorized to finance the Michigan Street Improvements as defined in the VDDA. The most recent draft of the rate and method of apportionment of special taxes of the Proposed Pier 70 Condo CFD (the "Rate and Method") is attached hereto as Attachment No. 1.

Pursuant to Section 53326(b) of the California Government Code, the Owner does hereby designate the Executive Director of the San Francisco Port Commission as its "authorized representative" in connection with the landowner election on the propositions to (i) form the Proposed Pier 70 Condo CFD, (ii) authorize the levy of special taxes in the Proposed Pier 70 Condo CFD, (iii) authorize the issuance of bonded indebtedness by the City and County of San Francisco for the Proposed Pier 70 Condo CFD, and (iv) establish an appropriations limit for the Proposed Pier 70 Condo CFD. The San Francisco Port Commission is the immediate past owner of the Property.

The true and exact signature of the authorized representative of the Owner is set forth below.

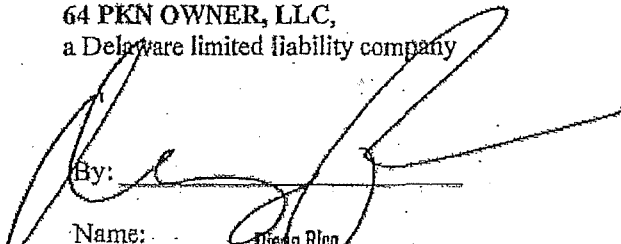
The foregoing authorization shall be effective at any time after the date hereof and shall be revocable by Owner prior to the landowner election only if the Rate and Method is modified in any manner that would increase the amount of the special taxes that may be

levied on the Property, or any portion thereof, or accelerate the timing of the levy of the special taxes on the Property or materially increase the apportionment of the special taxes to the Property relative to the other properties in the Proposed Pier 70 Condo CFD. The Notice of Special Tax attached hereto as Attachment No. 2 is in the form required by Section 53341.5 of the California Government Code and has been executed by the Owner. The Notice of Special Tax provides information about the rate, method of apportionment, and manner of collection of the special tax in sufficient detail to allow the Owner to estimate the maximum amount that the Owner will have to pay

This authorization is revocable by Owner prior to the landowner election only under the conditions described above by written notice to the Board of Supervisors. Unless the authorization herein has been revoked by Owner prior to the landowner election in accordance with the terms of this delegation, the Owner waives its right to make any protest or complaint or undertake any legal action challenging the validity of the election or the validity of the Proposed Pier 70 Condo CFD.

Pursuant to Section 53326(b), set forth below are the authorized signatories for all parties making up the Owner (if more than one person or entity constitutes the Owner, or if ownership is held in the name of more than one person or entity).

64 PKN OWNER, LLC,
a Delaware limited liability company

By: 
Name: Diana Rion
Title: Vice President
Date: _____

ACKNOWLEDGED AND ACCEPTED:

Elaine Forbes
Executive Director
San Francisco Port Commission

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64 PKN OWNER, LLC,
a Delaware limited liability company


By: _____

Name: _____

Title: _____

Date: _____

ACKNOWLEDGED AND ACCEPTED:



Elaine Forbes
Executive Director
San Francisco Port Commission

ATTACHMENT NO. 1

RATE AND METHOD

#183948 v3 92062

EXHIBIT B

CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2019-1
(PIER 70 CONDOMINIUMS)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

Special Taxes applicable to each Taxable Parcel in the City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) shall be levied and collected according to the tax liability determined by the Administrator through the application of the appropriate amount or rate for Taxable Parcels, as described below. All Taxable Parcels in the STD shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the STD.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“28-Acre Site” is defined in the Appendix.

“Administrative Expenses” means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City carrying out duties with respect to the STD and the Bonds, including, but not limited to, levying and collecting the Special Taxes, the fees and expenses of legal counsel, charges levied by the City, including the Controller’s Office, the Treasurer and Tax Collector’s Office, the City Attorney, and the Port, costs related to property owner inquiries regarding the Special Taxes, costs associated with appeals or requests for interpretation associated with the Special Taxes and this RMA, costs associated with annexation of property into the STD, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with any continuing disclosure requirements for the City and any other major property owner (whether or not deemed to be an obligated person), costs associated with foreclosure and collection of delinquent Special Taxes, and all other costs and expenses of the City in any way related to the establishment or administration of the STD.

“Administrator” means the Director of the Office of Public Finance or his/her designee who shall be responsible for administering the Special Taxes according to this RMA.

“Affordable Housing Project” means a residential or primarily residential project, as determined by the Review Authority, within which 100% of the residential units have a deed restriction recorded on title of the property that (i) limits the rental rates on the units or (ii) in any other way is intended to restrict the current or future value of the unit, as determined by the Review Authority.

“Airspace Parcel” means a Taxable Parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land parcel.

“Apartment Building” means a residential or mixed-use building within which all of the residential units are offered for rent to the general public and are not available for sale to or ownership by individual homebuyers.

“Appendix” means the Appendix to Transaction Documents for the Pier 70 28-Acre Site Project.

“Arts Building Special Tax Bonds” means any Bonds secured by the Arts Building Special Taxes that are issued to pay Arts Building Costs.

“Arts Building Costs” are \$20 million in costs associated with the Arts Building, the Noonan Replacements Space and community facilities allocated under the Financing Plan, and authorized to be financed by the Arts Building Special Tax and Arts Building Special Tax Bonds by the Financing Plan and by the formation proceedings for the STD and the Leased Properties STD No. 2019-2.

“Arts Building Special Tax” means a special tax levied in Tax Zone 2 in any Fiscal Year to pay the Arts Building Special Tax Requirement.

“Arts Building Special Tax Requirement” means the amount necessary in any Fiscal Year to pay: (i) pay principal and interest on Arts Building Special Tax Bonds that are due in the calendar year that begins in such Fiscal Year; (ii) pay periodic costs on Arts Building Special Tax Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments; (iii) replenish reserve funds created for Arts Building Special Tax Bonds under the applicable Indenture to the extent such replenishment has not been included in the computation of the Arts Building Special Tax Requirement in a previous Fiscal Year; (iv) cure any delinquencies in the payment of principal or interest on Arts Building Special Tax Bonds which have occurred in the prior Fiscal Year; (v) pay Administrative Expenses; (vi) pay other obligations described in the Financing Plan; and (vii) pay directly for Arts Building Costs. The amounts referred to in clauses (i) and (vi) may be reduced in any Fiscal Year by: (a) interest earnings on or surplus balances in funds and accounts for the Arts Building Special Tax Bonds to the extent that such earnings or balances are available to apply against such costs pursuant to the applicable Indenture; (b) in the sole and absolute discretion of the Port, proceeds received by the STD from the collection of penalties associated with delinquent Arts Building Special Taxes; and (c) any other revenues available to pay such costs, as determined by the Administrator, the City, and the Port.

“Assessor’s Parcel” or **“Parcel”** means a lot or parcel, including an Airspace Parcel, shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

“Authorized Expenditures” means, separately with respect to the Facilities Special Tax, Arts Building Special Tax, and Services Special Tax, those costs, facilities or public services authorized to be funded by the applicable Special Taxes as set forth in the Financing Plan and the documents adopted by the Board at STD Formation, as may be amended from time to time.

“Base Arts Building Special Tax” means, for any Square Footage Category in Tax Zone 2, the per-square foot Arts Building Special Tax identified in Table 2 in Section C below.

“Base Facilities Special Tax” means, for any Square Footage Category, the per-square foot Facilities Special Tax for Square Footage within such Square Footage Category, as identified in Table 1 in Section C below.

“Base Services Special Tax” means, for any Square Footage Category, the per-square foot Services Special Tax for Square Footage within such Square Footage Category, as identified in Table 3 in Section C below.

“Base Special Tax” means:

For Tax Zone 1: collectively, the Base Facilities Special Tax and the Base Services Special Tax, and

For Tax Zone 2: collectively, the Base Facilities Special Tax, the Base Arts Building Special Tax, and the Base Services Special Tax.

“Board” means the Board of Supervisors of the City, acting as the legislative body of STD No. 2019-1.

“Bond Sale” means, for the Facilities Special Tax, issuance of any Facilities Special Tax Bonds and, for the Arts Building Special Tax, issuance of any Arts Building Special Tax Bonds.

“Bonds” means bonds or other debt (as defined in the CFD Law), whether in one or more series, that are issued or assumed by or for the STD to finance Authorized Expenditures including any Arts Building Special Tax Bonds and Facilities Special Tax Bonds.

“Building Permit” means a permit that is issued by the Port or the City that allows for vertical construction of a building or buildings, including any addendum to a site permit, but excluding a separate permit issued for construction of building foundations.

“Capitalized Interest” means funds in any capitalized interest account available to pay debt service on Bonds.

“Certificate of Occupancy” means the first certificate, including any temporary certificate of occupancy, issued by the Port or the City to confirm that a building or a portion of a building has met all of the building codes and can be occupied for residential or non-residential use. For purposes of this RMA, “Certificate of Occupancy” shall not include any certificate of occupancy that was issued prior to January 1, 2018 for a building within the STD; however, any subsequent certificates of occupancy that are issued for new construction or expansion of a building shall be deemed a Certificate of Occupancy and the Special Taxes shall apply to the associated Square Footage.

“CFD Law” means the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X), which incorporates the Mello-Roos Community Facilities Act of 1982 (Cal. Gov’t Code §§ 53311-53368).

“City” means the City and County of San Francisco, California.

“County” means the City and County of San Francisco, California.

“DDA” means the Disposition and Development Agreement between the Port and the Developer, including all exhibits and attachments, as may be amended from time to time.

“Deputy Director” means the Deputy Director of Finance and Administration for the Port or other such official that acts as the chief financial officer for the Port.

“Developed Property” means, in any Fiscal Year, the following:

For Tax Zone 1:

For levy of the Facilities Special Tax: all Taxable Parcels for which the 36-month anniversary of the VDDA Execution Date has occurred in a preceding Fiscal Year, regardless of whether a Building Permit has been issued.

For levy of the Services Special Tax: all Taxable Parcels for which a Certificate of Occupancy was issued on or prior to June 30 of the preceding Fiscal Year, but not prior to January 1, 2018.

For Tax Zone 2:

For levy of the Facilities Special Tax and Arts Building Special Tax: all Taxable Parcels for which the 36-month anniversary of the VDDA Execution Date has occurred in a preceding Fiscal Year, regardless of whether a Building Permit has been issued.

For levy of the Services Special Tax: all Taxable Parcels for which a Certificate of Occupancy was issued on or prior to June 30 of the preceding Fiscal Year, but not prior to January 1, 2018.

“Developer” means FC Pier 70, LLC, or any successor or assign, as tenant under the Master Lease.

“Developer Private Agreement” means all of the following: (i) the Developer has agreed pursuant to Section 4.12(b)(2)(A) of the Financing Plan to pay the Facilities Special Tax on Undeveloped Property of Vertical Developers; (ii) the Developer has entered into such a written agreement with each Vertical Developer; and (iii) the San Francisco Port Commission has agreed to the levy of a Facilities Special Tax on Undeveloped Property based on such agreements.

“Developer Public Agreement” means all of the following: (i) the Developer has entered into an agreement with the Port pursuant to Section 4.12(b)(2)(B) of the Financing Plan to pay the Facilities Special Tax on Port-Owned Development Parcels; and (ii) the San Francisco Port Commission has agreed to the levy of Facilities Special Taxes on the Port-Owned Development Parcels.

“Development Approval Documents” means, collectively, the DDA, any Vertical DDAs, any Final Maps, Review Authority approvals, condominium plans, or other such approved or recorded document or plan that identifies the type of structure(s), acreage, or Square Footage approved for development on Taxable Parcels.

“Escalator” means the lesser of the following: (i) the annual percentage increase, if any, in the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-Hayward region (base years 1982-1984=100) published by the Bureau of Labor Statistics of the United States Department of Labor, or, if such index is no longer published, a similar escalator that is determined by the Port and City to be appropriate, and (ii) five percent (5%).

“Estimated Base Arts Building Special Tax Revenues” means, at any point in time, the amount calculated by the Administrator by multiplying the Base Arts Building Special Tax by Square Footage within each Square Footage Category proposed for development in Tax Zone 2 and, if applicable, in completed buildings on a Taxable Parcel in Tax Zone 2.

“Estimated Base Facilities Special Tax Revenues” means, at any point in time, the amount calculated by the Administrator by multiplying the Base Facilities Special Tax by Square Footage within each Square Footage Category proposed for development and, if applicable, in completed buildings on a Taxable Parcel.

“Exempt Non-Residential Square Footage” means any ground level retail uses within a building that is otherwise comprised of Residential Square Footage, as reflected on the Building Permit or Vertical DDA and as determined in the sole discretion of the Administrator and the Port. If, in any Fiscal Year, the Administrator identifies Non-Residential Square Footage on a ground level Parcel that had been taxed in the prior Fiscal Year based on Residential Square Footage that had been constructed, or expected to be constructed, on the Parcel, the Administrator will apply Section D.3 to determine if the Non-Residential Square Footage will be Exempt Non-Residential Square Footage or Taxable Non-Residential Square Footage.

“Expected Land Uses” means the total Square Footage in each Square Footage Category expected on each Planning Parcel in the STD. The Expected Land Uses at STD Formation are identified in Attachment 3 and may be revised pursuant to Sections B, C, D, and E below.

“Expected Maximum Arts Building Special Tax Revenues” means the aggregate Arts Building Special Tax that can be levied based on application of the Base Arts Building Special Tax to the Expected Land Uses in Tax Zone 2. The Expected Maximum Arts Building Special Tax Revenues for each Planning Parcel in Tax Zone 2 at the time of STD Formation are shown in Attachment 3 and may be revised pursuant to Sections B, C, D, and E below.

“Expected Maximum Facilities Special Tax Revenues” means the aggregate Facilities Special Tax that can be levied based on application of the Base Facilities Special Tax to the Expected Land Uses. The Expected Maximum Facilities Special Tax Revenues for each Planning Parcel at STD Formation are shown in Attachment 3 and may be revised pursuant to Sections B, C, D, and E below.

“Expected Taxable Property” means, in any Fiscal Year, any Parcel within the STD that: (i) pursuant to the Development Approval Documents, was expected to be a Taxable Parcel; (ii) is

not a Port-Owned Development Parcel; (iii) based on the Expected Land Uses, was assigned Expected Maximum Facilities Special Tax Revenues or Expected Maximum Arts Building Special Tax Revenues; and (iv) subsequently falls within one or more of the categories that would otherwise be exempt from Special Taxes pursuant to Section H below.

"Facilities Special Tax" means a special tax levied in any Fiscal Year to pay the Facilities Special Tax Requirement.

"Facilities Special Tax Bonds" means any Bonds secured by Facilities Special Taxes.

"Facilities Special Tax Requirement" means the amount necessary in any Fiscal Year to pay: (i) pay principal and interest on Facilities Special Tax Bonds that are due in the calendar year that begins in such Fiscal Year; (ii) pay periodic costs on Facilities Special Tax Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments; (iii) replenish reserve funds created for Facilities Special Tax Bonds under the applicable Indenture to the extent such replenishment has not been included in the computation of the Facilities Special Tax Requirement in a previous Fiscal Year; (iv) cure any delinquencies in the payment of principal or interest on Facilities Special Tax Bonds which have occurred in the prior Fiscal Year; (v) pay Administrative Expenses; (vi) pay other obligations described in the Financing Plan; and (vii) pay directly for Authorized Expenditures, so long as such levy under this clause (vii) does not increase the Facilities Special Tax levied on Undeveloped Property. The amounts referred to in clauses (i) and (vi) may be reduced in any Fiscal Year by: (a) interest earnings on or surplus balances in funds and accounts for the Facilities Special Tax Bonds to the extent that such earnings or balances are available to apply against such costs pursuant to the applicable Indenture; (b) in the sole and absolute discretion of the Port, proceeds received by the STD from the collection of penalties associated with delinquent Facilities Special Taxes; and (c) any other revenues available to pay such costs, as determined by the Administrator, the City, and the Port.

"Final Map" means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots on which Building Permits for new construction may be issued without further subdivision.

"Financing Plan" means the Financing Plan attached as Exhibit C1 to, and incorporated into, the DDA, as such plan may be amended or supplemented from time to time in accordance with the terms of the DDA.

"First Bond Sale" means, for the Facilities Special Tax, a Bond Sale of the first series of Facilities Special Tax Bonds, and, for the Arts Building Special Tax, a Bond Sale of the first series of Arts Building Special Tax Bonds.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"For-Sale Residential Square Footage" means the Square Footage within one or more For-Sale Residential Units.

"For-Sale Residential Unit" means an individual Residential Unit that is not a Rental Unit.

“Future Annexation Area” means that geographic area that, at STD Formation, was considered potential annexation area for the STD and which was, therefore, identified as “future annexation area” on the recorded STD boundary map. Such designation does not mean that any or all of the Future Annexation Area will annex into the STD, but should owners of property designated as Future Annexation Area choose to annex, the annexation may be processed pursuant to the annexation procedures in the CFD Law for territory included in a future annexation area, as well as the procedures established by the Board.

“Indenture” means any indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Bonds are issued, as modified, amended, or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Change” means a change to the Expected Land Uses after STD Formation.

“Leased Properties STD No. 2019-2” means the City and County of San Francisco Special Tax District No. 2019-2 (Pier 70 Leased Properties).

“Master Lease” means a lease for all or part of the 28-Acre Site that, with licenses for other portions of Pier 70, allows the Developer to take possession of the FC Project Area (as defined in the Appendix) and construct horizontal improvements approved under the DDA.

“Maximum Arts Building Special Tax” means the greatest amount of Arts Building Special Tax that can be levied on a Taxable Parcel in Tax Zone 2 in any Fiscal Year determined in accordance with Sections C, D, and E below.

“Maximum Arts Building Special Tax Revenues” means, at any point in time, the aggregate Maximum Arts Building Special Tax that can be levied on all Taxable Parcels in Tax Zone 2.

“Maximum Facilities Special Tax” means the greatest amount of Facilities Special Tax that can be levied on a Taxable Parcel in any Fiscal Year determined in accordance with Sections C, D, and E below.

“Maximum Facilities Special Tax Revenues” means, at any point in time, the aggregate Maximum Facilities Special Tax that can be levied on all Taxable Parcels.

“Maximum Services Special Tax” means the greatest amount of Services Special Tax that can be levied on a Taxable Parcel in any Fiscal Year determined in accordance with Sections C, D, and E below.

“Maximum Services Special Tax Revenues” means, at any point in time, the aggregate Maximum Services Special Tax that can be levied on all Taxable Parcels.

“Maximum Special Tax” means, for any Taxable Parcel in Tax Zone 1 in any Fiscal Year, the sum of the Maximum Facilities Special Tax and Maximum Services Special Tax. For any Taxable Parcel in Tax Zone 2, “Maximum Special Tax” means in any Fiscal Year, the sum of the Maximum Facilities Special Tax, Maximum Arts Building Special Tax, and Maximum Services Special Tax.

“Maximum Special Tax Revenues” means, collectively, the Maximum Facilities Special Tax Revenues, the Maximum Arts Building Special Tax Revenues, and the Maximum Services Special Tax Revenues.

“Non-Residential Square Footage” means Square Footage that is or is expected to be space within any structure or portion thereof intended or primarily suitable for, or accessory to, occupancy by retail, office, commercial, or any other Square Footage in a building that does not meet the definition of Residential Square Footage. The Administrator, in conjunction with the Review Authority, shall make the final determination as to the amount of Non-Residential Square Footage on any Taxable Parcel within the STD, and such determination shall be conclusive and binding. Incidental retail or commercial uses in an Affordable Housing Project shall be Exempt Non-Residential Square Footage. Non-Residential Square Foot means a single square-foot unit of Non-Residential Square Footage.

“Planning Code” means the Planning Code of the City and County of San Francisco, as it may be amended from time to time.

“Planning Parcel” means a geographic area within the STD that, for planning and entitlement purposes, has been designated as a separate Parcel with an alpha, numeric, or alpha-numeric identifier to be used for reference until an Assessor’s Parcel is created and an Assessor’s Parcel number is assigned. The Planning Parcels at STD Formation are identified in Attachment I hereto.

“Port” means the Port of San Francisco.

“Port-Owned Development Parcel” means any Parcel of Undeveloped Property in the STD that is anticipated to be developed by a Vertical Developer but which is, at the time of calculation of a Special Tax levy, owned by the Port.

“Proportionately” means, for Developed Property, that the ratio of the actual Services Special Tax levied in any Fiscal Year to the Maximum Services Special Tax authorized to be levied in that Fiscal Year is equal for all Parcels of Developed Property in the same zone. For Undeveloped Property, “Proportionately” means that the ratio of the actual Facilities Special Tax levied to the Maximum Facilities Special Tax is equal for all Parcels of Undeveloped Property in the same zone. For Expected Taxable Property, “Proportionately” means that the ratio of the actual Facilities Special Tax and Arts Building Special Tax levied to the Maximum Facilities Special Tax and Maximum Arts Building Special Tax is equal for all Parcels of Expected Taxable Property in the same zone.

“Public Property” means any property within the boundaries of the STD that is owned by or leased to the federal government, State of California, City, or public agency other than the Port. Notwithstanding the foregoing, any property subject to a Vertical DDA shall not, during the lease term, be considered Public Property and shall be taxed and classified according to the use on the Parcel(s).

“Remainder Special Taxes” means, as calculated between September 1st and December 31st of any Fiscal Year, any Facilities Special Tax and Arts Building Special Tax revenues that were collected in the prior Fiscal Year and were not needed to: (i) pay debt service on the applicable

Facilities Special Tax Bonds or Arts Building Special Tax Bonds that was due in the calendar year that begins in the Fiscal Year in which the Remainder Special Taxes were levied; (ii) pay periodic costs on the applicable Facilities Special Tax Bonds or Arts Building Special Tax Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments on such Facilities Special Tax Bonds or Arts Building Special Tax Bonds; (iii) replenish reserve funds created for the applicable Facilities Special Tax Bonds or Arts Building Special Tax Bonds under the Indenture; (iv) cure any delinquencies in the payment of principal or interest on the applicable Facilities Special Tax Bonds or Arts Building Special Tax Bonds which have occurred in the prior Fiscal Year; (v) pay other obligations described in the Financing Plan; or (vi) pay Administrative Expenses that have been incurred, or are expected to be incurred, by the City and Port prior to the receipt of additional Facilities Special Tax and Arts Building Special Tax proceeds.

“Rental Residential Square Footage” means Square Footage that is or is expected to be used for one or more of the following uses: (i) Rental Units; (ii) any type of group or student housing that provides lodging for a week or more and may or may not have individual cooking facilities, including but not limited to boarding houses, dormitories, housing operated by medical institutions, and single room occupancy units; or (iii) a residential care facility that is not staffed by licensed medical professionals. The Review Authority shall make the determination as to the amount of Rental Residential Square Footage on a Taxable Parcel in the STD.

“Rental Unit” means a Residential Unit within an Apartment Building.

“Required Coverage” means (i) for Arts Building Special Tax Bonds, the amount by which the Maximum Arts Building Special Tax Revenues must exceed the Arts Building Special Tax Bond debt service and priority Administrative Expenses (if any), as set forth in the applicable Indenture, Certificate of Special Tax Consultant, or other STD Formation Proceedings or Bond document that identifies the minimum required debt service coverage; and (ii) for Facilities Special Tax Bonds, the amount by which the Maximum Facilities Special Tax Revenues must exceed the Facilities Special Tax Bond debt service and priority Administrative Expenses (if any), as set forth in the applicable Indenture, Certificate of Special Tax Consultant, or other STD Formation Proceedings or Bond document that identifies the minimum required debt service coverage.

“Residential Square Footage” means, collectively, For-Sale Residential Square Footage and Rental Residential Square Footage. Residential Square Foot means a single square-foot unit of Residential Square Footage.

“Residential Unit” means a room or suite of two or more rooms that is designed for residential occupancy for 32 consecutive days or more, including provisions for sleeping, eating and sanitation. “Residential Unit” includes, but is not limited to, an individual townhome, condominium, flat, apartment, or loft unit, and individual units within a senior or assisted living facility.

“Review Authority” means the Deputy Director of Real Estate & Development for the Port or an alternate designee from the Port or the City who is responsible for approvals and entitlements of a development project.

“RMA” means this Rate and Method of Apportionment of Special Taxes.

“Services Special Tax” means a special tax levied in any Fiscal Year to pay the Services Special Tax Requirement.

“Services Special Tax Requirement” means the amount necessary in any Fiscal Year to: (i) pay the costs of operations and maintenance or other public services that are included as Authorized Expenditures; (ii) cure delinquencies in the payment of Services Special Taxes in the prior Fiscal Year; and (iii) pay Administrative Expenses.

“Special Taxes” means:

For Tax Zone 1: the Facilities Special Tax and Services Special Tax.

For Tax Zone 2: the Facilities Special Tax, Arts Building Special Tax, and Services Special Tax.

“Square Footage” means: (i) for Rental Residential Square Footage and Non-Residential Square Footage, the net saleable square footage on a Taxable Parcel, as determined by the Review Authority in conjunction with the Vertical Developer; and (ii) for For-Sale Residential Square Footage, the square footage of each individual Residential Unit, as reflected on a condominium plan, site plan, or Building Permit, provided by the Vertical Developer or the Port, or expected pursuant to Development Approval Documents. If a Building Permit is issued that will increase the Square Footage on any Parcel, the Administrator shall, in the first Fiscal Year after the final Building Permit inspection has been conducted in association with such expansion, work with the Review Authority to recalculate (i) the Square Footage on the Taxable Parcel, and (ii) the Maximum Special Taxes for the Parcel based on the increased Square Footage. The final determination of Square Footage for each Square Footage Category on each Taxable Parcel shall be made by the Review Authority.

“Square Footage Category” means, individually, Non-Residential Square Footage or Residential Square Footage.

“STD” or “STD No. 2019-1” means the City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums).

“STD Formation” means the date on which the Board approved documents to form the STD.

“STD Formation Proceedings” means the proceedings to form the STD, including all resolutions, reports, and notices.

“Tax-Exempt Port Parcels” means Port-owned parcels that are or are intended to be used as streets, walkways, alleys, rights of way, parks, or open space.

“Tax Zone” means a separate and distinct geographic area in the STD within which one or more Special Taxes are applied at a rate or in a manner that is different than in other areas within the STD. The two Tax Zones at STD Formation are identified in Attachment 2 hereto.

“Taxable Non-Residential Square Footage” means any Non-Residential Square Footage in a building that does not meet the definition of Exempt Non-Residential Square Footage.

“Taxable Parcel” means any Parcel within the STD that is not exempt from Special Taxes pursuant to law or Section H below.

“Transition Event” shall be deemed to have occurred when the Administrator determines that: (i) all Arts Building Special Tax Bonds secured by the levy and collection of Arts Building Special Taxes in Tax Zone 2 have been fully repaid or there are sufficient revenues available to fully repay the Arts Building Special Tax Bonds in funds and accounts that, pursuant to the applicable Indenture, will require such revenues to be applied to repay the Arts Building Special Tax Bonds; (ii) all Administrative Expenses from prior Fiscal Years have been paid or reimbursed to the City; and (iii) the proportional share of Arts Building Costs allocated to Tax Zone 2 have been paid, as determined by the Port.

“Transition Year” means the first Fiscal Year in which the Administrator determines that the Transition Event occurred in the prior Fiscal Year.

“Undeveloped Property” means, in any Fiscal Year, all Taxable Parcels that are not Developed Property, or Expected Taxable Property.

“VDDA Execution Date” means the date on which a Vertical DDA was executed between the Port and a Vertical Developer.

“Vertical DDA” means, for a Taxable Parcel, an executed Vertical Disposition and Development Agreement between the Port and a Vertical Developer.

“Vertical Developer” means a developer that has entered into a Vertical DDA for construction of vertical improvements on a Taxable Parcel.

B. DATA FOR STD ADMINISTRATION

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor's Parcel numbers for all Taxable Parcels. The Administrator shall also determine: (i) whether each Taxable Parcel is Developed Property, Undeveloped Property (including Port-Owned Development Parcels), or Expected Taxable Property; (ii) the Planning Parcel and Tax Zone within which each Assessor's Parcel is located; (iii) for Developed Property, the For-Sale Residential Square Footage, Rental Residential Square Footage, Exempt Non-Residential Square Footage, and Taxable Non-Residential Square Footage on each Parcel; and (iv) the Facilities Special Tax Requirement, Arts Building Special Tax Requirement, and Services Special Tax Requirement for the Fiscal Year.

The Administrator shall also: (i) coordinate with the Deputy Director to determine whether the Transition Event occurred in the prior Fiscal Year; (ii) coordinate with the Treasurer-Tax Collector's Office to determine if there have been any Special Tax delinquencies or repayment of Special Tax delinquencies in prior Fiscal Years; (iii) in consultation with the Review Authority, review the Development Approval Documents and communicate with the Developer and

Vertical Developers regarding proposed Land Use Changes; and (iv) upon each annexation, Land Use Change, and notification of executed Vertical DDAs, update Attachment 3 to reflect the then-current Expected Land Uses, Expected Maximum Facilities Special Tax Revenues and Expected Maximum Arts Building Special Tax Revenues. The Developer, Port, and Vertical Developer shall notify the Administrator each time a Vertical DDA is executed in order for the Administrator to keep track of VDDA Execution Dates for each Vertical DDA.

In any Fiscal Year, if it is determined that (i) a parcel map or condominium plan was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the map or plan was recorded, the Assessor does not yet recognize the newly-created Parcels, and (iii) one or more of the newly-created Parcels meets the definition of Developed Property, the Administrator shall calculate the Special Taxes for the property affected by recordation of the map or plan by determining the Special Taxes that applies separately to each newly-created Parcel, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map or condominium plan.

C. MAXIMUM SPECIAL TAXES

In calculating Maximum Special Taxes pursuant to this Section C, in any Fiscal Year in which the boundaries of the Planning Parcels are not identical to the boundaries of the then-current Assessor's Parcels, the Administrator shall review the Expected Land Uses for each Planning Parcel and assign the Maximum Special Taxes to the then-current Assessor's Parcels. The Maximum Special Tax Revenues after such allocation shall not be less than the Maximum Special Tax Revenues prior to the allocation.

1. *Undeveloped Property*

1a. *Facilities Special Tax*

The Maximum Facilities Special Tax for Undeveloped Property in all Tax Zones shall be the Expected Maximum Facilities Special Tax Revenues shown in Attachment 3 of this RMA, as it may be amended as set forth herein.

1b. *Arts Building Special Tax and Services Special Tax*

No Arts Building Special Tax or Services Special Tax shall be levied on Parcels of Undeveloped Property in any Tax Zone within the STD.

2. *Developed Property*

2a. *Facilities Special Tax*

When a Taxable Parcel (or multiple Taxable Parcels within a building) becomes Developed Property, the Administrator shall use the Base Facilities Special Taxes shown in Table 1 below and apply the steps set forth in this Section 2a to determine the Maximum Facilities Special Tax for the Parcel(s):

Step 1. The Administrator shall review the Building Permit, Certificate of Occupancy, Vertical DDA, condominium plan, architectural drawings, Development Approval Documents, information provided by the Developer, or Vertical Developer, and any other documents or data that estimate or identify the Residential Square Footage or Non-Residential Square Footage anticipated on the Taxable Parcel(s).

Step 2. Using the information from Step 1:

- Based on the Tax Zone in which the Taxable Parcel(s) is located, multiply the applicable Base Facilities Special Tax from Table 1 for Residential Square Footage by the total Residential Square Footage expected within each building on the Taxable Parcel(s).
- Based on the Tax Zone in which the Taxable Parcel(s) is located, multiply the applicable Base Facilities Special Tax from Table 1 for Taxable Non-Residential Square Footage by the total Taxable Non-Residential Square Footage expected within each building on the Taxable Parcel(s).
- If, based on the Expected Land Uses, the Administrator determines that there is Expected Taxable Property within any building, multiply the applicable Base Facilities Special Tax from Table 1 based on what had been anticipated on the Expected Taxable Property by the Square Footage of the Expected Land Uses for that Expected Taxable Property.

Prior to the First Bond Sale, the Maximum Facilities Special Tax for the Taxable Parcel(s) shall be the sum of the amounts calculated above, and Steps 3 and 4 below shall not apply.

After the First Bond Sale, the Administrator shall apply Steps 3 and 4 to determine the Maximum Facilities Special Tax for the Taxable Parcel(s).

Step 3. Sum the amounts calculated in Step 2 to determine the Estimated Base Facilities Special Tax Revenues for the Taxable Parcel(s).

Step 4. Compare the Estimated Base Facilities Special Tax Revenues from Step 3 to the Expected Maximum Facilities Special Tax Revenues, and apply one of the following, as applicable:

- *If the Estimated Base Facilities Special Tax Revenues are: (i) greater than or equal to the Expected Maximum Facilities Special Tax Revenues or (ii) less than the Expected Maximum Facilities Special Tax Revenues, but the Maximum Facilities Special Tax Revenues, assuming the same land uses that went into the calculation of the Estimated Base Facilities Special Tax Revenues, are still sufficient to provide Required Coverage, then the Maximum Facilities Special Tax for the Taxable Parcel(s) shall*

be determined by multiplying the applicable Base Facilities Special Taxes by the Square Footage of each Square Footage Category expected within the building(s) on the Taxable Parcel(s). The Administrator shall update Attachment 3 to reflect the adjusted Expected Maximum Facilities Special Tax Revenues and the new Maximum Facilities Special Tax Revenues.

- *If the Estimated Base Facilities Special Tax Revenues are less than the Expected Maximum Facilities Special Tax Revenues, and the Maximum Facilities Special Tax Revenues, assuming the same land uses that went into the calculation of the Estimated Base Facilities Special Tax Revenues, are insufficient to provide Required Coverage; then the Base Facilities Special Taxes that were applied in Step 4 shall be increased proportionately until the amount that can be levied on the Taxable Parcel(s), combined with the Expected Maximum Facilities Special Tax Revenues from other Planning Parcels in the STD, is sufficient to maintain Required Coverage; provided, however, such increase cannot exceed, in the aggregate, the amount by which Expected Maximum Facilities Special Tax Revenues from the Taxable Parcel exceeds the Estimated Base Facilities Special Tax Revenues from the Taxable Parcel(s).*

After proportionately increasing the Base Facilities Special Taxes to an amount that will maintain Required Coverage, the Administrator shall use the adjusted per-square foot rates to calculate the Maximum Facilities Special Tax for each Taxable Parcel for which the increased Base Facilities Special Tax was determined to be necessary pursuant to this Step 4. The Administrator shall also revise Attachment 3 to reflect the new Expected Maximum Facilities Special Tax Revenues.

Square Footage Category	Base Facilities Special Tax in Tax Zone 1 (FY 2017-18) *	Base Facilities Special Tax in Tax Zone 2 (FY 2017-18) *
Residential Square Footage	\$5.02 per Residential Square Foot	\$4.70 per Residential Square Foot
Taxable Non-Residential Square Footage	\$5.02 per Non-Residential Square Foot	\$4.70 per Non-Residential Square Foot

* The Base Facilities Special Taxes shown above shall be escalated as set forth in Section D.1.

Unless and until individual Assessor's Parcels are created for Non-Residential Square Footage and Residential Square Footage within a building, the Administrator shall sum the Facilities Special Tax that, pursuant to Section F below, would be levied on all land

uses on a Taxable Parcel and levy this aggregate Facilities Special Tax amount on the Taxable Parcel.

If, in any Fiscal Year, the Maximum Facilities Special Tax is determined for any Parcels of Developed Property for which a Building Permit had not yet been issued and, if, when a Building Permit is issued on the Parcel, the Residential Square Footage or Non-Residential Square Footage is different than the Residential Square Footage or Non-Residential Square Footage that was used to determine the Maximum Facilities Special Tax, then the Administrator shall once again apply Steps 1 through 4 in this Section C.2a to recalculate the Maximum Facilities Special Tax for the Parcel based on the Residential Square Footage or Non-Residential Square Footage that was determined when the Building Permit was issued. The Administrator shall do a final check of the Residential Square Footage and Non-Residential Square Footage for the Parcel when a Certificate of Occupancy is issued. Once again, if the Residential Square Footage or Non-Residential Square Footage is different than the Residential Square Footage or Non-Residential Square Footage that was used to determine the Maximum Facilities Special Tax after the Building Permit was issued, then the Administrator shall apply Steps 1 through 4 in this Section C.2a to recalculate the Maximum Facilities Special Tax for the Parcel.

2b. Arts Building Special Tax

Prior to the Transition Year, when a Taxable Parcel (or multiple Taxable Parcels within a building) in Tax Zone 2 becomes Developed Property, the Administrator shall use the Base Arts Building Special Taxes shown in Table 2 below and apply the steps set forth in this Section 2b to determine the Maximum Arts Building Special Tax for the Taxable Parcel(s). No Arts Building Special Tax shall be levied on Parcels in Tax Zone 1.

Square Footage Category	Base Arts Building Special Tax in Tax Zone 2 Before the Transition Year (FY 2017-18) *	Base Arts Building Special Tax in Tax Zone 2 in and After the Transition Year (FY 2017-18) *
Residential Square Footage	\$0.64 per Residential Square Foot	\$0.00 per Residential Square Foot
Taxable Non-Residential Square Footage	\$0.64 per Non-Residential Square Foot	\$0.00 per Non-Residential Square Foot

* The Base Arts Building Special Taxes shown above shall be escalated as set forth in Section D.1.

Step 1. The Administrator shall review the Building Permit, Certificate of Occupancy, Vertical DDA, condominium plan, architectural drawings, Development Approval Documents, information provided by the Port, Developer or Vertical Developer, and any other documents or data that estimate or identify the Square Footage within each Square Footage Category to determine Residential Square Footage or Non-Residential Square Footage anticipated within each building on the Taxable Parcel(s).

Step 2. Using the information from Step 1:

- For Tax Zone 2 only, multiply the applicable Base Arts Building Special Tax from Table 2 for Residential Square Footage by the total Residential Square Footage expected within each building on the Taxable Parcel(s).
- For Tax Zone 2 only, multiply the applicable Base Arts Building Special Tax from Table 2 for Taxable Non-Residential Square Footage by the total Taxable Non-Residential Square Footage expected on the Taxable Parcel(s).
- If, based on the Expected Land Uses, the Administrator determines that there is Expected Taxable Property within the building(s) in Tax Zone 2, multiply the applicable Base Arts Building Special Tax from Table 2 based on what had been anticipated on the Expected Taxable Property by the Square Footage of the Expected Land Uses within each building.

Prior to the First Bond Sale, the Maximum Arts Building Special Tax for the Taxable Parcel(s) shall be the sum of the amounts calculated above, and Steps 3 and 4 below shall not apply.

After the First Bond Sale, the Administrator shall apply Steps 3 and 4 to determine the Maximum Arts Building Special Tax for the Taxable Parcel(s).

Step 3. Sum the amounts calculated in Step 2 to determine the Estimated Base Arts Building Special Tax Revenues for the Taxable Parcel(s).

Step 4. Compare the Estimated Base Arts Building Special Tax Revenues from Step 3 to the Expected Maximum Arts Building Special Tax Revenues, and apply one of the following, as applicable:

- *If the Estimated Base Arts Building Special Tax Revenues are: (i) greater than or equal to the Expected Maximum Arts Building Special Tax Revenues or (ii) less than the Expected Maximum Arts Building Special Tax Revenues, but the Maximum Arts Building Special Tax Revenues, assuming the same land uses that went into the calculation of the Estimated Base Arts Building Special Tax Revenues, are still sufficient to provide Required Coverage, then the Maximum Arts Building Special Tax for each Taxable Parcel shall be determined by multiplying the applicable Base Arts Building Special Taxes by the Square Footage of each Square Footage Category expected within the building(s) on the Taxable Parcel(s). The Administrator shall update Attachment 3 to reflect the adjusted Expected Maximum Arts Building Special Tax Revenues and the new Maximum Arts Building Special Tax Revenues.*
- *If the Estimated Base Arts Building Special Tax Revenues are less than the Expected Maximum Arts Building Special Tax Revenues, and the*

Maximum Arts Building Special Tax Revenues, assuming the same land uses that went into the calculation of the Estimated Base Arts Building Special Tax Revenues, are insufficient to provide Required Coverage, then the Base Arts Building Special Taxes that were applied in Step 4 shall be increased proportionately until the amount that can be levied on the Taxable Parcel(s), combined with the Expected Maximum Arts Building Special Tax Revenues from other Planning Parcels in the STD, is sufficient to maintain Required Coverage; provided, however, such increase cannot exceed, in the aggregate, the amount by which Expected Maximum Arts Building Special Tax Revenues from the Taxable Parcel exceeds the Estimated Base Arts Building Special Tax Revenues from the Taxable Parcel(s).

After proportionately increasing the Base Arts Building Special Taxes to an amount that will maintain Required Coverage, the Administrator shall use the adjusted per-square foot rates to calculate the Maximum Arts Building Special Tax for each Taxable Parcel for which the increased Base Arts Building Special Tax was determined to be necessary pursuant to this Step 4. The Administrator shall also revise Attachment 3 to reflect the new Expected Maximum Arts Building Special Tax Revenues.

Unless and until individual Assessor's Parcels are created for Non-Residential Square Footage and Residential Square Footage within a building, the Administrator shall sum the Arts Building Special Tax that, pursuant to Section F below, would be levied on all land uses on a Parcel and levy this aggregate Arts Building Special Tax amount on the Parcel.

If, in any Fiscal Year, the Maximum Arts Building Special Tax is determined for any Parcels of Developed Property for which a Building Permit had not yet been issued and, if, when a Building Permit is issued on the Parcel, the Residential Square Footage or Non-Residential Square Footage is different than the Residential Square Footage or Non-Residential Square Footage that was used to determine the Maximum Arts Building Special Tax, then the Administrator shall once again apply Steps 1 through 4 in this Section C.2b to recalculate the Maximum Arts Building Special Tax for the Parcel(s) based on the Residential Square Footage or Non-Residential Square Footage that was determined when the Building Permit was issued. The Administrator shall do a final check of the Residential Square Footage and Non-Residential Square Footage within the building when a Certificate of Occupancy is issued. Once again, if the Residential Square Footage or Non-Residential Square Footage is different than the Residential Square Footage or Non-Residential Square Footage that was used to determine the Maximum Arts Building Special Tax after the Building Permit was issued, then the Administrator shall apply Steps 1 through 4 in this Section C.2b to recalculate the Maximum Arts Building Special Tax for the Parcel.

If one or more Building Permits have been issued for development of structures on a Taxable Parcel, and additional structures are anticipated to be built on the Taxable Parcel as shown in the Development Approval Documents, the Administrator shall, regardless of the definitions set forth herein, categorize the buildings for which Building Permits

have been issued as Developed Property and, if the 36-month anniversary of the VDDA Execution Date has not occurred in a previous Fiscal Year, any remaining buildings for which Building Permits have not yet been issued shall not be subject to a Arts Building Special Tax until either: (i) a Building Permit is issued for such remaining buildings, or (ii) the Fiscal Year in which the 36-month anniversary of the VDDA Execution Date. To determine the Arts Building Special Tax for any such Parcel, the Administrator shall take the sum of the Arts Building Special Taxes determined for each building.

2c. Services Special Tax

Upon issuance of the first Certificate of Occupancy for a building on a Taxable Parcel, the Administrator shall reference Table 3 and apply the steps below to determine the Maximum Services Special Tax for the Parcel:

Table 3 Base Services Special Tax			
Square Footage Category	Base Services Special Tax in Tax Zone 1 (FY 2017-18)*	Base Services Special Tax in Tax Zone 2 Before the Transition Year (FY 2017-18) *	Base Services Special Tax in Tax Zone 2 In and After the Transition Year (FY 2017-18) *
Residential Square Footage	\$1.57 per Residential Square Foot	\$1.25 per Residential Square Foot	\$1.89 per Residential Square Foot
Taxable Non-Residential Square Footage	\$1.57 per Non-Residential Square Foot	\$1.25 per Non-Residential Square Foot	\$1.89 per Non-Residential Square Foot

* The Base Services Special Tax for each Tax Zone shown above shall be escalated as set forth in Section D.2.

Step 1. Review the Certificate of Occupancy, Building Permit, Vertical DDA, condominium plan, Development Approval Documents, architectural drawings, information provided by the Port, Developer or Vertical Developer, and coordinate with the Review Authority to determine the Residential Square Footage and Non-Residential Square Footage anticipated within each building.

Step 2. Using the information from Step 1:

- After consideration of the Tax Zone for the building and the Transition Year, multiply the applicable Base Services Special Tax from Table 3 for Residential Square Footage by the total Residential Square Footage within each building.
- Based on the Tax Zone in which the building is located and the Transition Year, multiply the applicable Base Services Special Tax from Table 3 for Taxable Non-Residential Square Footage by the total Taxable Non-Residential Square Footage expected in the building.

The Maximum Services Special Tax for the Parcel shall be the sum of the amounts calculated pursuant to this Step 2.

If additional structures are anticipated to be built on the Parcel as shown in the Development Approval Documents, the Administrator shall, regardless of the definitions set forth herein, categorize each building for which a Certificate of Occupancy has been issued as Developed Property, and any remaining buildings for which Certificates of Occupancy have not yet been issued shall not be subject to a Services Special Tax until a Certificate of Occupancy is issued for such remaining buildings. To determine the Services Special Tax for any such Parcel, the Administrator shall take the sum of the Services Special Taxes determined for each building.

3. *Expected Taxable Property*

Depending on the Tax Zone in which a Parcel of Expected Taxable Property is located, the Maximum Facilities Special Tax and, if applicable, Maximum Arts Building Special Tax assigned to the Parcel shall be the Expected Maximum Facilities Special Tax Revenues and, if applicable, Expected Maximum Arts Building Special Tax Revenues that were assigned to the Parcel (as determined by the Administrator) based on the Expected Land Uses prior to the Administrator determining that such Parcel had become Expected Taxable Property. In the Transition Year and each Fiscal Year thereafter, no Arts Building Special Tax shall be levied on Expected Taxable Property.

D. CHANGES TO THE MAXIMUM SPECIAL TAXES

1. *Annual Escalation of Facilities Special Tax and Arts Building Special Tax*

Beginning July 1, 2018 and each July 1 thereafter, each of the following amounts shall be increased by 2% of the amount in effect in the prior Fiscal Year: the Base Facilities Special Tax for each Tax Zone in Table 1; the Base Arts Building Special Tax for Tax Zone 2 in Table 2; the Expected Maximum Facilities Special Tax Revenues in Attachment 3, the Expected Maximum Arts Building Special Tax Revenues in Attachment 3, and the Maximum Facilities Special Tax and Maximum Arts Building Special Tax assigned to each Taxable Parcel.

2. *Annual Escalation of Services Special Tax*

Beginning July 1, 2018 and each July 1 thereafter, the Base Services Special Tax for each Tax Zone in Table 3 and the Maximum Services Special Tax assigned to each Taxable Parcel shall be adjusted by the Escalator.

3. *Changes in Square Footage Category on a Parcel of Developed Property*

If any Parcel that had been taxed as Developed Property in a prior Fiscal Year is rezoned or otherwise has a Land Use Change, the Administrator shall, separately for each of the Special Taxes, multiply the applicable Base Special Tax by the total Residential Square Footage and Taxable Non-Residential Square Footage on the Parcel after the Land Use Change; if the First Bond Sale has not yet occurred, the combined amount of the applicable Special Taxes shall be the Maximum Special Tax for the Parcel. If the First Bond Sale has taken place, the Administrator shall apply the remainder of this Section D.3.

If the Maximum Special Tax that would apply to the Parcel after the Land Use Change is greater than the Maximum Special Tax that applied to the Parcel prior to the Land Use Change, the Administrator shall increase the Maximum Special Tax for the Parcel to the amount calculated based on the Land Use Change. If the Maximum Special Tax after the Land Use Change is less than the Maximum Special Tax that applied prior to the Land Use Change, there shall be no change to the Maximum Special Tax for the Parcel. Under no circumstances shall the Maximum Special Tax on any Parcel of Developed Property be reduced, regardless of changes in Square Footage Category or Square Footage on the Parcel, including reductions in Square Footage that may occur due to demolition, fire, water damage, or acts of God.

4. Changes to Planning Parcels and Expected Land Uses

If, at any time prior to the First Bond Sale, the Developer on a Vertical Developer makes changes to the boundaries of the Planning Parcels or the Expected Land Uses within one or more Planning Parcels, the Administrator shall update the Expected Land Uses and Expected Maximum Facilities Special Tax Revenues and Expected Maximum Arts Building Special Tax Revenues, which will be reflected on an updated Attachment 3. In addition, the Administrator will request updated Attachments 1 and 2 from the Developer.

If, after the First Bond Sale, the Developer or a Vertical Developer proposes to make changes to the boundaries of the Planning Parcels or the Expected Land Uses within one or more Planning Parcels, the Administrator shall meet with the Port, Developer, and any affected Vertical Developers to review the proposed changes and evaluate the impact on the Expected Maximum Facilities Special Tax Revenues and Expected Maximum Arts Building Special Tax Revenues. If the Administrator determines that such changes will not reduce Required Coverage on Bonds that have been issued, the Port will decide whether to allow the proposed changes and corresponding redistribution of the Maximum Facilities Special Tax Revenues and Maximum Arts Building Special Tax Revenues. If such changes are permitted, the Administrator will update Attachment 3 and request updated Attachments 1 and 2 from the Developer. If the Administrator determines that the proposed changes will reduce Required Coverage on Bonds that have been issued, the Port will not permit the changes.

5. Reduction in Maximum Facilities Special Taxes Prior to First Bond Sale

Prior to the First Bond Sale, as set forth in the Financing Plan, the Port, Developer, and any affected Vertical Developer in Tax Zone 1 may agree to a proportional or disproportional reduction in the Base Facilities Special Tax. If the parties agree to such a reduction, the Port will direct the Administrator to use the reduced Base Facilities Special Tax for purposes of levying the taxes pursuant to this RMA, and such reduction shall be codified by recordation of an amended Notice of Special Tax Lien against all Taxable Parcels within the STD. The reduction shall be made without a vote of the qualified STD electors.

E. ANNEXATIONS

If, in any Fiscal Year, a property owner within the Future Annexation Area wants to annex property into the STD, the Administrator shall apply the following steps as part of the annexation proceedings:

- Step 1.* Working with Port staff, the Administrator shall determine the Expected Land Uses for the area to be annexed and the Tax Zone into which the property will be placed.
- Step 2.* The Administrator shall prepare or have prepared updated Attachments 1, 2, and 3 to reflect the annexed property and identify the revised Expected Land Uses, Expected Maximum Facilities Special Tax Revenues and Expected Maximum Arts Building Special Tax Revenues. After the annexation is complete, the application of this RMA shall be based on the adjusted Expected Land Uses and Maximum Facilities Special Tax Revenues and Maximum Arts Building Special Tax Revenues, as applicable, including the newly annexed property.
- Step 3.* The Administrator shall ensure that a Notice of Special Tax Lien is recorded against all Parcels that are annexed to the STD.

F. METHOD OF LEVY OF THE SPECIAL TAXES

1. *Facilities Special Tax*

Each Fiscal Year, the Administrator shall determine the Facilities Special Tax Requirement for the Fiscal Year, and the Facilities Special Tax shall be levied according to the steps outlined below:

a. In Any Fiscal Year in Which There is No Developer Private Agreement or Developer Public Agreement in Place

- Step 1.* In all Fiscal Years, the Maximum Facilities Special Tax shall be levied on all Parcels of Developed Property regardless of debt service on Bonds (if any), and any Remainder Special Taxes collected shall be applied as set forth in the Indenture and the Financing Plan.
- Step 2.* After the First Bond Sale, if additional revenue is needed after Step 1 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Expected Taxable Property, up to 100% of the Maximum Facilities Special Tax for each Parcel of Expected Taxable Property.

b. In Any Fiscal Year in Which There is Either or Both a Developer Private Agreement and/or a Developer Public Agreement in Place

- Step 1.* In all Fiscal Years, the Maximum Facilities Special Tax shall be levied on all Parcels of Developed Property regardless of debt service on Bonds (if any), and any Remainder Special Taxes collected shall be applied as set forth in the Indenture and the Financing Plan.

Step 2. After the First Bond Sale, but only if a Developer Private Agreement is in place, if additional revenue is needed after Step 1 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property that is not a Port-Owned Development Parcel, up to 100% of the Maximum Facilities Special Tax for each Parcel of Undeveloped Property that is not a Port-Owned Development Parcel for such Fiscal Year.

Step 3. After the First Bond Sale, but only if a Developer Public Agreement is in place, if additional revenue is needed after Step 2 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Port-Owned Development Parcel, up to 100% of the Maximum Facilities Special Tax for each Port-Owned Development Parcel for such Fiscal Year.

Step 4: After the First Bond Sale, if additional revenue is needed after Step 3 in order to meet the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Expected Taxable Property, up to 100% of the Maximum Facilities Special Tax for each Parcel of Expected Taxable Property.

2. Arts Building Special Tax

Step 1. Each Fiscal Year the Maximum Arts Building Special Tax shall be levied on each Taxable Parcel of Developed Property. Any Remainder Special Taxes collected shall be applied as set forth in the Financing Plan. The Arts Building Special Tax may not be levied on Undeveloped Property.

Step 2. After the First Bond Sale, if additional revenue is needed after Step 1 in order to meet the Arts Building Special Tax Requirement, the Arts Building Special Tax shall be levied Proportionately on each Parcel of Expected Taxable Property, up to 100% of the Maximum Arts Building Special Tax for each Parcel of Expected Taxable Property.

3. Services Special Tax

Each Fiscal Year, the Administrator shall coordinate with the City and the Port to determine the Services Special Tax Requirement for the Fiscal Year. The Services Special Tax shall then be levied Proportionately on each Parcel of Developed Property, up to 100% of the Maximum Services Special Tax for each Parcel of Developed Property for such Fiscal Year until the amount levied is equal to the Services Special Tax Requirement. The Services Special Tax may not be levied on Undeveloped Property or Expected Taxable Property.

G. COLLECTION OF SPECIAL TAXES

Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes on the regular tax roll, provided, however, that the City may directly bill Special Taxes, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods as authorized by the CFD Law. The Board of Supervisors has ordered any Special Taxes to be levied on leasehold interests to be levied on the secured roll. The Special Tax bill for any Parcel subject to a leasehold interest will be sent to the same party that receives the possessory interest tax bill associated with the leasehold.

The Facilities Special Tax shall be levied and collected on a Taxable Parcel until the Fiscal Year that is the 120th Fiscal Year in which the Facilities Special Tax has been levied on the Taxable Parcel.

The Arts Building Special Tax shall be levied and collected until the earlier of: (i) the Transition Year, and (ii) the 120th Fiscal Year in which the Arts Building Special Tax has been levied on the Taxable Parcel.

The Services Special Tax shall be levied and collected in perpetuity.

H. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Taxes shall be levied on Affordable Housing Projects or Tax-Exempt Port Parcels unless such parcels are Expected Taxable Property.

Notwithstanding any other provision of this RMA, no Facilities Special Taxes or Arts Building Special Taxes shall be levied on Public Property unless all of the following conditions apply: (i) the First Bond Sale has occurred; (ii) based on reference to Attachment 3 (as may be updated as set forth herein), a Parcel was assigned Expected Land Uses; and (iii) if the Parcel were to be exempt from the Facilities Special Tax or Arts Building Special Tax, the Expected Maximum Facilities Special Tax Revenues or Expected Maximum Arts Building Special Tax Revenues would be reduced to a point at which the applicable Required Coverage on Bonds (if any) could not be maintained. If all of the above conditions apply, the Administrator can levy the Facilities Special Tax or Arts Building Special Tax on Public Property as needed to maintain Required Coverage.

Parcels of Public Property shall only be exempt from Facilities Special Taxes or Arts Building Special Taxes if: (a) the First Bond Sale has not occurred and the Port determines that it is in the best interest of the parties to exempt the Parcel(s); or (b) the First Bond Sale has occurred, the Port determines that it is in the best interest of the parties to exempt the Parcel(s), and such exemption will not reduce the Expected Maximum Facilities Special Tax Revenues or Expected Maximum Arts Building Special Tax Revenues to the point at which the applicable Required Coverage cannot be maintained. Unless an exemption is provided pursuant to (a) or (b) above, Parcels of Public Property shall be taxed as Developed Property, Undeveloped Property, or

Expected Taxable Property, as determined by the Port. Services Special Taxes will not be levied on Public Property.

I. INTERPRETATION OF SPECIAL TAX FORMULA

The City may interpret, clarify, and revise this RMA to correct any inconsistency, vagueness, or ambiguity, by resolution or ordinance, as long as such interpretation, clarification, or revision does not materially affect the levy and collection of the Special Taxes and any security for any Bonds.

J. SPECIAL TAX APPEALS

Any taxpayer who wishes to challenge the accuracy of computation of the Special Taxes in any Fiscal Year may file an application with the Administrator. The Administrator, in consultation with the City Attorney, shall promptly review the taxpayer's application. If the Administrator concludes that the computation of the Special Taxes was not correct, the Administrator shall correct the Special Tax levy and, if applicable in any case, a refund shall be granted. If the Administrator concludes that the computation of the Special Taxes was correct, then such determination shall be final and conclusive, and the taxpayer shall have no appeal to the Board from the decision of the Administrator.

The filing of an application or an appeal shall not relieve the taxpayer of the obligation to pay the Special Taxes when due.

Nothing in this Section J shall be interpreted to allow a taxpayer to bring a claim that would otherwise be barred by applicable statutes of limitation set forth in the CFD Law or elsewhere in applicable law.

ATTACHMENT 1

**CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2019-1
(PIER 70 CONDOMINIUMS)**

IDENTIFICATION OF PLANNING PARCELS

ATTACHMENT 2

**CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2019-1
(PIER 70 CONDOMINIUMS)**

IDENTIFICATION OF TAX ZONES

ATTACHMENT 3

**CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2019-1
(PIER 70 CONDOMINIUMS)**

**EXPECTED LAND USES, EXPECTED MAXIMUM FACILITIES SPECIAL TAX REVENUES,
AND EXPECTED MAXIMUM ARTS BUILDING SPECIAL TAX REVENUES**

Planning Parcel	Square Footage Category	Expected Square Footage	Expected Maximum Facilities Special Tax Revenues (FY 2017-18)*	Expected Maximum Arts Building Special Tax Revenues (FY 2017-18)
<i>TAX ZONE 1</i>				
Parcel K North	Residential Square Footage	209,000	\$1,049,180	N/A
<i>TAX ZONE 2</i>				
Parcel C1C				
Parcel C2B				
Parcel D				
TOTAL	N/A			

NOTICE OF SPECIAL TAX

ATTACHMENT NO. 2

1-14-19 Jones Hall Draft

ATTACHMENT 2

NOTICE OF SPECIAL TAX

CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2019-__
(PIER 70 CONDOMINIUMS)

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY IDENTIFIED AS FOLLOWS (THE "PROPERTY"):

[insert APN and legal description]

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR ENTERING INTO A CONTRACT TO PURCHASE THIS PROPERTY. THE SELLER IS REQUIRED TO GIVE YOU THIS NOTICE AND TO OBTAIN A COPY SIGNED BY YOU TO INDICATE THAT YOU HAVE RECEIVED AND READ A COPY OF THIS NOTICE.

Each Assessor's Parcel (also, a "Parcel") of this Property (in existence now or as further subdivided in the future) is subject to a facilities special tax (the "Facilities Special Tax") and services special tax (the "Services Special Tax" and, with the Facilities Special Tax, the "Special Taxes") that are in addition to the regular property taxes and any other charges, fees, special taxes, and benefit assessments on the Property. The Special Taxes are imposed on each Parcel of the Property because it is a new development, and is not necessarily imposed generally upon property outside of this new development. If you fail to pay the Special Taxes levied on a Parcel of the Property when due each year, the delinquent Parcel may be foreclosed upon and sold. The Special Taxes are used to provide facilities and public services that are likely to particularly benefit the Property. YOU SHOULD TAKE THE SPECIAL TAXES AND THE BENEFITS FROM THE FACILITIES AND PUBLIC SERVICES FOR WHICH THEY PAY INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.

The Property you are purchasing is located within the boundaries of City and County of San Francisco Special Tax District No. 2019-__ (Pier 70 Condominiums) ("Pier 70 Condo CFD"); within the boundaries of the Pier 70 Condo CFD, the Property is located in Zone 1. The Special Taxes are levied pursuant to a Rate and Method of Apportionment of Special Taxes (the "Rate and Method") for the Pier 70 Condo CFD. A copy of the Rate and Method applicable to this Property is attached as Exhibit "C" to the Notice of Special Tax Lien attached hereto as Exhibit 1 (the "Notice of Special Tax Lien"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Rate and Method.

Classification of Property

At the time of formation of the Pier 70 Condo CFD, the Property will constitute Undeveloped Property. The Property will become Developed Property for purposes of the levy of

the Facilities Special Tax and the Services Special Tax as set forth in the definition of Developed Property in the Rate and Method:

(1) For levy of the Facilities Special Tax: all Taxable Parcels for which the 36-month anniversary of the VDDA Execution Date has occurred in a preceding Fiscal Year, regardless of whether a Building Permit has been issued.

(2) For levy of the Services Special Tax: all Taxable Parcels for which a Certificate of Occupancy was issued on or prior to June 30 of the preceding Fiscal Year, but not prior to January

1, 2018. Maximum Special Taxes

The Maximum Facilities Special Tax and the Maximum Services Special Tax are defined in the Rate and Method as follows:

“Maximum Facilities Special Tax” means the greatest amount of Facilities Special Tax that can be levied on a Taxable Parcel in any Fiscal Year determined in accordance with Sections C, D, and E of the Rate and Method. Table 1 in the Rate and Method identifies the Base Facilities Special Tax, which will be used to determine the Maximum Facilities Special Tax when a Taxable Parcel becomes Developed Property.

“Maximum Services Special Tax” means the greatest amount of Services Special Tax that can be levied on a Taxable Parcel in any Fiscal Year determined in accordance with Sections C, D, and E of the Rate and Method. Table 3 in the Rate and Method identifies the Base Services Special Tax, which will be used to determine the Maximum Services Special Tax upon issuance of the first Certificate of Occupancy on a Taxable Parcel. Adjustments to the Maximum Special Taxes

Section D of the Rate and Method describes the circumstances in which the Maximum Facilities Special Tax and the Maximum Services Special Taxes may be adjusted, including annual escalation, rezoning or other Land Use Changes, changes in Expected Land Uses and changes in the boundaries of the Planning Parcels. In addition, the Maximum Facilities Special Taxes may be reduced prior to the First Bond Sale as described in Section D.

Term of the Special Taxes

The Facilities Special Tax shall be levied and collected on a Taxable Parcel until the Fiscal Year that is the 120th Fiscal Year in which the Facilities Special Tax has been levied on the Taxable Parcel.

The Services Special Tax shall be levied and collected in perpetuity. Prepayment

The Special Taxes may not be prepaid.

Authorized Facilities and Services

The authorized facilities that are being paid for by the Facilities Special Taxes, and by the money received from the sale of bonds that are being repaid by the Facilities Special Taxes, are described in Exhibit B to the Notice of Special Tax Lien attached hereto as Exhibit 1.

These facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired.

The authorized public services that are being paid for by the Special Tax are described in Exhibit B to the Notice of Special Tax Lien attached hereto as Exhibit 1.

Further Information

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION THAT AUTHORIZED CREATION OF PIER 70 CONDO CFD, AND THAT SPECIFIES MORE PRECISELY HOW THE SPECIAL TAXES ARE APPORTIONED TO EACH PARCEL OF THE PROPERTY AND HOW THE PROCEEDS OF THE SPECIAL TAXES WILL BE USED, FROM THE SPECIAL TAX CONSULTANT, GOODWIN CONSULTING GROUP, INC., 333 UNIVERSITY AVE # 160, SACRAMENTO, CA 95825, TELEPHONE: (916) 561-0890. THERE MAY BE A CHARGE FOR THESE DOCUMENTS NOT TO EXCEED THE REASONABLE COST OF PROVIDING THE DOCUMENTS.

Acknowledgment

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE-REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

DATE: _____

BUYER: _____

DATE: _____

BUYER: _____

DATE: _____

BUYER: _____

[see attached]

EXHIBIT I
NOTICE OF SPECIAL TAX LBN

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

RECEIVED
12/10/19 @ 5:08pm
g

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: Ordinance Levying Special Taxes – Pier 70 STD No. 2019-1
DATE: Tuesday, December 10, 2019

Sk

Ordinance levying special taxes within City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums).

Should you have any questions, please contact Sophia Kittler at 415-554-6153.

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141