

File No. 151118

Committee Item No. \_\_\_\_\_

Board Item No. 32

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: \_\_\_\_\_

Date: \_\_\_\_\_

Board of Supervisors Meeting

Date: February 23, 2016

#### Cmte Board

- |                          |                                     |  |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/> | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/> | <input type="checkbox"/>            | Legislative Digest                           |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/> | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/> | <input type="checkbox"/>            | Introduction Form                            |
| <input type="checkbox"/> | <input type="checkbox"/>            | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/> | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/> | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/> | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/> | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/> | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/> | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/> | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/> | <input type="checkbox"/>            | Public Correspondence                        |

#### OTHER

**(Click the text for a direct link to the document)**

- |                          |                                     |   |
|--------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Port Memo - December 9, 2015</u>                           |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>REVISED DRAFT Infrastructure Financing Plan - Received</u> |
|                          |                                     | <u>February 17, 2016</u>                                      |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>DRAFT Indenture of Trust</u>                               |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>DRAFT Pledge Agreement</u>                                 |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Hearing Notices</u>  |

Prepared by: John Carroll

Date: February 18, 2016

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

1 [Authorizing Issuance of Bonds - Port Infrastructure Financing District - Pier 70 (Historic Core)  
2 - Not to Exceed \$25,100,000]

3 **Resolution approving issuance of bonds in an amount not to exceed \$25,100,000 for**  
4 **City and County of San Francisco Infrastructure Financing District No. 2 (Port of San**  
5 **Francisco) with respect to Sub-Project Area G-1 (Pier 70 - Historic Core); approving an**  
6 **Indenture of Trust and a Pledge Agreement; and approving other matters in connection**  
7 **therewith.**

8  
9 WHEREAS, California Statutes of 1968, Chapter 1333 (Burton Act) and the San  
10 Francisco Charter, Sections 4.114 and B3.581, empower the City and County of San  
11 Francisco (City), acting through the Port Commission, to use, conduct, operate, maintain,  
12 manage, regulate and control the lands within Port Commission jurisdiction; and

13 WHEREAS, Under California Government Code, Sections 53395 et seq. (IFD Law), the  
14 Board of Supervisors is authorized to establish an infrastructure financing district and to act as  
15 the legislative body for an infrastructure financing district; and

16 WHEREAS, Pursuant to Section 53395.8 of the IFD Law, a waterfront district may be  
17 divided into project areas; and

18 WHEREAS, By Resolution No. 110-12, which the Board of Supervisors adopted on  
19 March 27, 2012, and the Mayor approved on April 5, 2012, (Initial Resolution of Intention to  
20 Establish IFD), the City declared its intention to establish a waterfront district to be known as  
21 "City and County of San Francisco Infrastructure Financing District No. 2 (Port of San  
22 Francisco)" (IFD), and designated initial proposed project areas within the IFD, including  
23 Project Area G (Pier 70); and

24 WHEREAS, By Resolution No. 227-12, which the Board of Supervisors adopted on  
25 June 12, 2012 and the Mayor approved on June 20, 2012 (First Amending Resolution), the

1 City amended the Initial Resolution of Intention to Establish IFD to propose, among other  
2 things, an amended list of project areas; and

3 WHEREAS, By Resolution No. 421-15, which the Board of Supervisors adopted on  
4 November 17, 2015, and the Mayor approved on November 25, 2015, (Second Amending  
5 Resolution), the City amended the Initial Resolution of Intention to Establish IFD as amended  
6 by the First Amending Resolution to designate Sub-Project Area G-1 (Pier 70-Historic Core)  
7 (Sub-Project Area G-1) (the Initial Resolution of Intention to Establish IFD, as amended by the  
8 First Amending Resolution and the Second Amending Resolution, Resolution of Intention to  
9 Establish IFD); and

10 WHEREAS, Pursuant to the Resolution of Intention to Establish IFD, the Board of  
11 Supervisors directed the Executive Director of the Port (Executive Director) to prepare an  
12 infrastructure financing plan for the IFD (Infrastructure Financing Plan), including an Appendix  
13 G-1 relating to Sub-Project Area G-1, consistent with the requirements of the IFD Law; and

14 WHEREAS, By Resolution No. 416-15, which the Board of Supervisors adopted on  
15 November 3, 2015, and the Mayor approved on November 10, 2015, (Resolution of Intention  
16 to Issue Bonds), the City declared its intention to issue one or more series of bonds payable  
17 from and secured by a pledge of available tax increment allocated to the IFD with respect to  
18 Sub-Project Area G-1 and other sources identified by the Board of Supervisors for the  
19 purpose of financing the costs of the facilities specified in Appendix G-1 (Facilities), including  
20 acquisition and improvement costs and all costs incidental to or connected with the  
21 accomplishment of said purposes and of the financing thereof; and

22 WHEREAS, The Clerk of the Board of Supervisors has caused to be published the  
23 Resolution of Intention to Issue Bonds in the manner required by the IFD Law; and

24 WHEREAS, On January 26, 2016, the Board of Supervisors held a public hearing on  
25 the Infrastructure Financing Plan, including Appendix G-1; and

1           WHEREAS, On the date hereof, the Board of Supervisors, by Ordinance No. \_\_\_\_\_,  
2 among other things, declared the IFD, including Sub-Project Area G-1 (Pier 70 - Historic  
3 Core), to be fully formed and established with full force and effect of law, and approved the  
4 Infrastructure Financing Plan, including Appendix G-1, subject to amendment as permitted by  
5 the IFD Law; and

6           WHEREAS, The Board of Supervisors now wishes to provide for the issuance of the  
7 bonds to finance the Facilities; and

8           WHEREAS, There has been presented to this meeting a form of Indenture of Trust  
9 (Indenture), by and between the IFD with respect to Sub-Project Area G-1 (Pier 70 - Historic  
10 Core), and a corporate trustee to be identified in the future by the Director of the Office of  
11 Public Finance, that provides, among other things, for the issuance and administration of any  
12 bonds issued for the IFD; and

13           WHEREAS, There has been presented to this meeting a form of Pledge Agreement  
14 (Pledge Agreement), by and between the IFD with respect to Sub-Project Area G-1 (Pier 70 -  
15 Historic Core), and a corporate trustee to be identified in the future by the Director of the  
16 Office of Public Finance, that provides, among other things, for the pledge of tax increment  
17 revenues allocated to the IFD with respect to Sub-Project Area G-1 to bonds issued for a  
18 community facilities district that is formed by the Board of Supervisors to finance the Facilities;  
19 and

20           WHEREAS, All conditions, things and acts required to exist, to have happened and to  
21 have been performed precedent to and in the issuance of the bonds as contemplated by this  
22 resolution, have happened and have been performed in due time, form and manner as  
23 required by the laws of the State of California, including the IFD Law; now, therefore, be it

24           RESOLVED, That the foregoing recitals are true and correct; and, be it  
25

1           FURTHER RESOLVED, That pursuant to the IFD Law and this resolution, (i) bonds  
2 designated the "City and County of San Francisco Infrastructure Financing District No. 2 (Port  
3 of San Francisco) Sub-Project Area G-1 (Pier 70 - Historic Core) Tax Increment Revenue  
4 Bonds" (Bonds) in an aggregate principal amount not to exceed Twenty-Five Million One  
5 Hundred Thousand Dollars (\$25,100,000) are hereby authorized to be issued in or more  
6 series, with a series designation (such as "Series 20\_\_ A") to be appended to the designation  
7 of the Bonds, provided however, the maximum aggregate principal amount does not include  
8 the principal amount of (A) any bonds issued for the sole purpose of refinancing the Bonds,  
9 funding a reserve fund for such refunding bonds and paying related costs of issuance and  
10 (B) any bonds issued for the sole purpose of refunding such refunding bonds, funding a  
11 reserve fund and paying related costs of issuance, (ii) the Board of Supervisors may increase  
12 the maximum aggregate principal amount described above by adopting a resolution and  
13 complying with the publication requirements specified in the IFD Law, (iii) the Bonds may be  
14 issued by the Board of Supervisors for and on behalf of the IFD with respect to Sub-Project  
15 Area G-1 and they may be issued by the Board of Supervisors for and on behalf of a  
16 community facilities district related to the territory in Sub-Project Area G-1, as determined by  
17 the Board of Supervisors in connection with its approval of the issuance of a series of Bonds;  
18 and, be it

19           FURTHER RESOLVED, That the terms of the Bonds shall be as follows: (i) each Bond  
20 shall be dated its date of issuance, (ii) the maturity date of each Bond shall be a date not to  
21 exceed 30 years from the date of its issuance or such later date as is permitted by the IFD  
22 Law and approved by the Director of the Office of Public Finance, (iii) the Bonds shall be  
23 issued in denominations of \$5,000 or any integral multiple of \$5,000, (iv) the form of the  
24 Bonds shall be substantially the form attached hereto as Appendix A, (v) the Bonds shall be  
25 executed by the Mayor or his designee, (vi) the principal of and interest on the Bonds shall be

1 payable in lawful money of the United States of America, (vii) the Bonds shall be registered  
2 with the trustee or fiscal agent for the Bonds identified by the Director of the Office of Public  
3 Finance and shall be payable at the principal office of or by check or wire of the trustee or  
4 fiscal agent for the Bonds and (viii) the Bonds shall be subject to redemption prior to maturity  
5 at the times and subject to the premiums approved by the Director of the Office of Public  
6 Finance; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors hereby approves the sale of  
8 one or more series of Bonds, provided, however, that the Bonds shall not be issued until such  
9 time as (i) the Board of Supervisors has approved the terms of the sale to the investor(s) and  
10 (ii) an Authorized Officer has caused the legal documents relating to the Bonds and any  
11 related disclosure document describing the Bonds and the security for the Bonds to be  
12 prepared and caused such documents to be submitted to the Board of Supervisors for its  
13 approval; and, be it

14 FURTHER RESOLVED, That the Board of Supervisors hereby approves the form of  
15 the Indenture in substantially the form on file with the Clerk of the Board of Supervisors; and,  
16 be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and directs  
18 (i) each of the Mayor, the Controller, and the Director of the Office of Public Finance, or such  
19 other official of the City as may be designated by such officials (each, an "Authorized Officer"),  
20 to execute and deliver, and the Clerk of the Board of Supervisors is hereby authorized and  
21 directed to attest to, the Indenture in substantially the form on file with the Clerk of the Board  
22 of Supervisors, together with such additions or changes as are approved by such Authorized  
23 Officer upon consultation with the City Attorney and bond counsel, including such additions or  
24 changes as are necessary or advisable to permit the timely issuance, sale and delivery of the  
25 Bonds and the approval of such additions or changes shall be conclusively evidenced by the

1 execution and delivery by an Authorized Officer of the Indenture (or one or more supplements  
2 thereto), and (ii) the Authorized Officers to name a trustee for the Bonds; and, be it

3 FURTHER RESOLVED, That (i) the Board of Supervisors hereby approves the form of  
4 the Pledge Agreement in substantially the form on file with the Clerk of the Board of  
5 Supervisors, (ii) each Authorized Officer is hereby authorized and directed to execute and  
6 deliver, and the Clerk of the Board of Supervisors is hereby authorized and directed to attest  
7 to, the Pledge Agreement in substantially the form on file with the Clerk of the Board of  
8 Supervisors, together with such additions or changes as are approved by such Authorized  
9 Officer upon consultation with the City Attorney and the City's bond counsel, including such  
10 additions or changes as are necessary or advisable to permit the timely issuance, sale and  
11 delivery of the Bonds and the approval of such additions or changes shall be conclusively  
12 evidenced by the execution and delivery by an Authorized Officer of the Pledge Agreement (or  
13 one or more supplements thereto), and (iii) the terms and provisions of the Pledge  
14 Agreement, as executed, are incorporated herein by this reference as if fully set forth herein;  
15 and, be it

16 FURTHER RESOLVED, That (i) the Board of Supervisors approves the issuance of  
17 debt (as defined in the IFD Law) other than the Bonds as set forth in Appendix G-1, as  
18 Appendix G-1 may be amended from time to time, and (ii) the limitations on Bonds set forth in  
19 this Resolution, including, but not limited to, the maximum aggregate principal amount  
20 specified above, shall apply only to the Bonds and not to other debt (as defined in the IFD  
21 Law) payable from available tax increment allocated to the IFD with respect to Sub-Project  
22 Area G-1 pursuant to Appendix G-1; and, be it

23 FURTHER RESOLVED, That all actions heretofore taken by the officers and agents of  
24 the City (including, but not limited to, the Mayor, the Controller, the Director of the Office of  
25 Public Finance, the City Attorney, the Executive Director or such other official of the City as

1 may be designated by such officer (each, an "Authorized City Officer")) with respect to the  
2 establishment of the IFD, including Sub-Project Area G-1 (Pier 70 - Historic Core), and the  
3 sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the  
4 appropriate officers of the City are hereby authorized and directed to do any and all things and  
5 take any and all actions and execute any and all certificates, agreements and other  
6 documents, which they, or any of them, may deem necessary or advisable in order to  
7 consummate the transactions described in this Resolution. All actions to be taken by an  
8 Authorized City Officer, as defined herein, may be taken by such Authorized City Officer or  
9 any designee, with the same force and effect as if taken by the Authorized City Officer; and,  
10 be it

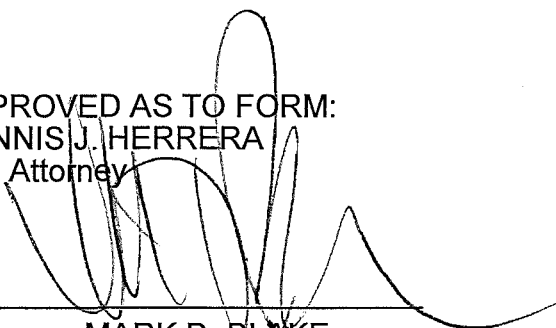
11 FURTHER RESOLVED, That the Director of the Office of Public Finance and the City  
12 Attorney, in consultation with bond counsel, are hereby authorized and directed to initiate a  
13 judicial validation action with respect to the IFD, Sub-Project Area G-1 (Pier 70- Historic  
14 Core), the Indenture, the Pledge Agreement and the Bonds pursuant to Code of Civil  
15 Procedure Section 860 et seq.; and, be it

16 FURTHER RESOLVED, That this resolution shall take effect from and after its adoption  
17 and the provisions of any previous resolutions in any way inconsistent with the provisions  
18 hereof in and for the issuance of the Bonds as herein described are hereby repealed.  
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APPROVED AS TO FORM:  
DENNIS J. HERRERA  
City Attorney

By:   
MARK D. BLAKE  
Deputy City Attorney  
n:/port/AS2015/1300117/01068102.docx

APPENDIX A  
FORM OF BOND

No. \_\_\_\_\_

\*\*\*\$\_\_\_\_\_\*\*\*

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

CITY AND COUNTY OF SAN FRANCISCO  
Infrastructure Financing District No. 2  
(Port of San Francisco)  
Sub-Project Area G-1 (Pier 70 - Historic Core)  
Tax Increment Revenue Bond, Series \_\_\_\_\_

INTEREST RATE

MATURITY DATE

DATED DATE

\_\_\_\_\_%

\_\_\_\_\_, 1, \_\_\_\_\_

\_\_\_\_\_

REGISTERED OWNER:

PRINCIPAL AMOUNT:

\*\*\*\*\*DOLLARS

City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) (the "IFD") with respect to Sub-Project Area G-1 (Pier 70 - Historic Core), for value received, hereby promises to pay solely from the Tax Revenues (as hereinafter defined) to be received by the IFD or amounts in certain funds and accounts held under the Indenture of Trust (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount, semiannually on each September 1 and March 1 (each an "Interest Payment Date"); commencing as set forth in the Indenture of Trust, at the interest rate set forth above, until the principal amount hereof is paid or made available for payment provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest

1 from the Interest Payment Date to which interest has previously been paid or made available  
2 for payment.

3 Principal of and interest on the Bonds (including the final interest payment upon  
4 maturity or earlier redemption), is payable on the applicable Interest Payment Date by check  
5 of the Trustee (defined below) mailed by first class mail to the registered Owner thereof at  
6 such registered Owner's address as it appears on the registration books maintained by the  
7 Trustee at the close of business on the Record Date preceding the Interest Payment Date, or  
8 by wire transfer made on such Interest Payment Date upon written instructions of any Owner  
9 of \$1,000,000 or more in aggregate principal amount of Bonds delivered to the Trustee prior  
10 to the applicable Record Date. The principal of the Bonds and any premium on the Bonds are  
11 payable in lawful money of the United States of America upon surrender of the Bonds at the  
12 Principal Office of the Trustee or such other place as designated by the Trustee.

13 This Bond is one of a duly authorized issue of bonds in the aggregate principal amount  
14 of \$\_\_\_\_\_ approved by resolution of the Board of Supervisors of the City on \_\_\_\_, 20\_\_  
15 (the "Resolution"), under California Government Code Section 53395 et seq. (the "IFD Law")  
16 for the purpose of funding certain facilities for the IFD, and is one of the series of bonds  
17 designated "City and County of San Francisco Infrastructure Financing District No. 2 (Port of  
18 San Francisco) Sub-Project Area G-1 (Pier 70 - Historic Core) Tax Increment Revenue  
19 Bonds, Series \_\_\_\_\_" (the "Bonds"). The issuance of the Bonds and the terms and conditions  
20 thereof are provided for by an Indenture of Trust, dated as of \_\_\_\_\_ 1, 20\_\_ (the "Indenture of  
21 Trust"), between the IFD and the \_\_\_\_\_ (the "Trustee") and this reference incorporates  
22 the Indenture of Trust herein, and by acceptance hereof the owner of this Bond assents to  
23 said terms and conditions. The Indenture of Trust is authorized under, this Bond is issued  
24 under and both are to be construed in accordance with, the laws of the State of California.  
25

1 Pursuant to the IFD Law, the Resolution and the Indenture of Trust, the principal of and  
2 interest on this Bond are payable solely from certain funds held under the Indenture of Trust  
3 and the "Tax Revenues," as defined in the Indenture of Trust. Any revenues for the payment  
4 hereof shall be limited to the Tax Revenues, except to the extent that provision for payment  
5 has been made by the City, as may be permitted by law.

6 The Bonds are not a debt of the City or the State of California or of any of its political  
7 subdivisions, other than the IFD to the limited extent described herein, and none of those  
8 entities, other than the IFD to the limited extent described herein, shall be liable on the Bonds,  
9 and the Bonds shall be payable exclusively from the Tax Revenues and the specified funds  
10 held under the Indenture of Trust. The Bonds do not constitute an indebtedness within the  
11 meaning of any constitutional or statutory debt limitation.

12 Optional Redemption. All of the Bonds are subject to redemption prior to their stated  
13 maturities, on any Interest Payment Date, in whole or in part, at a redemption price  
14 (expressed as a percentage of the principal amount of the Bonds to be redeemed) as set forth  
15 below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
[to come]	

18 Mandatory Sinking Fund Redemption. The Term Bond maturing on \_\_\_\_\_ 1, \_\_\_\_\_ is  
19 subject to mandatory redemption in part by lot, from sinking fund payments made by the IFD  
20 from the Bond Fund, at a redemption price equal to the principal amount thereof to be  
21 redeemed, without premium, in the aggregate respective principal amounts all as set forth in  
22 the following table:

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

1            Provided, however, if some but not all of the Term Bonds of a given maturity have been  
2 redeemed as a result of an optional redemption or a mandatory redemption, the total amount  
3 of all future Sinking Fund Payments relating to such maturity shall be reduced by the  
4 aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated  
5 among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as  
6 determined by the Trustee, notice of which determination shall be given by the Trustee to the  
7 City.

8            Notice of redemption with respect to the Bonds to be redeemed shall be given to the  
9 registered owners thereof, in the manner, to the extent and subject to the provisions of the  
10 Indenture of Trust.

11           This Bond shall be registered in the name of the owner hereof, as to both principal and  
12 interest. Each registration and transfer of registration of this Bond shall be entered by the  
13 Trustee in books kept by it for this purpose and authenticated by its manual signature upon  
14 the certificate of authentication endorsed hereon.

15           No transfer or exchange hereof shall be valid for any purpose unless made by the  
16 registered owner, by execution of the form of assignment endorsed hereon, and authenticated  
17 as herein provided, and the principal hereof, interest hereon and any redemption premium  
18 shall be payable only to the registered owner or to such owner's order. The Trustee shall  
19 require the registered owner requesting transfer or exchange to pay any tax or other  
20 governmental charge required to be paid with respect to such transfer or exchange. No  
21 transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date  
22 established by the Trustee for selection of Bonds for redemption or (ii) with respect to a Bond  
23 after such Bond has been selected for redemption.

1           The Indenture of Trust and the rights and obligations of the IFD thereunder may be  
2 modified or amended as set forth therein. The principal of the Bonds is not subject to  
3 acceleration upon a default under the Indenture of Trust or any other document.

4           This Bond shall not become valid or obligatory for any purpose until the certificate of  
5 authentication and registration hereon endorsed shall have been dated and signed by the  
6 Trustee.

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

13           Unless this Bond is presented by an authorized representative of The Depository Trust  
14 Company, a New York corporation ("DTC"), to the Trustee for registration of transfer,  
15 exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in  
16 such other name as is requested by an authorized representative of DTC (and any payment is  
17 made to Cede & Co. or to such other entity as is requested by an authorized representative of  
18 DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR  
19 OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner  
20 hereof, Cede & Co., has an interest herein.

1 IN WITNESS WHEREOF, City and County of San Francisco Infrastructure Financing  
2 District No. 2 (Port of San Francisco), with respect to Sub-Project Area G-1 (Pier 70 - Historic  
3 Core), has caused this Bond to be to be signed by the facsimile signature of the \_\_\_\_\_  
4 and countersigned by the facsimile signature of the Clerk of the Board of Supervisors with the  
5 seal of the City imprinted hereon.

6 [S E A L]  
7  
8  
9

10 \_\_\_\_\_  
Clerk of the Board of Supervisors

\_\_\_\_\_ [to come]

11  
12  
13 [FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]  
14

15 This is one of the Bonds described in the Indenture of Trust which has been  
16 authenticated on \_\_\_\_\_, \_\_\_\_\_.

17  
18 \_\_\_\_\_,  
*as Trustee*

19  
20  
21 By: \_\_\_\_\_  
22 Authorized Signatory  
23  
24  
25

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

\_\_\_\_\_  
\_\_\_\_\_

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_  
\_\_\_\_\_, attorney, to transfer the same on the registration books of the Trustee,  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature guarantee shall be made  
by a guarantor institution participating in the  
Securities Transfer Agents Medallion Program  
or in such other guarantee program acceptable  
to the Trustee.


NOTICE: The signature on this assignment  
must correspond with the name(s) as written on  
the face of the within Bond in every particular  
without alteration or enlargement or any  
change whatsoever.



**CITY AND COUNTY OF SAN FRANCISCO  
BOARD OF SUPERVISORS  
BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292  
FAX (415) 252-0461

February 18, 2016

**TO:** Members of the Board of Supervisors  
**FROM:** Budget and Legislative Analyst's Office   
**SUBJECT:** February 23, 2016 Board of Supervisors Meeting

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	15-1117	Authorizing Execution of a Memorandum of Understanding Relating to Infrastructure Finance District No. 2 .....	1

<b>Items 31, 32 and 33</b> <b>Files 15-1119, 15-1118 and 15-1117</b>	<b>Departments:</b> Port, Controller, Treasurer-Tax Collector
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• <b>15-1119:</b> Ordinance establishing a Port IFD and adopting an Infrastructure Financing Plan for the Port IFD and Sub-Project Area G-1; approving a Tax Administration Agreement; affirming the Planning Department’s determination under the California Environmental Quality Act (CEQA) and approving other related matters.</li> <li>• <b>15-1118:</b> Resolution approving issuance of bonds in an amount not to exceed \$25,100,000 for the Port IFD with respect to Sub-Project Area G-1; approving an Indenture of Trust and a Pledge Agreement; and approving related matters.</li> <li>• <b>15-1117:</b> Resolution approving a Memorandum of Understanding (MOU) between the Port, Controller and Treasurer-Tax Collector relating to Sub-Project Area G-1 of the Port Infrastructure Financing District (IFD), including procedures for administration of the IFD.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In 2012 the Board of Supervisors approved a Resolution of Intention to create a Port IFD and in 2015, amended this resolution to declare its intent to create Sub-Project Area G-1 and approved a Resolution of Intention to issue \$25,100,000 bonds for this Area.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The public infrastructure improvements to be funded with this Port IFD are: (1) \$1,271,000 for streets and sidewalks; (2) \$3,090,000 for Building 102 electrical; and (3) \$13,899,000 for Crane Cove Park. IFDs function similar to previous redevelopment project areas.</li> <li>• A combination of (a) funds loaned by the developer and the Port to be repaid by the Port IFD with allocated tax increment, (b) bond proceeds from the Port IFD from Sub-Project Area G-1 to be repaid from allocated tax increment, and (c) allocated tax increment on a pay-go basis would finance the costs of the improvements. One \$8.7 million bond in FY 2021-22 would yield \$7,832,000 of net proceeds, with annual interest of 6.5% and average annual debt service payments of \$666,400 over a 30-year term, or total debt service payments of \$20 million, including \$8.7 million principal and \$11.3 million interest.</li> <li>• Overall, a total \$49.2 million of tax increment funds is projected to be allocated from Sub-Project Area G-1, including \$35.4 million of General Fund revenues and \$13.9 million of ERAF revenues, assuming that 100% of the City’s General Fund portion and 100% of the ERAF portion of the tax increment is allocated to the Port IFD from Sub-Project Area G-1.</li> </ul> <p style="text-align: center;"><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• Amend the proposed ordinance (File 15-1119) to reiterate the City’s intent to create a Community Facilities District (CFD) to fund the ongoing operating and maintenance costs for Crane Cove Park and 20<sup>th</sup> Street, rather than relying on the City’s General Fund to support such additional costs.</li> <li>• Approval of the two proposed resolutions and one ordinance, as amended, are policy decisions for the Board of Supervisors.</li> </ul>	

## MANDATE STATEMENT / BACKGROUND

### Mandate Statement

California Government Code Section 53395 et seq. authorizes cities and counties to establish Infrastructure Financing Districts (IFD), subject to approval by the city council or county board of supervisors, to finance “public capital facilities of communitywide significance”. In addition, Section 53395.8 of the State Government Code specifically authorizes the establishment of an IFD by the Board of Supervisors on land under the jurisdiction of the Port of San Francisco to finance public improvement projects along the San Francisco waterfront, such as structural repairs and improvements to piers, seawalls, wharves and other maritime facilities, removal of bay fill, shoreline restoration, utility infrastructure, public open space improvements, as well as historic restoration and seismic and life-safety improvements to existing buildings. Section 53395.8(g) in the State Government Code also allows the Board of Supervisors to establish project areas within an IFD.

### Background

#### Prior Resolutions of Intention for the Port IFD

On March 27, 2012, the Board of Supervisors approved a Resolution of Intention<sup>1</sup>, which initiated the State statutory requirements, to establish the City and County of San Francisco Infrastructure Financing District No. 2 on Port property (Port IFD). The Port IFD encompasses the entire 7-mile contiguous Port property and includes various specific project areas. On June 12, 2012, the Board of Supervisors approved a resolution<sup>2</sup> to amend the earlier Resolution of Intention to add Seawall Lot 351 as another project area. These resolutions designated the following project areas within the Port IFD, with the caveat that the City intended to establish additional project areas in compliance with State law:

- Project Area A: Seawall Lot 330;
- Project Area B: Piers 30-32;
- Project Area C: Pier 28;
- Project Area D: Pier 26;
- Project Area E: Seawall Lot 351;
- Project Area F: Pier 48;
- Project Area G: Pier 70; and
- Project Area H: Rincon Point-South Point Project Area.

The Port advises that the purpose of forming the IFD as a Port-wide district with multiple project areas is to preserve the flexibility of establishing separate tax increment financing plans for each major project on the Port with tax increment funds expended on public capital facilities throughout the Port’s jurisdiction, subject to Board of Supervisors approval.

<sup>1</sup> This resolution was adopted as part of the Host and Venue Agreement and Disposition Development Agreement for the 34<sup>th</sup> America’s Cup held in San Francisco (File 12-0128; Resolution No. 110-12).

<sup>2</sup> File 12-0278; Resolution No. 227-12.

On November 17, 2015, the Board of Supervisors approved another amendment to the Resolution of Intention to create a new Sub-Project Area G-1, a smaller Historic Core district within Project Area G: Pier 70<sup>3</sup>. The proposed boundaries of the Port IFD and the eight Project Areas including Sub-Project Area G-1 are shown in the two attached maps. In accordance with these Resolutions of Intention to establish the Port IFD, the Executive Director of the Port was directed to prepare an infrastructure financing plan for the Port IFD and Sub-Project Area G-1, in compliance with State law. These prior Resolutions of Intention specified that the Board of Supervisors was not obligated to establish a Port IFD.

On November 3, 2015, the Board of Supervisors approved a separate Resolution of Intention to issue bonds not to exceed \$25,100,000 to finance public improvements in the Port IFD, to be secured with tax increment revenues generated in Sub-Project Area G-1<sup>4</sup>.

#### Lease Disposition and Development Agreement and Lease for Historic Core at Pier 70

In May 2014, the Port Commission approved a Lease Disposition and Development Agreement (LDDA) with Historic Pier 70, LLC (Orton) together with a 66-year lease with Orton. In July 2014, the Board of Supervisors approved the lease with Orton (Resolution No. 273-14). The LDDA and lease govern the development, rehabilitation and use of the 20<sup>th</sup> Street historic buildings at Pier 70, addressing eight historic structures, including two unreinforced masonry buildings, comprising a total of approximately 267,000 square feet of space for industrial, office and retail tenants. These buildings require, among other things, seismic upgrades, new electrical, fire safety, phone/data, water, sewer and gas services, asbestos and lead paint remediation and roof repairs estimated to cost \$109 million. At the time the LDDA and lease were approved, a portion of the public infrastructure improvements to support the rehabilitation of the historic buildings at Pier 70 were intended to be financed through the creation of an IFD. Under such an IFD, the City will allocate possessory interest tax payments, in lieu of property taxes, from Orton to fund specific infrastructure improvements within Sub-Project Area G-1 and in areas around Sub-Project Area G-1 within Pier 70.

#### **DETAILS OF PROPOSED LEGISLATION**

**15-1117:** The proposed resolution would approve a Memorandum of Understanding (MOU) between the Port, Controller and Treasurer-Tax Collector relating to Sub-Project Area G-1 of the Port IFD, including procedures for the administration of the Port IFD.

**15-1118:** The proposed resolution would approve issuance of bonds in an amount not to exceed \$25,100,000 for the Port IFD with respect to Sub-Project Area G-1; approve an Indenture of Trust and a Pledge Agreement; and approve other related matters.

**15-1119:** The proposed ordinance would establish the Port IFD, adopt an Infrastructure Financing Plan for the Port IFD and Sub-Project Area G-1 on behalf of the Port of San Francisco; approve a Tax Administration Agreement; affirm the Planning Department's determination

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<sup>3</sup> File 15-1006; Resolution No. 421-15.

<sup>4</sup> File 15-1007; Resolution No. 416-15.

under the California Environmental Quality Act (CEQA); and approve other matters in connection therewith.

Although the eight Port IFD project areas listed above would be approved with the establishment of the Port IFD, tax increment revenues cannot be allocated to the Port IFD from a project area until the Board of Supervisors approves an appendix to the Infrastructure Financing Plan with respect to a specific project area. The proposed ordinance (File 15-1119) would approve an Infrastructure Financing Plan for the Port IFD and Appendix G-1 relating to Sub-Project Area G-1, which would permit tax increment revenues to be allocated from Sub-Project Area G-1.

The major public infrastructure improvements, costs and projected completion dates that would be financed by the Port IFD and through the related bonds using property tax increment generated from Sub-Project Area G-1 are shown in Table 1 below:

**Table 1: IFD Facilities, Costs and Completion Dates**

<b>Facilities to be funded with IFD</b>	<b>Estimated Cost (2015)</b>	<b>Estimated Completion Date</b>
Street and sidewalk improvements	\$1,271,000	FY 2016-17 – FY 2017-18
Building 102 electrical improvements	3,090,000	FY 2016-17
Phase 2 of Crane Cove Park	13,899,000	Dependent on funding availability
Total	\$18,260,000	

The majority of the funds would be for Phase 2 of Crane Cove Park, which the Port advises is a critical amenity for the new neighborhood to be developed at Pier 70. Over \$20 million from the 2008 and 2012 General Obligation Park Bonds previously approved by San Francisco voters has already been expended for Phase 1 improvements to Crane Cove Park. The Phase 2 improvements would include restoration of the historic cranes, adaptive reuse of historic Buildings 109 and 110, shoreline clean-up and sediment remediation, soil disposal, new pier overlook, shoreline landscaping, pathways, site interpretation and furnishings.

Under the proposed resolution (15-1117), the Board of Supervisors would:

- Approve a Memorandum of Understanding (MOU) between the Controller, Treasurer-Tax Collector and the Port Commission to implement the provisions of Appendix G-1 to the Infrastructure Financing Plan for the Port IFD, which would commit the City's Controller and Tax Collector to allocate specified tax increment revenues to the Port IFD from Sub-Project Area G-1 for expenditure on specific Port public infrastructure projects and uses shown in Table 1 above. The MOU also provides for the cooperation of the Controller and Treasurer-Tax Collector regarding one or more Community Facilities Districts (CFD) for the facilities and ongoing services specified in Sub-Project Area G-1. A CFD is a special taxing entity, which is formed by a two-thirds vote of the property owners within the CFD to levy special taxes and issue debt to pay for capital improvements and/or maintenance costs. According to Ms. Elaine Forbes, Deputy Director of Finance and Administration for the Port, the CFD is being proposed as additional protection for the Port to insure that sufficient revenues are collected to

repay any bonds that may be issued, while waiting for sufficient tax increment revenues to accrue from the Port IFD and to pay for ongoing maintenance and operating costs for public infrastructure. The creation of any CFD for the Port would be subject to future Board of Supervisors approval. Under the proposed resolution, the Controller and Treasurer/Tax Collector, with consultation of the City Attorney, may modify or change the MOU if such changes do not materially increase the City's obligations.

Under the proposed resolution (15-1118), the Board of Supervisors would:

- 1- Authorize the issuance of one or more series of bonds, with maturity dates not to exceed 30 years from their date of issuance, not to exceed a total of 45 years as permitted by IFD law, to be secured by tax increment funds allocated to the Port IFD from Sub-Project Area G-1 and other sources (most likely special taxes levied in the CFD) that could potentially be identified by the Board of Supervisors to finance the cost of the public facilities.
- 2- Authorize the issuance and sale of IFD bonds for a maximum aggregate principal amount of \$25,100,000, excluding refinancing and/or refunding of the bonds, related reserve funds and the costs of issuance, to pay for the estimated 2015 cost of \$18,260,000 for the public infrastructure improvements shown in Table 1 above. The Board of Supervisors could increase this maximum aggregate principal amount by adopting a subsequent resolution, in compliance with IFD law. As estimated by the Port, incremental property tax revenues available from Sub-Project Area G-1 would be approximately \$49.2 million over the 45-year term (which includes property tax revenues that would otherwise be allocated to the City's General Fund and be allocated to ERAF<sup>5</sup>), such that the principal and interest debt service costs on the proposed bonds would be less than or equal to this level of incremental property tax revenues.

The Port does not plan to sell bonds until FY 2021-22, when Sub-Project Area G-1 is projected to generate sufficient incremental property tax revenues to pay debt service. The Port is requesting that the Board of Supervisors approve the issuance of IFD bonds now so that the bond authorization can be part of the judicial validation process discussed below. The bonds would not be issued by the Port IFD until the Board of Supervisors, in its capacity as the legislative body of the Port IFD, reviewed the related documentation and approved the terms for the actual sale of the specified amount of IFD bonds.

- 3- Approve an Indenture of Trust and Pledge Agreement which outlines the basic terms for the future IFD bonds regarding tax increment pledges, security and repayment of bond principal, interest and total debt. As no California jurisdiction has previously issued IFD bonds, these agreements provide the framework for a future IFD bond issuance. A resolution approving the final Indenture of Trust, Pledge Agreement and issuance of IFD bonds would be subject to future Board of Supervisors approval.
- 4- Authorize the Director of the Controller's Office of Public Finance and the City Attorney, to initiate a judicial validation action with respect to the Port IFD, Sub-Project Area G-1

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<sup>5</sup> ERAF is the State Educational Revenue Augmentation Fund.

and the proposed bonds. The requested judicial validation action will allow bond counsel to render an unqualified validity opinion that is required by the capital markets as to the Port IFD and the bonds.

- 5- To comply with reimbursement rules under Federal tax law, declare the intent to pay certain cost of the facilities prior to the date of issuance of the bonds and use a portion of the bond proceeds to reimburse the expenditures for the facilities paid before the bonds are sold. The sources and uses of the bonds are summarized below in Table 2, which indicates that both Orton, the developer of the Pier 70 Historic Core, and the Port anticipate expending funds for the infrastructure improvements, to be partially reimbursed by the bonds.

The proposed ordinance (15-1119) would:

- Establish the proposed Port IFD. The Port IFD would encompass only Port property and include project areas approved by the Board of Supervisors that encompass various development projects. IFDs function similar to previous redevelopment project areas. According to the Port, approving the proposed Port IFD will enable the Port to fund new infrastructure needed to support development of Port property, including streets, utilities and parks and assist in financing the Port's 10-Year Capital Plan by capturing and bonding against property tax increment generated in specific Port IFD areas or subareas.
- Adopt an Infrastructure Financing Plan for the Port IFD, which describes how property tax increment from Sub-Project Area G-1 would be allocated to the public facilities identified above in Table 1. On November 4, 2015, Keyser Marston Associates, Inc. under contract to the Port for \$63,253 submitted a Fiscal and Economic Impact Analysis: Pier 70-Historic Core, which is the basis for the Port's Infrastructure Financing Plan for the Port IFD and Sub-Project Area G-1. As noted above, the Board of Supervisors can only allocate property tax increment after approving an Infrastructure Financing Plan for a specific Project Area.

This ordinance would approve the Infrastructure Financing Plan for Sub-Project Area G-1, specifying FY 2015-16 as the base year, such that 100% of the property tax increment generated in this area could be allocated for Port infrastructure improvements in FY 2016-17. Given the time lag between construction of the public infrastructure and availability of tax increment funds, tax increment funds would be (1) used directly to fund infrastructure improvements; (2) repaid to Historic Pier 70, LLC for infrastructure funds advanced prior to the issuance of the bonds, (3) repaid to the Port for funds advanced prior to the issuance of the bonds, and (4) repaid as bond interest and redemption on bond issuances. The tax increment limit for Sub-Project Area G-1 would be initially established at \$64,000,000, which reflects the total \$49,220,000 tax increment projected to be generated by Sub-Project Area G-1 plus a 30% contingency of \$14,780,000. The Port advises that this tax increment limit of \$64,000,000 is reasonable because: (a) additional improvements that are not currently known may be made to the leasehold over the 45-year term; (b) the leasehold may be sold multiple times over the 45-year term, significantly increasing its value; and (c) specific subtenants may construct

or install significant tenant improvements, equipment and fixtures that further increase the tax roll.

- Approve a Tax Administration Agreement between the City acting on behalf of the Port Commission and a corporate trustee to be identified in the future by the Port's Executive Director for the administration and disposition of tax increment revenues allocated to Port IFD from Sub-Project Area G-1.
- Find that adoption of the ordinance, establishment of the Port IFD, and approval of the Infrastructure Financing Plan are not projects under the California Environmental Quality Act (CEQA) because they do not result in a physical change in the environment.
- Affirm the Planning Department's CEQA findings that the proposed Sub-Project Area G-1 projects (Orton and Crane Cove Park projects) are within the scope of the Eastern Neighborhoods Rezoning and Area Plans, for which the Planning Commission previously certified a Final Environmental Impact Report.
- Approve other matters, including appointing the Port Commission to act as the agent of the Port IFD with respect to Sub-Project Area G-1 to (1) disburse tax increment funds, (2) enter into acquisition agreements regarding public facilities, (3) determine in collaboration with the Office of Public Finance the amounts of bonded indebtedness to incur, (4) direct the disbursement of debt proceeds, (5) incur Qualified Port Benefit Costs<sup>6</sup>, and (6) prepare annual statements of indebtedness, as required by IFD State law.

## FISCAL IMPACT

### Rationale for IFD/CFD

The Port IFD and/or CFD with the related allocated tax increment and special taxes are being proposed as the primary financing mechanisms to fund the public improvements because the Port does not generate sufficient revenues to complete all of the Port's capital improvements for the rehabilitation and development at Pier 70<sup>7</sup>. The primary argument for using this financing mechanism is that the resulting property tax increment would not occur, but for the public and private investment. Pursuant to IFD law, IFDs use incremental property tax revenue that would otherwise accrue to the City's General Fund to finance necessary infrastructure improvements. As noted above, the City will allocate to the Port IFD possessory interest taxes, in lieu of property taxes, from Orton, the developer, to fund the capital infrastructure improvements within Sub-Project Area G-1 and in areas around Sub-Project Area G-1 within Pier 70. The proposed resolution (15-1118) approving the issuance of \$25.1 million in bonds

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<sup>6</sup> Qualified Port Benefit Costs are expenses incurred by the developer to perform Port Benefit Tasks that are authorized to be reimbursed as defined in the LDDA. Port Benefit Tasks are activities undertaken by the developer on the Port's behalf at the request of the Port, Building 102 Electrical Work as specified in the LDDA and activities outside the scope of the developer's specified obligations when requested by the Port.

<sup>7</sup> The Port's overall Ten-Year Capital Plan identifies \$1.62 billion of capital projects to be completed over the next ten years. However, the Port also projects approximately \$609.4 of various funding sources, leaving an unfunded backlog of approximately \$1.01 billion of capital projects.



states that the subject bonds are not a debt of the City, but rather a debt and liability of the Port IFD as specified in the Indenture of Trust.

If the proposed legislation is approved, the Port plans to introduce similar IFD legislation to use tax increment funds for the (a) Pier 70 Waterfront site for the Forest City development project and (b) Seawall Lot 337 for the Giants development project within the next 1-2 years.

### Sources and Uses of Funds

The proposed sources and uses of funding are shown in Table 2 below.

**Table 2: Sources and Uses of Funds**

<u>Sources of Funds</u>	<u>2015-16 Dollars</u>	<u>Nominal Dollars<sup>8</sup></u>
Developer Loan-Street Improvements	\$746,000	\$783,000
Port Loan-Building 102 and Sidewalk Improvements	3,110,000	3,203,000
Port Loan-Street Improve. w/ developer reimbursements	504,000	526,000
IFD or CFD Bond Proceeds	6,559,000	7,832,000
Allocated General Fund Tax Increment	16,816,000	35,354,000
Allocated ERAF Tax Increment	<u>6,596,000</u>	<u>13,866,000</u>
Total Tax Increment	<u>23,412,000</u>	<u>\$49,220,000</u>
Total Sources	\$34,331,000	\$61,564,000
<u>Uses of Funds</u>		
Phase 2 Crane Cove Park	\$13,899,000	31,490,000
Streetscape Improvements	1,271,000	1,329,000
Bldg. 102 Electrical Improvements	3,090,000	3,183,000
Repay Developer Loan	806,000	887,000
Repay Port Loans	3,999,000	4,684,000
Bond Debt Service	<u>11,267,000</u>	<u>19,991,000</u>
Total Uses	\$34,331,000	\$61,564,000

As shown in Table 2 above, a combination of (a) funds loaned by the developer and the Port, which would be repaid by the Port IFD with allocated tax increment<sup>9</sup>, (b) bond proceeds from the Port IFD or CFD from Sub-Project Area G-1, which would be repaid by the Port IFD with allocated tax increment, and (c) allocated tax increment from the Sub-Project Area G-1 which would be used on a pay-as-you-go basis to finance the costs of the improvements. One bond for \$8.7 million is anticipated to be issued in FY 2021-22<sup>10</sup>, and to yield approximately \$7,832,000 of net proceeds for the improvements, to retire the outstanding loans and

<sup>8</sup> Nominal dollars reflect the future inflated amounts for each of the sources and uses of funds, because the IFD will have a 45-year term and the costs and tax increment revenues will increase over time.

<sup>9</sup> In accordance with the LDDA, the Port will request the developer to advance approximately \$746,000 for street improvements, and the developer will be repaid with interest, estimated at 4.5% annually, by FY 2019-20. The Port will advance approximately \$3.1 million for Building 102 electrical improvements and a sidewalk on the north side of 20<sup>th</sup> Street, to be repaid with interest at 4.4% annually, by FY 2021-22. In accordance with the LDDA, the developer will reimburse the Port for approximately \$504,000 of streetscape improvements, which are owed to the Port for transaction expenses.

<sup>10</sup> The Port currently anticipates one bond issuance for \$8.7 million in FY 2021-22. If two bond issuances up to the maximum of \$25.1 million are issued, the first would occur in FY 2021-22 and the second would be in FY 2052-53.

contribute to the development of Phase 2 of Crane Cove Park<sup>11</sup>. The one \$8.7 million bond is projected to have an annual interest rate of 6.5% and result in average annual debt service payments of \$666,400 over a 30-year term, or total debt service payments of \$20 million, including \$8.7 million of principal and \$11.3 million of interest.

### Property Tax Allocation

Although the Port anticipates one \$8.7 million bond, the proposed resolution (15-1118) sets a maximum principal bond amount of \$25,100,000, which reflects the total bonding capacity of the available tax increment from the Port's IFD from Sub-Project Area G-1, assuming (a) robust growth assumptions (30% higher than the actual projections), (b) more than one bond is issued over the 45-year term and (c) interest rates are lower than current levels. According to the Port, the Port is requesting a higher bonding cap to allow for flexibility should the project generate more incremental property tax revenues or the cost of funds is lower than projected and given that all future bond issuances would require separate Board of Supervisors approval. As noted above, this assumes 100% of the City's General Fund portion and 100% of the Educational Revenue Augmentation Fund (ERAF)<sup>12</sup> portion of the tax increment are allocated to the Port IFD for Sub-Project Area G-1. Under State law, the amount of ERAF's share of tax increment allocated to the Port IFD for the Pier 70 Project Area must be proportional to the City's share of tax increment allocated to the Port IFD for the Pier 70 Project Area; the Board of Supervisors determines this allocation by approving the subject Infrastructure Financing Plan for the Port IFD and Sub-Project Area G-1 and issuance of debt.

For every \$1.00 of Property Taxes (not including property taxes designated for debt service on General Obligation bonds), \$0.65 is allocated to the City's General Fund, \$0.25 is allocated to ERAF, and \$0.10 is allocated to the other taxing entities (San Francisco Unified School District, Community College District, BART and the Bay Area Air Quality Management District). As shown in Table 3 below, 89.92% of incremental property taxes collected would be available to be allocated to the Port IFD.

**Table 3: Share of Gross Property Tax Increment**

City Share of Tax Increment Generated at Pier 70	64.59%
State of California ERAF Share of Tax Increment Generated at Pier 70	25.33%
Total Allocated Tax Increment to Pier 70 IFD	89.92%

After the Orton project is complete and its value is fully reflected on the property tax roll, the Port IFD is projected to be eligible to receive approximately \$720,000 of incremental possessory interest taxes annually from Sub-Project Area G-1, which would increase over time. The Port IFD could receive incremental tax revenues from Sub-Project Area G-1 up to 45 years from the date the Port IFD receives \$100,000 in incremental tax revenues, in accordance with State law.

<sup>11</sup> Phase II of Crane Cove Park is projected to have a shortfall of \$5 million to \$10 million, which will require cutbacks in the final design and/or philanthropic funding efforts to complete.

<sup>12</sup> ERAF redirects one-fifth of statewide property tax revenue from cities, counties and special districts to school and community college districts, which is deposited into a countywide fund for all State schools and community colleges. Diversion of ERAF for the subject Port IFD from Sub-Project Area G-1 will result in a loss of revenues for the State, but according to the Port, will not affect funding levels for the San Francisco Unified School District.

Incremental property tax revenues available from Sub-Project Area G-1 are estimated to be approximately \$49.2 million over the 45-year term. The estimated 2015 cost is \$18.26 million for the specified public infrastructure improvements, with a maximum aggregate principal issuance amount of \$25,100,000 of bonds. The Port estimates that total principal and interest debt service costs on the anticipated \$8.7 million bonds, at a 6.5% interest rate would be approximately \$20 million, which is significantly less than the projected \$49.2 million of estimated incremental property tax revenue to be collected over the 45-year term of the Port IFD for Sub-Project Area G-1.

#### Impact on the Property Tax Revenues to the City's General Fund

Overall, a total \$49.2 million of tax increment funds is projected to be available to be allocated from Sub-Project Area G-1, including \$35.4 million of General Fund revenues and \$13.9 million of ERAF revenues, as summarized above in Table 2, including debt service costs, if the proposed legislation is approved. If the Port could fund the subject improvements without the use of tax increment funds, the City's General Fund would otherwise receive approximately \$35.4 million of property tax revenues. However, as noted above, the Port is proposing to capture up to 100% of the City's General Fund share of tax increment in order to capture up to 100% of the State's share of ERAF because the Port does not have sufficient funds or other sources of revenues to fund its capital backlog and infrastructure improvements.

#### Others Costs, Revenues and Net Impacts on the General Fund

Upon completion in FY 2018-19, excluding the revenues that the project will generate in possessory interest taxes, the Orton project is also anticipated to generate between \$264,000 to \$425,000 of annual revenue to the City's General Fund, based on varying assumptions of new gross receipts taxes, sales taxes, motor vehicle in-lieu fees, utility user taxes and other taxes.

As noted in Table 4 below, the Infrastructure Financing Plan for the Port IFD also estimates that the annual operating cost to the City's General Fund, including police, fire and emergency medical services, will be approximately \$91,000 annually when the project is completed in FY 2018-19.

**Table 4: Estimated General Fund Impacts**

Revenues and Costs Post Construction (FY 2018-19)	Low Revenue Scenario	High Revenue Scenario
Annual Tax Revenues after FY 2018-19	\$264,000	\$425,000
Annual General Fund Costs for Police & Fire	(91,000)	(91,000)
Net Annual General Fund Benefit	\$173,000	\$334,000
Total IFD Term (45 Years) Net Present Value	\$5,117,000	\$8,041,000

As summarized in Table 4 above, beginning in FY 2018-19, the Orton project is therefore estimated to generate an annual net surplus of \$173,000 to \$334,000 for the City's General Fund. Over the term of the IFD, the City would receive between \$5,117,000 and \$8,041,000 of General Fund revenues on a net present value basis as shown in Table 4 above. This does not

include the \$35.4 million of General Fund property tax revenues that could be allocated to the Port IFD from Sub-Project Area G-1, and would not be available to the City's General Fund until approximately FY 2062-63.

#### Other Maintenance and Operating Expenses

The projected annual costs of \$91,000 shown in Table 4 above do not include the estimated \$400,000 annual cost to operate and maintain Crane Cove Park nor the costs for the Department of Public Works or the Port to maintain 20<sup>th</sup> Street, which the Port anticipates will be 100% funded from a maintenance special tax to be levied through a CFD to be formed by the City in the future. The Port advises that the lease between the Port and Orton includes a statement of the City's intent to form a maintenance CFD, which would levy special taxes on property owners in this area to pay for such ongoing maintenance costs.

The Board of Supervisors should therefore amend the proposed ordinance (File 15-1119) to reiterate the City's intent to create a CFD to fund the ongoing operating and maintenance costs for Crane Cove Park and 20<sup>th</sup> Street, rather than relying on the City's General Fund to support such additional costs. In addition, construction and maintenance costs for a public plaza within the Historic Core leasehold will be fully funded by the developer.

### **POLICY CONSIDERATION**

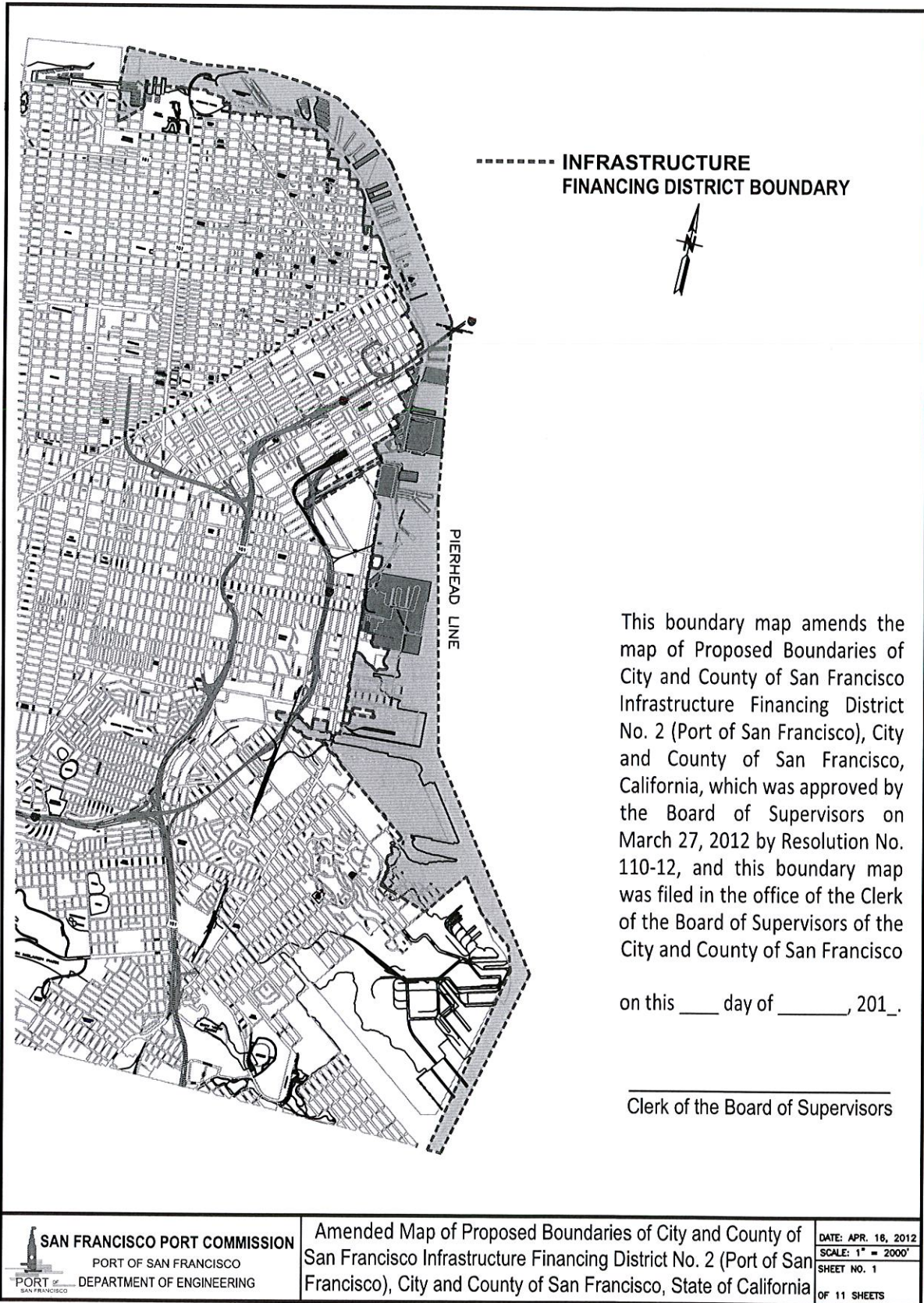
The Infrastructure Financing Plan for Sub-Project Area G-1 provides that the Board of Supervisors would approve the following limitations on the allocations of tax increment from Sub-Project Area G-1 to the Port IFD:

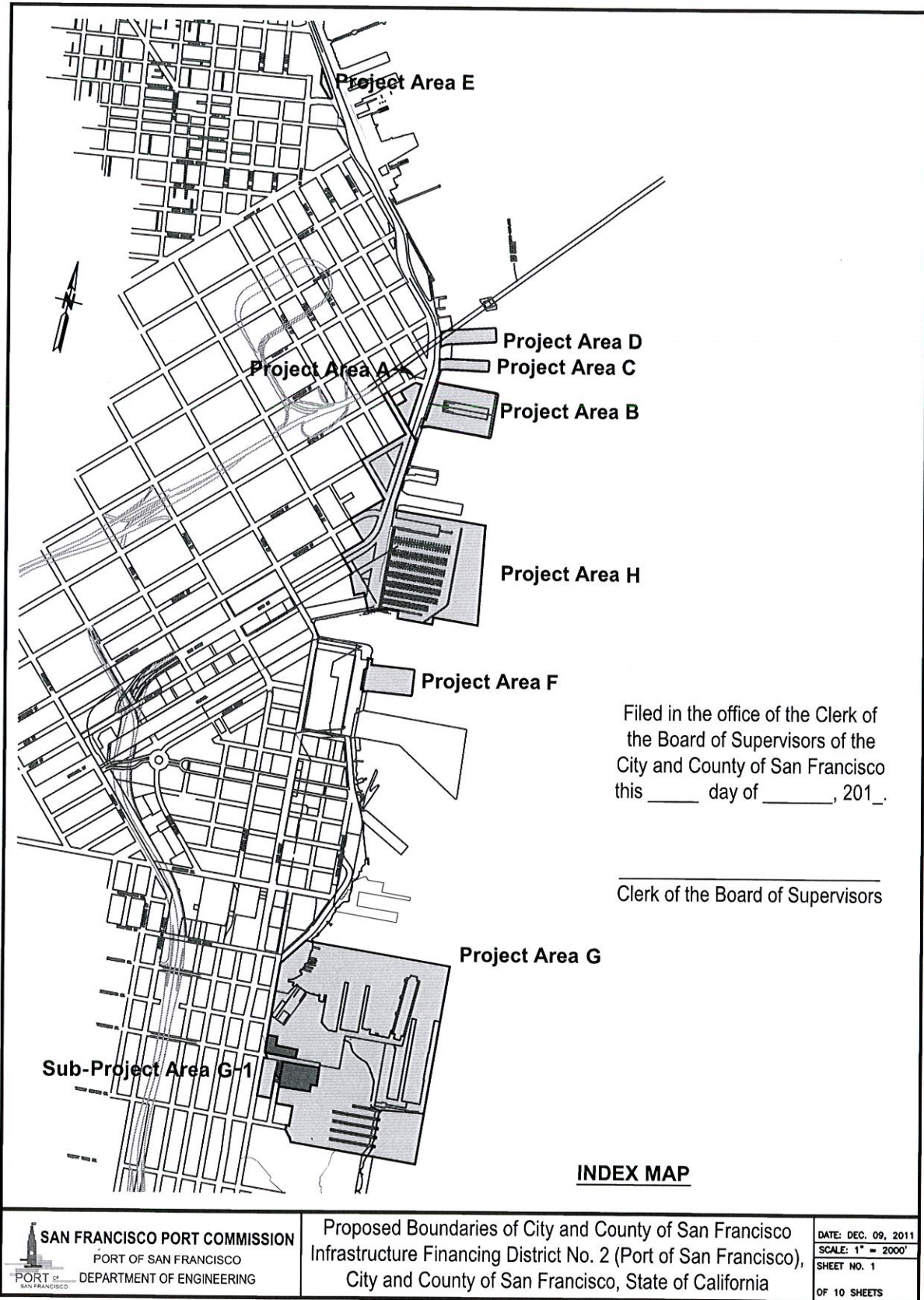
1. The Board of Supervisors retains the discretion to make budgetary appropriations to the Port IFD from the General Fund share of tax increment from Sub-Project Area G-1, such as the discretion to repay the Port or Historic Pier 70, LLC for their payment of infrastructure costs or to pay infrastructure costs funded on a pay-as-you-go basis.
2. The Board of Supervisors retains the discretion to approve the future issuance of IFD bonds, agreements or obligations for Sub-Project Area G-1.
3. The Board of Supervisors commits to allocate to the Port IFD all of the City's General Fund share of the tax increment from Sub-Project Area G-1 that is necessary to repay bonds or related agreements or contractual obligations that the Port IFD or the Port is obligated to satisfy with such tax increment, that have been approved by the Board of Supervisors.
4. The Board of Supervisors retains the discretion to amend the Infrastructure Financing Plan for Sub-Project Area G-1 at any time to reallocate tax increment from Sub-Project Area G-1 among the projects, or to fund new projects within Pier 70.

The portion of the ERAF share of the tax increment from Sub-Project Area G-1 committed to the Port IFD will be equal to the portion of the City's General Fund share of the tax increment from Sub-Project Area G-1 allocated to the Port IFD.

**RECOMMENDATIONS**

1. Amend the proposed ordinance (File 15-1119) to reiterate the City's intent to create a Community Facilities District (CFD) to fund the ongoing operating and maintenance costs for Crane Cove Park and 20<sup>th</sup> Street, rather than relying on the City's General Fund to support such additional costs.
2. Approval of the two proposed resolutions and one proposed ordinance, as amended, are policy decisions for the Board of Supervisors.





## MEMORANDUM

December 9, 2015

**TO:** MEMBERS, Capital Planning Committee

**FROM:** Elaine Forbes, Deputy Director of Finance and Administration  
Brad Benson, Director of Special Projects

**SUBJECT:** Request approval of an Infrastructure Financing Plan for the Pier 70 Historic Core (Subarea G-1) and approval to issues bonds in an amount not to exceed \$25.1 million

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### Executive Summary

On October 19, 2015, Port staff provided the Capital Planning Committee with an information presentation on a proposed Infrastructure Financing District (IFD) at Pier 70 that would include six historic buildings along 20<sup>th</sup> Street leased to Historic Pier 70, LLC (an affiliate of Orton Development, Inc.) If approved, the IFD would receive property taxes for 45 years to finance public infrastructure and public realm improvements necessary for reuse of the historic buildings and activation of the area.

Port staff requests review and approval of the Infrastructure Financing Plan (IFP) for the Pier 70 Historic Core IFD. The IFP describes the financing framework and limitations, gives a projection of tax revenue the IFD will receive, and describes the public infrastructure and public realm improvements the IFD will support. Appendix G-1 (see Attachment 3) provides more detailed projections and project descriptions. Port staff also requests approval to issue bonds in an amount not to exceed \$25.1 million. While bonds will not be issued until FY 2021-2022, bond counsel recommends approval now for the validation process. The bond sale will be subject to future approvals.

This IFP adheres to the *Guidelines for the Establishment and Use of an Infrastructure Financing District with Project Areas on Land Under the Jurisdiction of the San Francisco Port Commission* which the Board of Supervisors adopted on April 23, 2013, following Capital Planning Committee recommendation in November of 2012. Threshold Criteria 5 states “the Port must demonstrate the net fiscal impact of the proposed project area on the City’s General Fund and show that the project area will result in a net economic benefit to the City, including the Port.” Attachment 4 is a fiscal and economic impact analysis which Keyser Marston Associates prepared. This analysis evaluates the anticipated performance of the Orton Development to derive the fiscal benefit to the General Fund in a lower and higher revenue scenario.



## **Port Infrastructure Financing Districts**

Port IFD Law operates in much the same way as former redevelopment law: when approved by the Board of Supervisors, the Port may form an infrastructure financing district and establish a base year, after which the Port may capture growth in property or possessory interest<sup>1</sup> taxes (“Tax Increment”), either annually (“pay-go”) or through the issuance of bonds, to fund facilities of “communitywide significance” as part of an approved Infrastructure Financing Plan.

The Port’s 10-Year Capital Plan has included projected proceeds from a Port IFD to fund major capital improvements since 2007. Subject to Board of Supervisors approval, the proposed Pier 70 - Historic Core IFP will be the first time the Port implements the Port IFD Law and realizes funding to address Port capital needs.

Within the Port IFD, the Port establishes “project areas” encompassing each project site, but only when the Board approves the related development. Port IFD Law generally allows the capture of property or possessory interest taxes for periods of up to 45 years; establishing different project areas allows the Port to set different 45 year “clocks” for each project area, thus maximizing capture of Tax Increment.

Port IFD law allows the following uses of Tax Increment:

- Repairs and upgrades to piers, docks and wharves and the Port’s seawall
- Installation of piles, both to support piers and to support buildings where soil is subject to liquefaction
- Parks and shoreline improvements, where the Port has been unable to secure General Obligation bond funding to fund new parks
- Utility infrastructure, including utility requirements to comply with standards imposed by the Regional Water Quality Control Board and/or the Bay Area Air Quality Management District
- Streets and sidewalks
- Seismic upgrades and improvements to the City’s seawall and other measures to address sea level rise
- Environmental remediation
- Historic rehabilitation
- Improvements to Port maritime facilities

## **Legislative Process**

On October 6, 2015, Mayor Edwin M. Lee and Supervisor Malia Cohen sponsored two proposed resolutions to initiate the process to form the Pier 70 - Historic Core IFD which are now approved. These resolutions included:

1. A resolution Further Amending Resolution of Intention to Establish Infrastructure Financing District No. 2 for the City and County of San Francisco at the Port of San Francisco (File No. 151006).

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<sup>1</sup> Possessory interest taxes are property tax levied against leasehold interests. Port tenants are responsible for paying possessory interest taxes to the City.

2. Resolution of Intention to Issue Bonds in an Amount Not to Exceed \$25,100,000 for City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) (File No. 151007).

These resolutions provide the public with notice of the City's intent to form a Port IFD at Pier 70 and to issue bonds repaid by Tax Increment and direct City staff to prepare the Pier 70 - Historic Core IFP, which includes a detailed expenditure plan for available Tax Increment. The Board of Supervisors unanimously approved both resolutions.

Port staff with the City Attorney, the Controller and the Tax Collector has finalized following legislation, which will approve the formation of the Pier 70 - Historic Core IFP:

- Ordinance Forming the Infrastructure Financing District and Adopting the Infrastructure Financing Plan
- Resolution Authorizing the Issuance of Bonds
- Resolution Approving the Memorandum of Understanding between the Port, Controller and Tax Collector

The first two are before the Capital Planning Committee for review and approval. The MOU is not subject to Capital Planning Committee review because this is an agreement between the Port Commission, the Controller and the Tax Collector.

### **Pier 70 - Historic Core IFP**

The IFP for the Pier 70 - Historic Core that describes the sources and uses of funding for the project. The funding plan for the Pier 70 - Historic Core IFP is shown in Table 1 below. The proposed IFP anticipates that Orton will initially fund public right-of-way improvements and the Port will fund replacement of electrical infrastructure (including removal of PCB transformers) in Building 102, and that Port will be, and Orton may be, repaid by the proposed Pier 70 - Historic Core IFD. The remaining Tax Increment will fund a portion of Crane Cove Park Phase 2.

<b>Table 1: Pier 70 - Historic Core IFP Funding Plan</b>		
<b>Anticipated Uses</b>	<b>Est. Cost, 2015 Dollars</b>	<b>Target Completion Schedule</b>
Crane Cove Park - Phase 2	\$13,899,000	Based on funding availability
Bldg. 102 electrical relocation/improvements	3,090,000	FY 2016/17
Street, sidewalk, traffic signal improvements	<u>1,271,000</u>	FY 2016/17 – FY 2017/18
<b>Total</b>	<b>\$18,260,000</b>	

The Pier 70 - Historic Core sub-project area will generate approximately \$720,000 annually in Tax Increment to the IFD at stabilization in FY 2019-20, which will increase overtime. The project is scheduled to be fully built-out and attain financial stabilization in 2021. At this point, the Port anticipates issuing bonds supported by the Tax Increment. Current estimates indicate the increment supports net bond proceeds of approximately \$6.6 million (in 2015 dollars).

The form of bonds issued to support the IFP will be a later decision for the Board of Supervisors, based on recommendations from the Controller's Office of Public Finance and the Port Commission. The Port IFD Law permits issuance of IFD bonds, but these bonds have not yet been issued in the State of California. Lease No. L-15814 between the Port of San Francisco and Orton anticipates the possible use of Community Facilities District ("CFD") bonds under the Mello-Roos Act, which may be part of a broader Pier 70 strategy.

<b>Table 2: Pier 70 - Historic Core IFP Sources and Uses</b>	
<b>Sources / Uses</b>	<b>2015 Dollars</b>
Port, developer advance, net of bonds	\$1,762,363
Bond proceeds	6,558,879
Allocated Tax Increment, portion	<u>15,090,670</u>
<b>Total Sources</b>	<b>\$23,411,912</b>
Projects funded by debt*	\$8,321,242
Projects funded by pay-go*	9,938,434
Interest expense	<u>5,152,236</u>
<b>Total Uses</b>	<b>\$23,411,912</b>

\*Projects funded by debt and pay-go equal \$18.26 million consistent with Table 1

### **Resolution Authorizing Issuance of Bonds**

The Resolution approving the issuance of bonds would authorize bonds in an amount not to exceed \$25.1 million and approve the form of Indenture and Pledge Agreement in substantial form. The Resolution further directs the judicial validation action with respect to the IFD. While bonds will not be issued until FY 2021-22, bond counsel recommends approval of the resolution authorizing issuance of the bonds now for the validation process. The maximum principal bond amount of \$25.1 million reflects the

total bonding capacity of the IFD assuming robust growth assumptions (30% higher than the projections in the IFP), more than one bond issuance, and interest rates which are lower than current rates.

### **Recommendation and Next Steps**

Port staff recommends approval of IFP for Pier 70 Historic Core and the Resolution authorizing the issuance of bonds in an amount not to exceed \$25.1 million. Following this approval, the Board of Supervisors will consider the following legislation:

- Ordinance Forming the Infrastructure Financing District and Adopting the Infrastructure Financing Plan
- Resolution Authorizing the Issuance of Bonds
- Resolution Approving the Memorandum of Understanding (MOU) between the Port, Controller and Tax Collector

If the Board of Supervisors approves the legislation described above, Port staff will return to the Capital Planning Committee at a later date regarding the formation of any CFD over the Pier 70 Historic Core and for any proposed issuance of bonds pursuant to the IFP.

### **Attachments:**

Attachment 1: Ordinance establishing an Infrastructure Financing District and adopting an Infrastructure Financing Plan for Infrastructure Financing District No. 2 (Pier 70 – Historic Core)

Attachment 2: Infrastructure Financing Plan for IFD No. 2

Attachment 3: Appendix G-1 (details on the IFP for the Pier 70 – Historic Core)

Attachment 4: Fiscal and Economic Impact Analysis

Attachment 5: Resolution authorizing the issuance of bonds in an amount not to exceed \$25.1 million

**CITY AND COUNTY OF SAN FRANCISCO  
Infrastructure Financing District No. 2  
(Port of San Francisco)**

**INFRASTRUCTURE FINANCING PLAN**

**Originally adopted:**

**Date:** \_\_\_\_\_, 2016  
**Ordinance No.:** \_\_\_\_\_

**Schedule of Amendments**

<b>Date of Amendment</b>	<b>Ordinance No.</b>	<b>Purpose of Amendment</b>

**LIST OF APPENDICES**

<b>Appendix</b>	<b>Related Project Area</b>
A	A (Seawall Lot 330)
B	B (Piers 30-32)
C	C (Pier 28)
D	D (Pier 26)
E	E (Seawall Lot 351)
F	F (Pier 48)
G	G (Pier 70)
G-1	Sub-Project Area G-1 (Pier 70 - Historic Core)
H	H (Rincon Point-South Point Project Area)

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- II. Description of Public Facilities
- III. Financing Section
- IV. Amendments

Conclusion

Exhibit A – Proposed Boundaries of Infrastructure Financing District

Exhibit B – Description of Public Improvements and Facilities Required to Serve the Development Proposed in the IFD

Project Area-Specific Appendices

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**CITY AND COUNTY OF SAN FRANCISCO**  
**Infrastructure Financing District No. 2**  
**(Port of San Francisco)**

**INTRODUCTION**

**IFD.** On March 27, 2012, the Board of Supervisors (the “**Board of Supervisors**”) of the City and County of San Francisco (the “**City**”), pursuant to the provisions of Government Code Section 53395 et seq. (the “**IFD Law**”), and for the public purposes set forth therein, adopted its Resolution No. 110-12 (the “**Original Resolution of Intention**”), pursuant to which it declared its intention to conduct proceedings to establish the “City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco)” (the “**IFD**”), including project areas within the IFD (each, a “**Project Area**”).

Subsequently, (i) on June 12, 2012, the Board of Supervisors adopted its Resolution No. 227-12 (the “**First Amending Resolution**”), pursuant to which it ratified and amended the Original Resolution of Intention and (ii) on November 17, 2015, the Board of Supervisors adopted its Resolution No. 421-15 (the “**Second Amending Resolution**”), pursuant to which it ratified and amended the Original Resolution of Intention as previously amended by the First Amending Resolution. Together, the Original Resolution of Intention, the First Amending Resolution and the Second Amending Resolution are referred to in this Infrastructure Financing Plan as the “**Resolution of Intention.**”

In the Resolution of Intention, the Board of Supervisors declared its intention that the IFD will constitute a waterfront district (as defined in Section 53395.8 of the IFD Law), and that one or more of the Project Areas will constitute Pier 70 districts (as defined in Section 53395.8 of the IFD Law) or special waterfront districts (as defined in Section 53395.81 of the IFD Law).

**Project Areas.** Pursuant to Section 53395.8(g) of the IFD Law, an infrastructure financing district may be divided into project areas, each of which may be subject to distinct time limitations.

In the Resolution of Intention, the Board of Supervisors declared its intention to establish the following initial Project Areas:

- a. Project Area A (Seawall Lot 330). The Board of Supervisors declared its intent to establish Project Area A as a special waterfront district.
- b. Project Area B (Piers 30-32). The Board of Supervisors declared its intent to establish Project Area B as a special waterfront district.
- c. Project Area C (Pier 28). The Board of Supervisors declared its intent to establish Project Area C as a special waterfront district.
- d. Project Area D (Pier 26). The Board of Supervisors declared its intent to establish Project Area D as a special waterfront district.

- e. Project Area E (Seawall Lot 351). The Board of Supervisors declared its intent to establish Project Area E as a waterfront district.
- f. Project Area F (Pier 48). The Board of Supervisors declared its intent to establish Project Area F as a waterfront district.
- g. Project Area G (Pier 70). The Board of Supervisors declared its intent to establish Project Area G as a Pier 70 district.
- h. Sub-Project Area G-1 (Pier 70 - Historic Core). The Board of Supervisors declared its intent to establish Sub-Project Area G-1 as a Pier 70 district.
- i. Project Area H (Rincon Point-South Point Project Area). The Board of Supervisors declared its intent to establish Project Area H as a waterfront district.

In the Resolution of Intention, the Board of Supervisors also declared its intention to establish additional Project Areas within the boundaries of the IFD from time to time in compliance with the IFD Law. The Board of Supervisors will only allocate tax increment to the IFD with respect to territory that is in a Project Area after the Board of Supervisors has approved an appendix to this Infrastructure Financing Plan for the Project Area and with respect to which the Port and the City have entered into a memorandum of understanding relating to the Project Area.

***Infrastructure Financing Plan Requirements.*** Pursuant to the Resolution of Intention, the Board of Supervisors ordered the Executive Director of the Port of San Francisco to prepare a proposed infrastructure financing plan that is consistent with the General Plan of the City. The Board of Supervisors also directed preparation of a Pier 70 enhanced financing plan (as such term is used in Section 53395.8 of the IFD Law) for Sub-Project Area G-1.

Pursuant to Sections 53395.8 and 53395.81 of the IFD Law, the infrastructure financing plan must include all of the following:

(a) A map and legal description of the proposed IFD, which may include all or a portion of the IFD designated by the Board of Supervisors in the Resolution of Intention.

(b) A description of the public improvements and facilities required to serve the development proposed in the IFD including those to be provided by the private sector, those to be provided by governmental entities without assistance under the IFD Law, those public facilities to be financed with assistance from the proposed IFD (the “**Facilities**”), and those to be provided jointly. The description shall include the proposed location, timing, and projected costs of the public improvements and facilities. The description may consist of a reference to the capital plan for the territory in the IFD that is approved by the Board of Supervisors, as amended from time to time.

(c) A financing section, which must contain all of the following information:

(1) A specification of the maximum portion of the incremental tax revenue of the City and of any affected taxing entity proposed to be committed to the IFD, and an affirmation that the infrastructure financing plan will not allocate any portion of the incremental tax revenue of the local educational agencies to the IFD. In the Resolution of Intention, the Board of Supervisors declared that the IFD will not use incremental

property tax revenue from any affected taxing entities to finance the Facilities, except to the extent permitted by Section 53395.8(h) of the IFD Law.

(2) Limitations on the use of levied taxes allocated to and collected by the IFD that are consistent with the IFD Law.

The IFD Law establishes certain set-aside requirements.

(a) For waterfront districts, Section 53395.8 requires that not less than 20% of the amount allocated to the IFD shall be set aside to be expended solely on shoreline restoration, removal of bay fill, or waterfront public access to or environmental remediation of the City's waterfront.

(b) For special waterfront districts that include one or more of Seawall Lot 330, Pier 19, Pier 23 and Pier 29, Section 53395.81 establishes a different set-aside in lieu of the set-aside requirement described in the previous sentence: it requires 20% in the aggregate of the special waterfront district Education Revenue Augmentation Fund ("ERAF") share allocated to a Port America's Cup district under Section 53395.81 to be set aside to finance costs of planning, design, acquisition and construction of improvements to waterfront lands owned by federal, state or local trustee agencies, such as the National Park Service or the California State Parks. Any improvements listed in the previous sentence do not need to be located in the IFD.

(3) A projection of the amount of incremental tax revenues expected to be received by the IFD, assuming that the IFD receives incremental tax revenues for a period ending no later than 45 years after the City projects that the IFD will have received \$100,000 in incremental tax revenues under the IFD Law.

(4) Projected sources of financing for the Facilities, including debt to be repaid with incremental tax revenues, projected revenues from future leases, sales, or other transfers of any interest in land within the IFD, and any other legally available sources of funds. The projection may refer to the capital plan for the territory in the IFD that is approved by the Board of Supervisors, as amended from time to time.

(5) A limitation on the aggregate number of dollars of levied taxes that may be divided and allocated to the IFD, subject to amendment of the infrastructure financing plan. The Project Areas may share this limit and the limit may be divided among any Project Areas or a separate limit may be established for a Project Area.

(6) The following time limits: (A) a date on which the effectiveness of the infrastructure financing plan and all tax allocations to the IFD will end and (B) a time limit on the IFD's authority to repay indebtedness with incremental tax revenues received under the IFD Law, not to exceed 45 years from the date the IFD actually received \$100,000 in incremental tax revenues under the IFD Law.

(7) An analysis of (A) the costs to the City for providing facilities and services to the IFD while the IFD is being developed and after the IFD is developed and (B) the taxes, fees, charges, and other revenues expected to be received by the City as a result of expected development in the IFD.

(8) An analysis of the projected fiscal impact of the IFD and the associated development upon any affected taxing entity. If no affected taxing entities exist within the IFD because the plan does not provide for collection by the IFD of any portion of property tax revenues allocated to any taxing entity other than the City, the IFD has no obligation to any other taxing entity.

(9) A statement that the IFD will maintain accounting procedures in accordance, and otherwise comply, with Section 6306 of the Public Resources Code for the term of the infrastructure financing plan.

(d) Section 53395.8(g)(3)(D) establishes additional requirements for a "Pier 70 enhanced financing plan." A Pier 70 enhanced financing plan must contain all of the following:

(1) A time limit on the issuance of new ERAF-secured debt to finance the Pier 70 district, which may not exceed 20 fiscal years from the fiscal year in which any Pier 70 district subject to a Pier 70 enhanced financing plan first issues debt. The ERAF-secured debt may be repaid over the period of time ending on the time limit established under paragraph (6) above. This time limit on the issuance of new ERAF-secured debt will not prevent a Pier 70 district from subsequently refinancing, refunding, or restructuring ERAF-secured debt as described in the IFD Law.

(2) A statement that the Pier 70 district shall be subject to a limitation on the number of dollars of the ERAF share that may be divided and allocated to the Pier 70 district pursuant to the Pier 70 enhanced financing plan, including any amendments to the plan, which shall be established in consultation with the county tax collector. The ERAF share will not be divided and shall not be allocated to the Pier 70 district beyond that limitation.

(e) Section 53395.81 requires the infrastructure financing plan for a special waterfront district to contain a provision substantially similar to a Pier 70 enhanced financing plan under Section 53395.8(g)(3)(D), with only those changes deemed necessary by the Board of Supervisors, as the legislative body of the special waterfront district, to implement the financing of the improvements described in Section 53395.81(c)(1). Accordingly, a special waterfront district enhanced financing plan must contain all of the following:

(1) A time limit on the issuance of new special waterfront district ERAF-secured debt, which may not exceed 20 fiscal years from the fiscal year in which the special waterfront district subject to a special waterfront district enhanced financing plan first issues debt. The special waterfront district ERAF-secured debt may be repaid over the period of time ending on the time limit established under paragraph (6) above. The 20-year time limit does not prevent a special waterfront district from subsequently refinancing, refunding, or restructuring special waterfront district ERAF-secured debt as described in the IFD Law.

(2) A statement that the special waterfront district is subject to a limitation on the number of dollars of the special waterfront ERAF share (as defined in Section 53395.81 of the IFD Law) that may be divided and allocated to the special waterfront district pursuant to the special waterfront district enhanced financing plan, including any amendments to the plan, which must be established in consultation with the county tax collector. Section 53395.81 declares that the maximum amount of the county ERAF portion of incremental tax revenues that may be committed to a special waterfront district

under Section 53395.81 may not exceed \$1,000,000 in any fiscal year, and declares that the special waterfront district ERAF share may not be divided and may not be allocated to the special waterfront district beyond that limitation.

In addition, Section 53395.81 of the IFD Law requires a special waterfront district enhanced financing plan for a Port America's Cup district to provide that the proceeds of special waterfront district ERAF-secured debt (as defined in Section 53395.81 of the IFD Law) are restricted for use to finance directly, reimburse the Port for its costs related to, or refinance other debt incurred in, the construction of the Port's maritime facilities at Pier 27, including public access and public open-space improvements, and for any other purposes for which the ERAF share can be used, subject to the set-aside requirements under the IFD Law (described above).

This Infrastructure Financing Plan for the IFD, including all exhibits and appendices (the "**Infrastructure Financing Plan**"), is intended to comply with the requirements of the IFD Law.

***Infrastructure Financing Plan for Project Areas.*** This Infrastructure Financing Plan will include certain provisions that apply to only one or a limited subset of the Project Areas, some of which may conflict with or be supplemental to the more general provisions of this Infrastructure Financing Plan. Therefore, this Infrastructure Financing Plan shall include Project Area-specific appendices. This approach will allow the City to establish infrastructure financing plans and unique time limits on a Project Area-specific basis. In the event of any inconsistency between the general provisions of this Infrastructure Financing Plan and an appendix, the provisions of the appendix shall govern with respect to the affected Project Area.

The Board of Supervisors may, at various times, amend or supplement this Infrastructure Financing Plan by ordinance to establish new Project Areas, to address the unique details of an existing Project Area and for other purposes permitted by the IFD Law.

## I. **Boundaries of Proposed IFD**

The boundaries of the proposed IFD, including the boundaries of the initial proposed Project Areas, are described in the map attached to this Infrastructure Financing Plan as Exhibit A. The legal description of the proposed IFD is also attached to this Infrastructure Financing Plan as Exhibit A.

Exhibit A also includes a map and a legal description of Sub-Project Area G-1 (Pier 70 - Historic Core). Similar maps and legal descriptions of other Project Areas will be added to Exhibit A at the same time as appendices for those Project Areas are added to this Infrastructure Financing Plan with the approval of the Board of Supervisors.

Exhibit A may be amended from time to time to reflect the Board's establishment of new Project Areas. In addition, the Board authorizes the Executive Director of the Port, without any further review or approval by the Board, to amend Exhibit A from time to time to correct the map and any legal descriptions to the extent necessary to accurately describe the boundaries of the IFD, a Project Area or a Sub-Project Area.

## II. **Description of Public Improvements and Facilities**

Exhibit A to the Resolution of Intention lists the type of public facilities proposed to be financed by the IFD. The public improvements and facilities required to serve the development proposed in the area of the IFD are described in Exhibit B, which initially consists of the Port of San Francisco 10-Year Capital Plan (FY 2015-2024). All of the public improvements and facilities listed in the 10-Year Capital Plan are public capital facilities of communitywide significance and provide significant benefits to an area larger than the area of the IFD.

The improvements and facilities described in the 10-Year Capital Plan (FY 2015-2024) are likely to change as development plans for the area of the IFD change, and, consequently, the Board of Supervisors may amend the Infrastructure Financing Plan to incorporate the changes in the Port's capital planning.

Because the Board of Supervisors will not allocate tax increment to the IFD with respect to any territory that is not in a Project Area, the following information will be included in the appendix for any Project Area but is not included in this Infrastructure Financing Plan for the area of the IFD that is not in a Project Area:

- A. Public improvements and facilities to be provided by the private sector.
- B. Public improvements and facilities to be provided by governmental entities without assistance under the IFD Law.
- C. Facilities to be financed with assistance from the proposed IFD.
- D. Public improvements and facilities to be provided jointly by the private sector and governmental entities.

### III. **Financing Section**

The following is the financing section for the proposed IFD.

A. **Special Fund.** Pursuant to Section 53396 of the IFD Law, the IFD will establish a special fund into which tax increment revenues allocated to the IFD will be deposited. In order to separately account for the tax increment revenues allocated to the IFD from each Project Area, the IFD will establish a sub-account within the special fund for each Project Area and, within each sub-account, an account to hold funds that are required to be set-aside for use for specific purposes, as set forth in Section 53395.8(g)(3)(C)(ii) and Section 53395.81(c)(3).

B. **Base Year; Commencement of Tax Increment Allocation.** The Base Year for each Project Area and the date on which tax increment from the Project Area will begin to be allocated to the IFD will be specified in the appendix for such Project Area. Because the Board of Supervisors will only allocate tax increment revenues to the IFD with respect to territory that is in a Project Area and after the Board of Supervisors has approved an appendix to this Infrastructure Financing Plan for the Project Area, this Infrastructure Financing Plan does not establish a base year for any territory that is not in a Project Area.

C. **Maximum Portion of Incremental Tax Revenue.**

The financing section must specify the maximum portion of the incremental tax revenue of the City and of each affected taxing entity proposed to be committed to the IFD. The maximum portion of incremental tax revenue of the City specified below is the maximum amount

that may be allocated to the IFD; the actual amount of incremental tax revenue to be allocated to the IFD with respect to a specific Project Area will be specified in the appendix for the Project Area.

Maximum portion of incremental tax revenue of the City for each year: 100%

Maximum portion of incremental tax revenue of other taxing entities for each year (not including any ERAF share (as defined in the IFD Law) that is allocated by the IFD Law to a Project Area): 0%

This Infrastructure Financing Plan does not allocate any portion of the incremental tax revenue of the local educational agencies to the IFD.

Nothing in this Section III.C will prevent the IFD from exercising its rights under Section 53395.8(h) of the IFD Law or with respect to the ERAF share as permitted by the IFD Law.

Under the IFD Law, the Board of Supervisors may (i) allocate to the IFD all or a portion of the incremental tax revenue generated in a Project Area for the period specified in the applicable appendix, (ii) irrevocably allocate incremental tax revenue generated in a Project Area to pay bonds or other debt pursuant to contracts approved by the Board of Supervisors, (iii) reserve the right to make discretionary annual appropriations to the IFD of the incremental tax revenue generated in a Project Area and (iv) reserve the right to amend the appendix for a Project Area to terminate its allocation to the IFD of any incremental tax revenue not irrevocably allocated to pay bonds or other debt pursuant to contracts approved by the Board of Supervisors.

D. Limitations on the Use of Incremental Tax Revenue.

Incremental tax revenue allocated to the IFD will be used within the IFD for the purposes authorized under the IFD Law and this Infrastructure Financing Plan.

There are two set-aside requirements established by the IFD Law:

(i) Pursuant to Section 53395.8(g)(3)(C)(ii), 20% of the tax increment generated in a Project Area that is a waterfront district that is allocated to the IFD must be set aside to be expended solely on shoreline restoration, removal of bay fill, or waterfront public access to or environmental remediation of the San Francisco waterfront. Except as described in clause (ii) below, this set-aside requirement applies to waterfront districts and Pier 70 districts. In order to comply with this set-aside requirement, an appendix for a Project Area may provide for setting aside less than 20% of the allocated tax increment on an annual basis as long as the appendix demonstrates that, in the aggregate, the Project Area will satisfy the set-aside requirement during the term of the IFD.

(ii) Pursuant to Section 53395.81(c)(3), 20% in the aggregate of the special waterfront district ERAF share generated in a special waterfront district that includes one or more of Seawall Lot 330, Pier 19, Pier 23 and Pier 29 that is allocated to the IFD must be set aside to finance costs of planning, design, acquisition and construction of improvements to waterfront lands owned by federal, state or local trustee agencies, such as the National Park Service or the California State Parks. Any improvements listed in the previous sentence do not need to be located in the IFD.

To the extent permitted by law, and as set forth in the appendices for the affected Project Areas, the IFD may satisfy the set-aside requirements on a cross-Project Area basis.

E. Projection of Incremental Tax Revenue.

**General.** The financing section must include a projection of the amount of incremental tax revenues expected to be received by the IFD, assuming that the IFD receives incremental tax revenues for a period ending no later than 45 years after the City projects that the IFD will have received \$100,000 in incremental tax revenues under the IFD Law.

**Portion of the IFD that is not initially in a Project Area.** Because the Board of Supervisors will not allocate tax increment to the IFD with respect to any territory that is not in a Project Area, this Infrastructure Financing Plan does not contain a projection for that portion of the IFD that is not in an initial Project Area.

**Project Areas.** For the initial Project Areas and all subsequent Project Areas, the appendix for a Project Area includes the projection for such Project Area.

F. Projected Sources of Financing for the Public Facilities.

The financing section must include the projected sources of financing for the Facilities, including debt to be repaid with incremental tax revenues, projected revenues from future leases, sales, or other transfers of any interest in land within the IFD, and any other legally available sources of funds.

Because of the speculative nature of any future development and sources of financing in that portion of the IFD that is not in a Project Area, this Infrastructure Financing Plan only includes information about the projected sources of financing for the Facilities with respect to the Project Areas in each Project Area's respective appendix.

G. Incremental Property Tax Revenue Limit.

**General.** The financing section must include a limit on the total number of dollars of levied taxes that may be allocated to the IFD pursuant to the Infrastructure Financing Plan, subject to amendment of the Infrastructure Financing Plan.

**Portion of the IFD that is not initially in a Project Area.** Because the Board of Supervisors will not allocate tax increment to the IFD with respect to any territory that is not in a Project Area, the limit for the portion of the IFD that is not initially in a Project Area is initially established at \$0.

**Project Areas.** For the initial Project Areas and all subsequent Project Areas (including territory that initially is in the IFD but is not initially in a Project Area), the appendix for a Project Area includes the limit on the total number of dollars of levied taxes that may be allocated to the IFD with respect to such Project Area.



H. Time Limits.

**General.** The financing section must include the following time limits: (A) a date on which the effectiveness of the infrastructure financing plan and all tax allocations to the IFD will end and (B) a time limit on the IFD's authority to repay indebtedness with incremental tax revenues received under the IFD Law, not to exceed 45 years from the date the IFD actually received \$100,000 in incremental tax revenues under the IFD Law.

**Portion of the IFD that is not initially in a Project Area.** Because the Board of Supervisors will not allocate tax increment to the IFD with respect to any territory that is not initially in a Project Area, this Infrastructure Financing Plan does not establish time limits applicable to such territory.

**Project Areas.** For the initial Project Areas and all subsequent Project Areas (including territory that initially is in the IFD but is not initially in a Project Area), the appendix for a Project Area includes the time limits for such Project Area.

I. Cost and Revenue Analysis.

**General.** The financing section must include an analysis of (A) the costs to the City for providing facilities and services to the IFD while the IFD is being developed and after the IFD is developed and (B) the taxes, fees, charges, and other revenues expected to be received by the City as a result of expected development in the IFD.

**Portion of the IFD that is not initially in a Project Area.** Because the Board of Supervisors will not allocate tax increment to the IFD with respect to any territory that is not initially in a Project Area, this Infrastructure Financing Plan does not include a cost and revenue analysis for such territory.

**Project Areas.** For the initial Project Areas and all subsequent Project Areas (including territory that initially is in the IFD but is not initially in a Project Area), the appendix for a Project Area includes a cost and revenue analysis. Each appendix will analyze the costs to San Francisco's general fund for providing facilities and services to the Project Area while the Project Area is being developed and after the Project Area is developed, and of the taxes, fees, charges and other revenues expected to be received by the City's general fund as a result of the expected development of the Project Area.

J. Fiscal Impact on Affected Taxing Entities.

The financing section must include an analysis of the projected fiscal impact of the IFD and the associated development upon any affected taxing entity, as that term is defined in Section 53395.8 of the IFD Law.

As explained above, the City is the only taxing entity that will allocate tax increment to the IFD, and the City is excluded from the definition of affected taxing entity. Accordingly, there is no affected taxing entity that will be impacted by the IFD.

Nothing in this Section III.J will prevent the IFD from exercising its rights under Section 53395.8(h) of the IFD Law or with respect to the ERAF share as permitted by the IFD Law.

K. Accounting Procedures.

The IFD will maintain accounting procedures in accordance with and otherwise comply with Section 6306 of the Public Resources Code for the duration of this Infrastructure Financing Plan.

L. Enhanced Financing Plans.

The IFD Law establishes additional requirements for a Pier 70 enhanced financing plan and for special waterfront district enhanced financing plans.

The appendix for each Project Area that is subject to an enhanced financing plan will address the additional requirements.

IV. Amendments

The Board of Supervisors reserves the right to amend this Infrastructure Financing Plan to the extent permitted by the IFD Law.

**CONCLUSION**

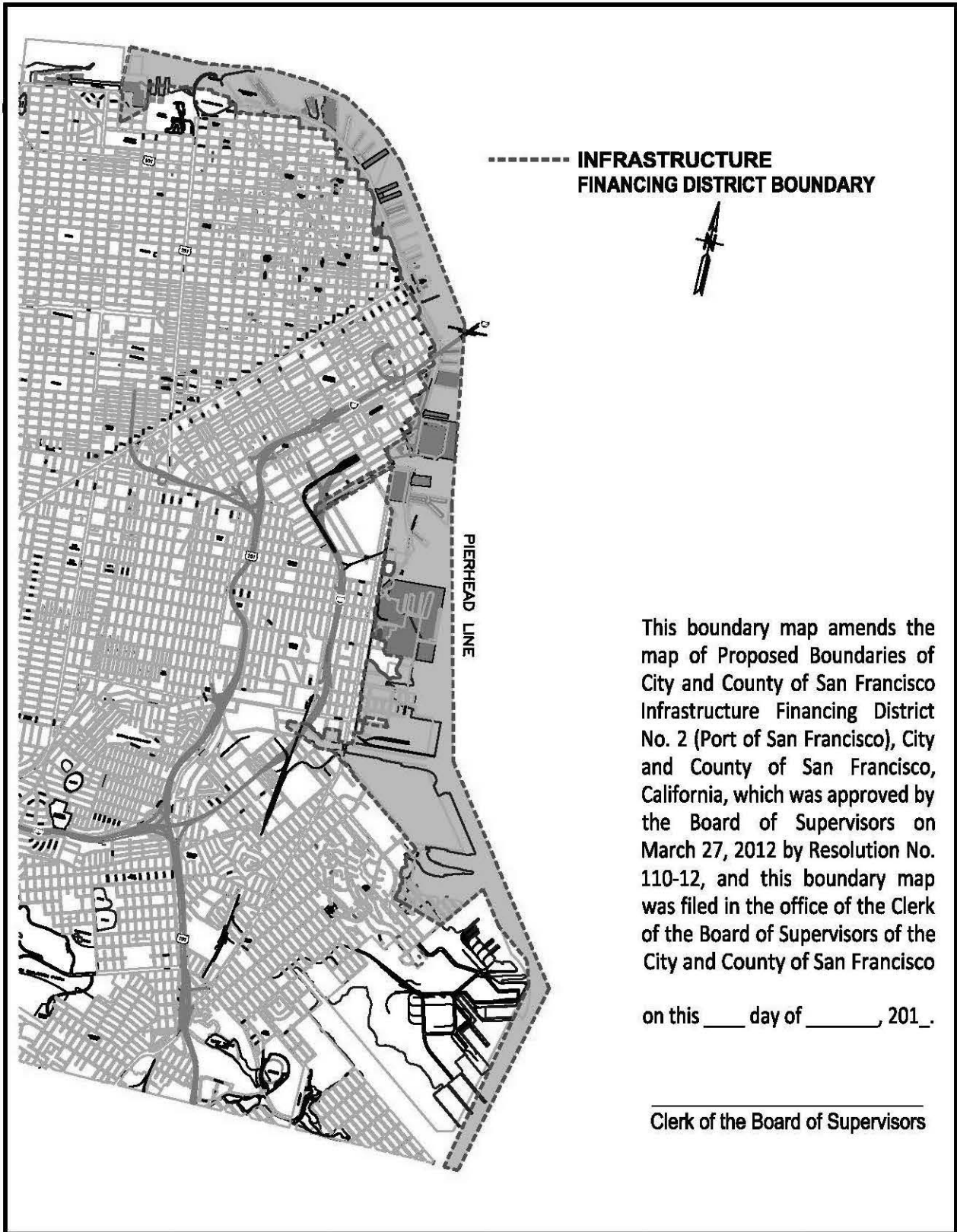
This Infrastructure Financing Plan meets the requirements of the IFD Law and shall be distributed as required by the Resolution of Intention and the IFD Law.

By: \_\_\_\_\_  
Executive Director  
Port of San Francisco

**EXHIBIT A**


**PROPOSED BOUNDARIES OF INFRASTRUCTURE FINANCING DISTRICT**

**(Boundary map and legal descriptions to be attached.)**



This boundary map amends the map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, California, which was approved by the Board of Supervisors on March 27, 2012 by Resolution No. 110-12, and this boundary map was filed in the office of the Clerk of the Board of Supervisors of the City and County of San Francisco on this \_\_\_\_ day of \_\_\_\_\_, 201\_.

\_\_\_\_\_  
Clerk of the Board of Supervisors

 <p><b>SAN FRANCISCO PORT COMMISSION</b> PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING</p>	<p>Amended Map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, State of California</p>	<p>DATE: APR. 16, 2012 SCALE: 1" = 2000' SHEET NO. 1 OF 11 SHEETS</p>
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**Exhibit A-Legal Description of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco)**

**THE LAND REFERRED TO HEREIN IS VESTED IN THE "PORT OF SAN FRANCISCO," "THE SAN FRANCISCO PORT COMMISSION" OR THE "SAN FRANCISCO PORT" (COLLECTIVELY, THE "PORT") AND IS SITUATE IN THE STATE OF CALIFORNIA, COUNTY OF SAN FRANCISCO, CITY OF SAN FRANCISCO, DESCRIBED AS FOLLOWS:**

PARCEL "A" AS SAID PARCEL IS SHOWN ON THAT MAP ENTITLED "MAP OF LANDS TRANSFERRED IN TRUST TO THE CITY AND COUNTY OF SAN FRANCISCO," FILED IN BOOK "W" OF MAPS, PAGES 66 THROUGH 72, INCLUSIVE, OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA AND AS PARCEL "A" IS FURTHER DESCRIBED IN THAT DOCUMENT RECORDED MAY 14, 1976 IN BOOK C169, PAGE 573, OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, ALL AS CONTAINED IN THE LEGISLATIVE GRANTS AND BY LAW AS TO THE LAND OR ANY PORTION THEREOF ACQUIRED BY THE CITY AND COUNTY OF SAN FRANCISCO, BY CHAPTER 1333 OF THE STATUTES OF 1968, AS AMENDED BY CHAPTERS 1296 AND 1400, STATUTES OF 1969 AND BY CHAPTER 670, STATUTES OF 1970, AND CHAPTER 1253, STATUTES OF 1971, AND AS MAY BE FURTHER AMENDED, AND SUCH REVERSIONARY RIGHTS AND INTERESTS AS MAY BE POSSESSED BY THE STATE OF CALIFORNIA UNDER THE TERMS AND PROVISIONS OF SAID LEGISLATIVE GRANTS, OR BY LAW, ALSO KNOWN AS "THE BURTON ACT";

AND AS FURTHER AMENDED THROUGH THE EXECUTED TERMS OF THE AMENDED AND RESTATED CITY LAND TRANSFER AGREEMENT, ~~BY AND BETWEEN~~ BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND CATELLUS DEVELOPMENT CORPORATION, RECORDED JULY 9, 1999, INSTRUMENT NO. G622149, AT REEL H429, IMAGE NO. 501 IN THE OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA WITH CORRESPONDING LAND TRANSFERS EXECUTED THROUGH THE MERGER AND RESUBDIVISION OF LANDS AS SHOWN ON THAT CERTAIN FINAL MAP ENTITLED, "MAP OF MISSION BAY" FILED FOR RECORD IN BOOK Z OF MAPS AT PAGES 97 – 119 IN THE OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA. (ATTACHED)

TOGETHER WITH THE FOLLOWING PARCELS:

A. ALL THAT CERTAIN REAL PROPERTY GRANTED FROM BETHLEHEM STEEL CORPORATION TO THE CITY AND COUNTY OF SAN FRANCISCO THROUGH GRANT DEED, FILED ON DECEMBER 16, 1982, IN BOOK

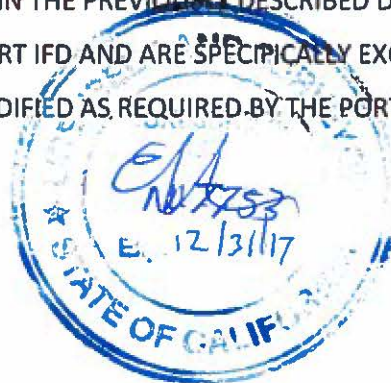
D464, PAGE 628 – 630 IN THE OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA. (ATTACHED DEED 1)

B. ALL THAT CERTAIN REAL PROPERTY SITUATE WITHIN THE CITY AND COUNTY OF SAN FRANCISCO, KNOWN AS SEAWALL LOT 354, GRANTED FROM WESTERN PACIFIC RAILROAD COMPANY TO THE CITY AND COUNTY OF SAN FRANCISCO THROUGH GRANT DEED, DATED NOVEMBER 24, 1971, IN BOOK B590, PAGE 905 – 908 IN THE OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA. (ATTACHED DEED 2)

EXCEPTING THEREFROM THE FOLLOWING PARCEL:

C. PORTION OF SEAWALL LOT 330: ALL THAT CERTAIN REAL PROPERTY SITUATE WITHIN THE CITY AND COUNTY OF SAN FRANCISCO DEEDED FROM CITY OF SAN FRANCISCO TO THE STATE OF CALIFORNIA THROUGH QUITCLAIM DEED, FILED ON MARCH 2, 2004, DOC-2004-H668591-00 IN THE OFFICE OF THE RECORDER OF THE CITY AND COUNTY OF SAN FRANCISCO. (ATTACHED DEED 3)

THE ABOVE DESCRIBED REAL PROPERTY IS FOR THE PURPOSES OF DESCRIBING THE BOUNDARIES OF THE CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE FINANCING DISTRICT NO. 2 (PORT OF SAN FRANCISCO) (THE "PORT IFD") AND AS SUCH, ONLY PROPERTIES VESTED IN THE PORT ARE INTENDED TO BE INCLUDED WITHIN THIS DESCRIPTION. PROPERTIES VESTED IN THE PORT AND INTENDED TO BE INCLUDED AS PREVIOUSLY DESCRIBED BUT HAVE BEEN OMITTED, ARE NOT SPECIFICALLY OMITTED AND BY REFERENCE ARE INTENDED TO BE INCLUDED WITHIN THE PORT IFD. PROPERTIES THAT ARE NOT VESTED IN THE PORT BUT HAVE BEEN INCLUDED IN THE PREVIOUSLY DESCRIBED DESCRIPTIONS ARE NOT INTENDED TO BE INCLUDED WITHIN THE PORT IFD AND ARE SPECIFICALLY EXCLUDED FROM THE PORT IFD. THIS LEGAL DESCRIPTION MAY BE MODIFIED AS REQUIRED BY THE PORT'S CHIEF HARBOR ENGINEER.



Deed 1

D404 PAGE 628

TITLE INSURANCE & TRUST CO.

0275576

1994 JUL 16 PM 1:00

SAN FRANCISCO, CALIF.

RECORDED

CITY AND COUNTY OF SAN FRANCISCO  
Real Estate Department

Director of Property  
City and County of San Francisco  
450 McAllister Street, Rm. 600  
San Francisco, California 94102

DOCUMENTARY TRANSFER TAX None-transactional  
 COMPUTED ON FULL VALUE OF PROPERTY CONVEYED, OR GRAN  
 COMPUTED ON NET VALUE LESS LIENS & ENCUMBRANCES  
REQUIRED THEREON AT TIME OF SALE.

*Signature of Declarant or agent determining tax liability*  
Signature of declarant or agent determining tax liability

CORPORATION GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Bethlehem Steel Corporation, a corporation organized under the laws of the State of Delaware, hereby GRANTS to the City and County of San Francisco, a municipal corporation, the following described real property in the City and County of San Francisco, State of California:

PARCEL ONE: BEGINNING at the point of intersection of the northerly line of Twentieth Street with the easterly line of Illinois Street; running thence easterly along said northerly line of Twentieth Street 800 feet; thence at a right angle southerly 33 feet; thence at a right angle easterly 286 feet; thence at a right angle northerly 466 feet; thence at a right angle easterly 240 feet; thence at a right angle northerly 433 feet to a point in the former southerly line of Eighteenth Street, now vacated, which point is also at the northeasterly corner of Tide Land Block No. 485; thence at a right angle westerly along said former southerly line of Eighteenth Street and its extension, 1320 feet to the easterly line of Illinois Street; thence at a right angle southerly along said easterly line of Illinois Street 866 feet and to the point of beginning.

PARCEL TWO: BEGINNING at the point of intersection of the southerly line of Twentieth Street with the easterly line of Michigan Street; running thence easterly along said southerly line of Twentieth Street 520 feet; thence at a right angle southerly 133 feet and 8 inches; thence at a right angle westerly 135 feet and 3-1/2 inches; thence southwestwardly 273 feet and 5-1/2 inches to a point which is perpendicularly distant 400 feet southerly from the southerly line of Twentieth Street, and also perpendicularly distant easterly 332 feet from the easterly line of Michigan Street; thence southerly and parallel with said line of Michigan Street 33 feet; thence at a right angle westerly 92 feet; thence at a right angle southerly 213 feet; thence at a right angle westerly 140 feet; thence at a right angle northerly 5 feet and 6-1/2 inches; thence at a right angle westerly 100 feet to the easterly line of Michigan Street; and thence northerly along the easterly line of Michigan Street 640 feet and 5-1/2 inches to the point of beginning.

EXCEPTING THEREFROM the following described parcel:

COMMENCING at the point of intersection of the southerly line of Twentieth Street with the easterly line of Michigan Street; thence easterly along said southerly line of Twentieth Street North 85 degrees 30 minutes East 520 feet; thence South 4 degrees 30 minutes East 131.667 feet; thence South 85 degrees 30 minutes West

135.292 feet; thence South 6 degrees 36 minutes 47 seconds West along a line which if produced southwesterly will intersect a point which is South 4 degrees 30 minutes East 400 feet from the southerly line of said Twentieth Street, and North 85 degrees 30 minutes East 332 feet from the easterly line of Michigan Street, a distance of 8.785 feet to the true point of beginning; thence running South 85 degrees 30 minutes West 43.535 feet; thence South 4 degrees 30 minutes East 122.86 feet; thence North 85 degrees 30 minutes East 19.402 feet, more or less, to a point on a line, which said line if produced southwesterly from the true point of beginning will intersect a point which is South 4 degrees 30 minutes East 400 feet from said southerly line of Twentieth Street and North 85 degrees 30 minutes East 332 feet from said easterly line of Michigan Street; thence North 6 degrees 36 minutes 47 seconds East along said line so drawn 125.208 feet, more or less, to the true point of beginning.

ALSO, EXCEPTING THEREFROM the following described parcel:

BEGINNING at a point on the easterly line of Michigan Street, distant thereon 640 feet and 5-1/2 inches southerly from the southerly line of Twentieth Street; running thence at a right angle easterly and parallel with said southerly line of Twentieth Street 100 feet; thence at a right angle southerly 5 feet and 6-1/2 inches; thence at a right angle easterly 140 feet to the former center line of Georgia Street, now vacated; thence at a right angle northerly 50 feet; thence at a right angle westerly 240 feet to the easterly line of Michigan Street; thence southerly along said line of Michigan Street 44 feet and 5-1/2 inches to the point of beginning.

PARCEL THREE: BEGINNING at the point of intersection of the southerly line of Twentieth Street with the easterly line of Illinois Street; running thence easterly along said southerly line of Twentieth Street 200 feet to the westerly line of Michigan Street; thence at a right angle southerly along said westerly line of Michigan Street 537 feet; thence at a right angle westerly 200 feet to the easterly line of Illinois Street; thence at a right angle northerly along said easterly line of Illinois Street 537 feet to the point of beginning.

SUBJECT, HOWEVER, to liens for general and special county and city taxes for the fiscal year July 1, 1982, to June 30, 1983.

SUBJECT, MOREOVER, to all easements, covenants, conditions and restrictions of record.

SUBJECT, FURTHER, to any matters that could be ascertained by an up-to-date survey, by making inquiry of persons in possession or by an inspection of the real property herein described.

SUBJECT, FURTHER, to any rights and easements for commerce, navigation, and fishery in favor of the public or the federal or state governments.

SUBJECT, FURTHER, to the effect of the following unrecorded instrument: Grant of Right of Way dated September 30, 1966, from Bethlehem Steel Corporation to The United States of America.

///

///

///



In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed by its                      Vice President and Assistant Secretary thereunto duly authorized by corporate resolution attached hereto.  
Dated: November 24, 1982

COMMONWEALTH OF Pennsylvania )  
COUNTY OF LEHIGH )

SS. J. F. Kegg Vice President  
ATTORNEY:                      Assistant Secretary

On November 24, 1982 before me, the undersigned, a Notary Public in and for said Commonwealth and county personally appeared

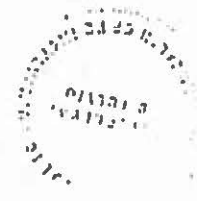
J. F. Kegg  
known to me to be the                      Vice President, and J. J. Martini known to me to be Assistant Secretary of the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the Corporation therein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.



WITNESS my hand and official seal.

Signature *[Handwritten Signature]*

My Commission Expires  
January 7, 1983  
City of Bethlehem  
Lehigh County



This is to certify that the interest in real property conveyed by this deed dated 11-24-82 from Bethlehem Steel Corporation, a Delaware corporation, to the City and County of San Francisco, a California municipal corporation, is hereby accepted by order of its Board of Supervisors' Resolution No. 18110, Series of 1939, approved August 7, 1957, and the grantee consents to recordation thereof by its duly authorized officer.

Dated November 15, 1982 By Wallace Hartman  
Director of Property

Description Approved:

By *[Handwritten Signature]*  
RAYMOND WONG  
Bureau of Engineering  
11/22/82

1226P

10-2-51

MEMORANDUM OF UNDERSTANDING

This memorandum of understanding dated August 25, 1942, by and among Bethlehem Steel Corporation, a Delaware Corporation ("Bethlehem"), Todd Shipyards Corporation, a New York Corporation ("Todd") and the City and County of San Francisco, a municipal corporation, acting by and through its Port Commission (the "Port").

WITNESSETH

**WHEREAS:**

1. Bethlehem desires to sell its San Francisco shipyard facility ("Facility") and to cease operations therein; and
2. Todd desires to enhance its commercial and Naval ship repair ship building capability in the Port of San Francisco; and
3. The Port desires to further develop the general maritime capabilities of the Port of San Francisco as well as acquire the Facility real property; and
4. Todd is prepared to enter into a 30 year lease of the Facility; real property; and
5. Todd is prepared to commit a minimum of \$10.0 million of capital improvements and replacements within the first five years of its operation at this location; and
6. Todd further intends to expend approximately \$1.5 million annually on maintenance and repair at the Facility; and
7. The Port and Todd look forward to an expansion of employment opportunities through Todd's operations of the Facility including the implementation by Todd of job training programs.

**NOW THEREFORE**, Bethlehem, Todd and the Port hereby express the following understanding:

**ARTICLE I**  
**Real Estate Transactions**

1. For \$1 and other good and valuable consideration, Bethlehem will sell to the Port the land, piers and buildings, as generally shown within the area of dark shading on the plan entitled "San Francisco Shipyard of Bethlehem Steel Corporation in the City of San Francisco County of San Francisco State of California", numbered No. 1- dated March 8, 1945 and revised 2-3-81, a copy of which is attached hereto as Exhibit A and made a part hereof, together with the buildings and structures owned by Bethlehem as generally shown within the area of light shading on Exhibit A. Title to the property shall be conveyed by a corporation grant deed convey such title as may be insurable under a California Standard to Policy of Title Insurance. The cost of title insurance shall be borne equally by Bethlehem and Todd.

2. Pending the closing of title, Bethlehem shall afford representatives of the Port full and continuous physical access to the Facility.
3. Pending the closing of title, Bethlehem shall retain the risk of loss to the Facility subject to normal wear and tear due to Bethlehem's continued operations until closing. At the closing Bethlehem shall convey the piers, buildings and structures in a "as is, where is" condition.
4. Bethlehem and the Port shall give each other the customary representations and warranties in the conveyance of real estate.
5. Upon the closing of title, the Port shall provide to Bethlehem recordable release of the Lease, dated September 3, 1969, between Bethlehem and the Port, including an express release of the rights granted in Paragraph 6 of the lease.

**ARTICLE 11**  
**Personal Property Transactions**

1. Bethlehem shall sell to Todd all cranes, machinery and other equipment (including dry docks) which are present at the Facility and used in Bethlehem's ship repair operations in San Francisco (excluding two crawler cranes, Bethlehem Nos. 304 and 307) and are not included within the sale to the Port set forth in Article above. Bethlehem and Todd shall conduct a joint physical inventory of the major items of property to be listed in a schedule to be attached to the definitive purchase agreement between the parties. Additionally, Bethlehem shall sell to Todd the normal inventory supplies, pertinent to the operation at Bethlehem's San Francisco Shipyard, on hand at the closing of title. The purchase price \$14 million cash, payable in full on the closing. Personal property to be sold hereunder shall be conveyed at the closing in a "as is, where is" condition.
2. Pending the closing of title, Bethlehem shall afford Todd full continuous physical access to the Facility.
3. Pending the closing of title, Bethlehem shall retain the risk of loss to the personal property to be sold hereunder, subject to normal wear and tear due to Bethlehem's continued operations until closing. If any of these items of property listed in the schedule referred to in Article 11, 1, above, become lost, destroyed or damaged, Bethlehem may at its option replace or repair the same failing which the purchase price shall be reduced in a manner satisfactory to both Bethlehem and Todd or if no satisfactory reduction can be negotiated, the amount of the reduction of the purchase price shall be submitted to immediate arbitration.

4. Bethlehem and Todd shall give each other the customary representations and warranties in connection with an asset acquisition and sale.
5. Bethlehem will not book any work in the facility which might extend beyond the closing of title without first obtaining Todd's consent.
6. Todd will assume no liabilities of Bethlehem with respect to the facility arising out of events occurring prior to the closing of title.

**ARTICLE III**  
**Lease Transactions**

1. The Port will lease to Todd for a period of 35 years the land, (including land under water), piers and buildings upon which the facility is located.
2. The rental for the land under water shall be the same as set for in the lease of that land to Bethlehem dated September 3, 1967. Rental for the remaining land shall be predicated on appraisals that land satisfactory to Todd and the Port and the annual rental shall be equal to 10% of that appraised value with adjustment of each five year period of operation under the lease to reflect the current increase or decrease in the cost of living index for the local area. The lease will provide that upon an accounting the costs incurred by Todd for capital improvements will be offset against the rental sums due the Port over the term of the lease.
3. For the full term of the lease, Todd will use the leased premises solely for the purposes of operating a ship building and ship repair facility. During the term of the lease, Todd shall maintain all facility including the premises leased hereunder and the personal property involved in this transaction in a state of good repair, normal wear and tear excepted.
4. In the event of default by Todd upon any of the provisions of this lease, the Port shall have the right to purchase all the personal property in this transaction at the then current best value of the property.
5. During the full term of the lease, Todd shall have the right to assign this lease, subject to the terms of this Memorandum of Understanding, to a financially responsible party upon the prior written consent of the Port which consent shall not unreasonably be withheld.
6. The lease shall be subject to an easement from Bethlehem to Todd dated July 9, 1969 relating to a railroad spur curvatures.

7. The lease shall also contain the standard terms and conditions contained in Port leases.
8. The lease, when executed, shall supersede and render null and void the lease between the Port and Bethlehem dated September 3, 1957.

**ARTICLE IV**  
**Effectiveness**

1. This Memorandum of Understanding shall be effective upon its execution by Bethlehem, Todd and the Port. This agreement represents the further implementation of (i) the July 19, 1982 letter agreement between Bethlehem and Todd and the respective rights and duties thereunder and (ii) the July 30, 1982 offer from Bethlehem to the Port and the respective rights and duties thereunder.
2. There shall be a simultaneous closing of the above real property transaction, personal property transaction and lease transaction. The parties hereunder estimate that the closing shall be on or before September 30, 1982 and, in no event, later than December 31, 1982.
3. The parties hereto agree that (1) in the event that Todd is unable or unwilling to close the transactions contemplated hereunder on or before December 31, 1982, the Port shall have the right to exercise for itself or its assignee, all of Todd's rights hereunder and (2) in the event the Port is unable or unwilling to close the transactions contemplated hereunder on or before December 31, 1982, Todd shall have the right and obligation, for itself or its assignee, to exercise all of the Port's rights and obligations hereunder.
4. As between Bethlehem and the Port (and without affecting in any manner whatsoever Todd's rights with respect to the facility), ~~pending the complete and final consummation of the Memorandum of Understanding~~ <sup>agreement</sup> Bethlehem agrees to extend by sixty (60) additional days that certain right of first refusal contained in the agreement between Bethlehem and the Port dated September 3, 1957 and that certain offer to sell dated July 30, 1982; ~~the consummation of the Memorandum of Understanding shall supersede and supplant each of said rights.~~ <sup>consummation of the agreement is a fact in Todd</sup>
5. Consummation of this Memorandum of Understanding is subject to approval by the San Francisco Port Commission and the Boards of Directors or Executive Committees of Bethlehem and Todd of definitive purchase agreements containing such terms and conditions as may be mutually acceptable to the parties and their respective counsel.

6. State and local taxes, other than property taxes and taxes on income, imposed on the sale and transfer of property hereunder be borne and paid by Todd and the Port and shall be in addition to the consideration stated herein; property taxes paid or payable with respect to such property shall be prorated among both Todd and the Port.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum Understanding on the day and year first above written.

TODD SHIPYARDS CORPORATION

By J. J. Hilliard

ATTEST:  
Christine J. Fisher

BETHLEHEM STEEL CORPORATION

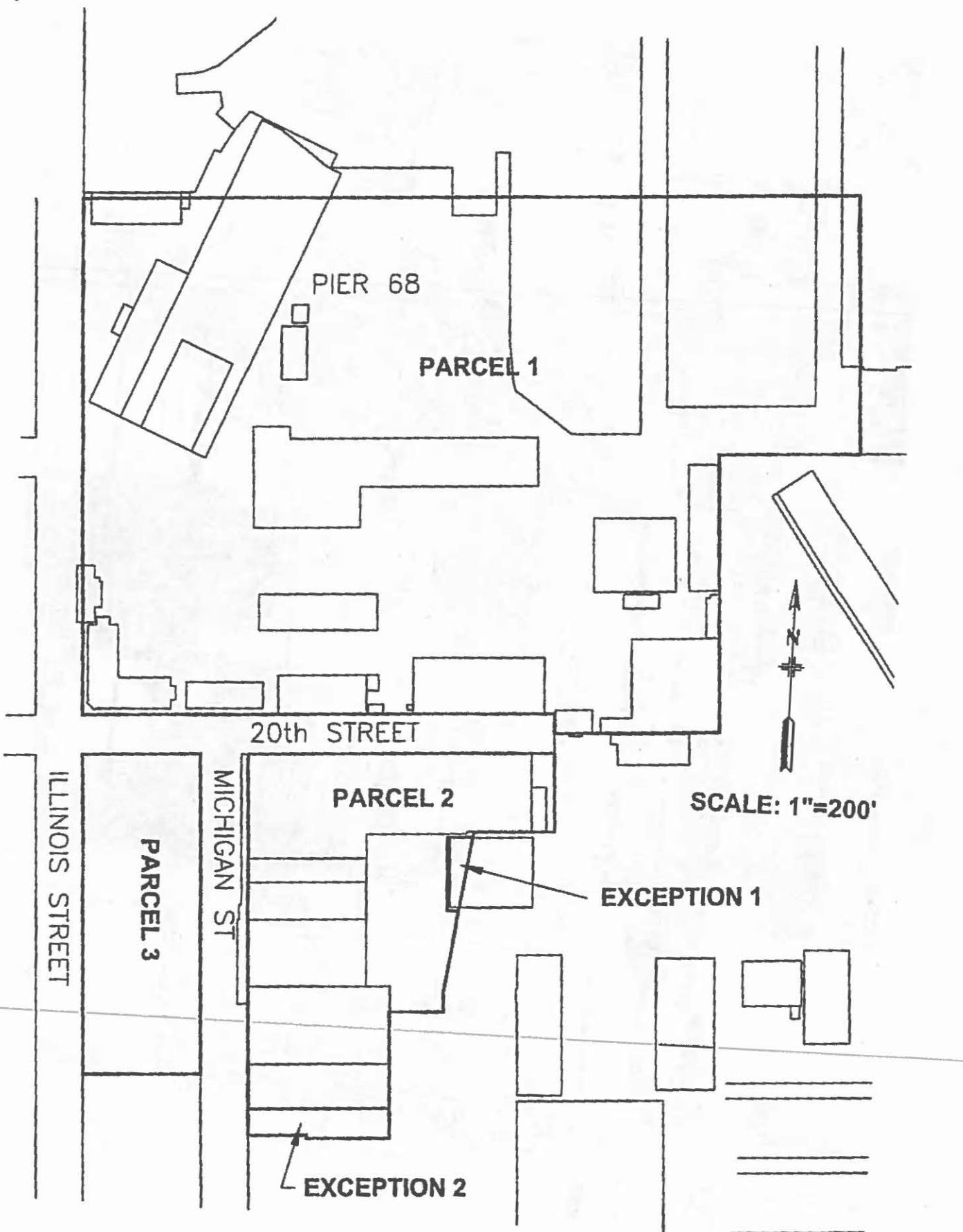
By Bill H. ...  
Vice Chairman

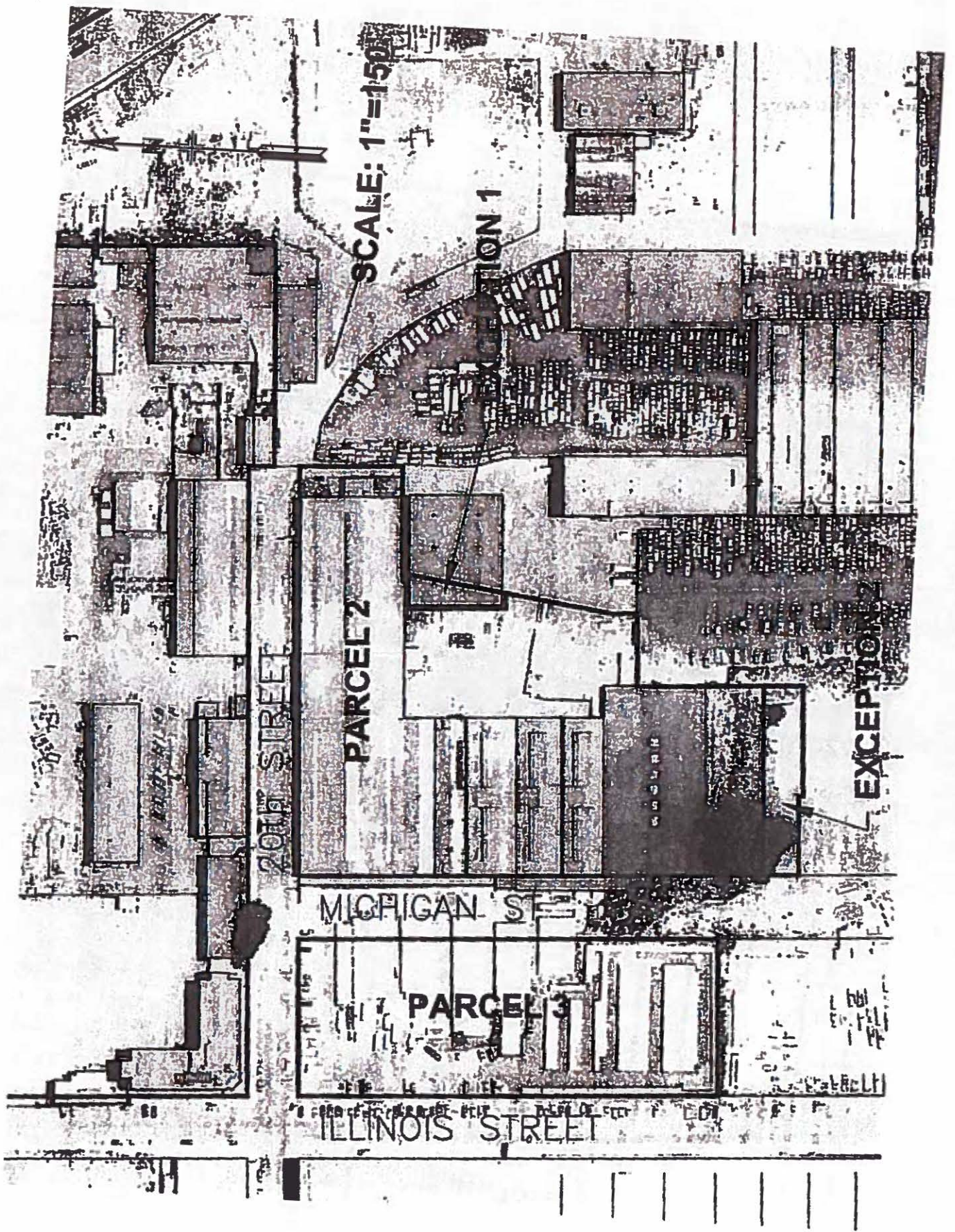
ATTEST:  
William ...

THE CITY AND COUNTY OF SAN FRANCISCO

By August ...  
Arthur H. ...  
Jack ...  
Edward H. ...

ATTEST:  
...







148532

WHEN RECORDED RETURN TO:  
Director of Property  
City And County of San Francisco  
450 McAllister Street, Rm. 600  
San Francisco, Ca. 94102

BOOK 0464 PAGE 631

ORIGINAL  
TITLE INSURANCE & TRUST CO.  
1275577

17

CITY AND COUNTY OF SAN FRANCISCO 1982 DEC 16 PM 1:00  
DIANNE FEINSTEIN, MAYOR SAN FRANCISCO, CALIF.

RECORDED

10/1 F-12

AGREEMENT TERMINATING LEASE  
BETWEEN THE  
CITY AND COUNTY OF SAN FRANCISCO  
BY AND THROUGH THE  
SAN FRANCISCO PORT COMMISSION  
AND  
BETHLEHEM STEEL CORPORATION

Eugene L. Gartland, President  
James J. Rudden, Commissioner  
Harry Bridges, Commissioner  
Jack Morrison, Commissioner  
Arthur Coleman, M.D., Commissioner

EDWARD L. DAVID  
PORT DIRECTOR

THIS AGREEMENT is made and entered into on the date of execution by CITY AND COUNTY OF SAN FRANCISCO as set forth below, between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (hereinafter called "City"), by and through the SAN FRANCISCO PORT COMMISSION (hereinafter called "Port"), and BETHLEHEM STEEL CORPORATION, a Delaware corporation (hereinafter called "Bethlehem").

WITNESSETH

WHEREAS, pursuant to the Lease between the Port and Bethlehem, dated September 3, 1969, and recorded on September 29, 1969, as Instrument No. 815790 in the Official Records of the City and County of San Francisco, California, in Book B368, at page 915, the Port leased to Bethlehem certain premises situate in the City and County of San Francisco, in the State of California; and

WHEREAS, Bethlehem and the Port desire to terminate said Lease prior to the expiration date set forth therein;

NOW, THEREFORE, the Port and Bethlehem, each in consideration of the covenants and agreements to be kept and performed by the other party as hereinafter set forth and each on behalf of itself and its successors and assigns, hereby agree as follows:

1. Said lease is hereby terminated as of the date of the closing of escrow (hereinafter, "the Closing") of the Agreement of Purchase and Sale of Real Estate between the Port and Bethlehem, which Agreement is incorporated herein by reference as though fully set forth.

2. Any rents payable under said lease shall be prorated as of the Closing.

3. The Port shall return to Bethlehem the amount of Six Thousand Seven Hundred Sixty-two and Forty-eight one-hundredths Dollars (\$6,762.48), being the amount of the deposit to guarantee future payments of rent being held by the Port pursuant to the provisions of Paragraph 9 of said lease.

4. All real improvements to said leased premises belonging to Bethlehem that shall remain thereon at the Closing shall be deemed abandoned and shall become the property of the Port in "as is" and "where is" condition; provided, that nothing herein shall be deemed to convey to the Port any interest in the personal property, including without limitation the drydocks and cranes, of Bethlehem located on said leased premises, the parties hereto acknowledging that said personal property is being sold to Todd Shipyard Corporation by Bill of Sale.

5. Bethlehem is hereby released of any obligation to remove any real improvements from, and to restore, said leased premises pursuant to the provisions of Paragraph 7 of said lease.

6. Bethlehem and the Port hereby each release the other from any and all obligations under said lease that otherwise would have accrued on or after the closing.

7. The Port hereby acknowledges and agrees that Bethlehem has performed all of its obligations, including without limitation its obligation under Paragraph 6 of said lease, related to the Port's right or rights of first refusal.

Doc 0464 EXT 634

8. This Agreement of Termination shall be deemed to be made in and shall be governed by, and construed in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement of Termination as of the dates set forth below.

BETHLEHEM STEEL CORPORATION, a Delaware corporation

By: [Signature]  
Title: Vice President  
Date Executed: 11/8/82

COMMONWEALTH OF PENNSYLVANIA, )  
 ) SS.:  
COUNTY OF LEHIGH )

On this 8th day of November, 1982, before me, the undersigned, a Notary Public in and for said County and Commonwealth, personally appeared [Signature] who acknowledged himself to be a President of Bethlehem Steel Corporation, a corporation organized and existing under the laws of the State of Delaware, that he, as such officer, being authorized so to do, executed the foregoing Agreement for the purposes therein contained, by signing his name thereto as Vice President of said Bethlehem Steel Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL)

[Signature]  
Notary Public

My Commission Expires January 2, 1985

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, by and through the SAN FRANCISCO PORT COMMISSION,

By: [Signature]  
Title: Port Director  
Date Executed: Dec. 9, 1982

000 D404 635

APPROVED AS TO FORM:

GEORGE AGNOST  
City Attorney

By: *Diana A. Sherman*  
Deputy City Attorney

Authorization by Port Commission

Resolution No: 82-125

Adopted: November 10, 1982

Attest:

By: *[Signature]*  
Secretary, Port Commission

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1213P

NOV 14 1964 FILE 636

SAN FRANCISCO PORT COMMISSION  
RESOLUTION NO. 82-125

WHEREAS, the San Francisco Port Commission (hereinafter "th/s Commission") and the Bethlehem Steel Corporation (hereinafter "Bethlehem") entered into Lease No. L-7130, dated September 3, 1969; and

WHEREAS, the term of said Lease L-7130 (hereinafter, the "Lease") is for a period of sixty (60) years; and

WHEREAS, on August 25, 1982, this Commission approved a Memorandum of Understanding among Bethlehem, Todd Shipyards Corporation (hereinafter "Todd") and the City and County of San Francisco (hereinafter the "City"), acting by and through this Commission; and

WHEREAS, said MOU contemplates, among other things, (1) the sale by Bethlehem to the City of certain real estate located contiguous to the property which is the subject of the Lease and (2) the lease from this Commission to Todd of both said contiguous real estate and the property which is the subject of the Lease; and

WHEREAS, on November 10, 1982, this Commission adopted Resolution No. 82-124, approving an Agreement for the Purchase and Sale of said contiguous property; and

WHEREAS, on October 18, 1982, this Commission adopted Resolution No. 82-108, approving Lease No. L-10658 to Todd of both the contiguous property and the property which is the subject of

WOOD D464 PAGE 637

the Lease, which Lease No. L-10658 commences on the closing of the sale of said contiguous property to the City; and

WHEREAS, this Commission desires to terminate the Lease effective as of the date of the closing of the sale of said property and commencement of the term of said Lease No. L-10658; now, therefore, be it

RESOLVED, that this Commission hereby approves the Agreement Terminating Lease, which Agreement is contained in this Commission's File Number 27-82; and be it

FURTHER RESOLVED, that this Commission hereby requests the Board of Supervisors to approve said Agreement Terminating Lease; and be it

FURTHER RESOLVED that the Port Director is hereby directed to transmit copies of this Resolution to the Mayor and Board of Supervisors of the City and County of San Francisco.

I hereby certify that the foregoing Resolution was adopted by the San Francisco Port Commission at its meeting on November 10, 1982.

  
Secretary

SAN FRANCISCO PORT COMMISSION

1263P

FILE NO. 242-5-4

EXHIBIT NO. 5110

(Name of property)  
DAMPING INC TERMINATION OF THE LEASE WITH BELLEVUE STEEL COMPANY,  
INC., A BELLEVUE CORPORATION, AND THE CITY AND COUNTY OF SAN FRANCISCO,  
CREATED BY AND UNDER THE SAN FRANCISCO PORT COMMISSION.

On 11 received by the people of the City and County of  
San Francisco  
Section 1, pursuant to Section 7.08(a) of the Charter,  
the Board of Supervisors hereby approves the termination of lease  
existing with Bellevue Steel Corporation, a Bellevue corporation,  
and the City and County of San Francisco, arising by and through  
the San Francisco Port Commission. A copy of said terminating  
instrument is retained in the Board of Supervisors' file 242-5-4  
and in my reference undersigned herein and made a part hereof as  
shown fully set forth.

Witness my hand and the seal of the City and County of San Francisco this 11th day of May, 1933.  
JOHN L. TAYLOR  
CITY ATTORNEY

Present the Board of Supervisors  
Board of Supervisors San Francisco  
1933 MAY 11

Present the Board of Supervisors  
Board of Supervisors San Francisco  
1933 MAY 11

Present the Board of Supervisors  
Board of Supervisors San Francisco  
1933 MAY 11

Present the Board of Supervisors  
Board of Supervisors San Francisco  
1933 MAY 11

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Board of Supervisors San Francisco  
1933 MAY 11

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Board of Supervisors San Francisco  
1933 MAY 11

Present the Board of Supervisors  
Board of Supervisors San Francisco  
1933 MAY 11

Present the Board of Supervisors  
Board of Supervisors San Francisco  
1933 MAY 11

800-D464 net 838

Present the Board of Supervisors  
Board of Supervisors San Francisco  
1933 MAY 11

Present the Board of Supervisors  
Board of Supervisors San Francisco  
1933 MAY 11



Deed 2

KMG:pra 1:6 11/8/71 300-B590 REC 905 8998

Recording requested by  
Title Insurance and Trust Company

When recorded mail to  
City and County of San Francisco  
Recorder's Office, Room 111  
San Francisco, California 94102

THE INSURANCE T...  
... DEC 23 ...  
... MARTIN M...  
...  
U43150 Official

Return and mail tax statements to:  
See back cover

Space above this line  
for Recorder's use

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, THE WESTERN PACIFIC RAILROAD COMPANY, a California corporation, Grantor, hereby GRANTS to the CITY AND COUNTY OF SAN FRANCISCO, a body corporate and politic, Grantee, all that certain real property situate in the City and County of San Francisco, State of California, more particularly described in Exhibit "A", attached hereto and hereby made a part hereof as fully as if herein set forth at length.

EXCEPTING AND RESERVING THEREFROM to Grantor, its successors and assigns forever, all minerals, oil, gas and other hydrocarbon substances below a depth of 500 feet of said real property, without the right of surface entry.

SUBJECT TO the lien of current taxes and assessments.

Dated: November 24, 1971

THE WESTERN PACIFIC RAILROAD COMPANY

DOCUMENTARY TRANSFER TAX Exempt  
X COMPUTED ON FULL VALUE OF PROPERTY CONVEYED, OR  
J COMPUTED ON FULL VALUE LESS LIENS & ENCUMBRANCES  
REMAINING THEREON AT TIME OF SALE.

W. M. ... Title Insurance and Trust Company

Signature of declarant or agent determining tax - firm retained by

Agust B. ...

PRESIDENT

James P. ...

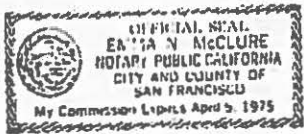
Secretary

MAIL TAX STATEMENTS AS DIRECTED ABOVE

STATE OF CALIFORNIA, )  
 ) ss.  
CITY AND COUNTY OF SAN FRANCISCO )

On this 24<sup>th</sup> day of November, 1971, before me,  
ERMA N. McCLURE, a Notary Public in and for the said City and  
County of San Francisco, State of California, residing therein,  
duly commissioned and sworn, personally appeared A. E. PERLMAN  
and LOGAN PAINE, known to me to be the President and the Secretary,  
respectively, of THE WESTERN PACIFIC RAILROAD COMPANY, the  
corporation described in and that executed the within instrument,  
and they acknowledged to me that such corporation executed the  
same pursuant to its by-laws or a resolution of its Board of  
Directors.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal at my office in the City and County of  
San Francisco, the day and year in this certificate first above  
written.



Erma N. McClure  
NOTARY PUBLIC

354?

SITUATE in the City and County of San Francisco, State of California, described as follows:

PARCEL NO. 1

Beginning at a point on the easterly line of Indiana Street, distant thereon 477.00 feet southerly from the southerly line of Army Street as widened; thence southerly along said easterly line of Indiana Street, 346.00 feet, to the northerly line of Tulare Street, according to "Map Showing the Widening of Tulare Street between Third and Indiana Streets", recorded June 18, 1932 in Book "M" of Maps at Page 76, in the Office of the Recorder of the City and County of San Francisco; thence at a right angle easterly along said northerly line of Tulare Street, 200.00 feet, to the westerly line of Minnesota Street; thence at a right angle northerly along said westerly line of Minnesota Street, 346.00 feet, to the southerly line of Marin Street, according to "Map Showing the Opening of Marin Street between Indiana and Tennessee Streets", recorded May 10, 1951 in Book "R" of Maps at Page 14, in the Office of said Recorder; thence at a right angle westerly along said southerly line of Marin Street, 200.00 feet, to the point of beginning.

*Indiana  
Tulare  
Marin*

PARCEL NO. 2

Beginning at a point on the westerly line of Tennessee Street, distant thereon 477.00 feet southerly from the southerly line of Army Street as widened; thence southerly along said westerly line of Tennessee Street, 346.00 feet, to the northerly line of Tulare Street, according to "Map Showing the Widening of Tulare Street between Third and Indiana Streets", recorded June 18, 1932 in Book "M" of Maps at Page 76, in the Office of the Recorder of the City and County of San Francisco; thence at a right angle westerly along said northerly line of Tulare Street, 200.00 feet, to the easterly line of Minnesota Street; thence at a right angle northerly along said easterly line of Minnesota Street, 346.00 feet, to the southerly line of Marin Street, according to "Map Showing the Opening of Marin Street between Indiana and Tennessee Streets", recorded May 10, 1951 in Book "R" of Maps at Page 14, in the Office of said Recorder; thence at a right angle easterly along said southerly line of Marin Street, 200.00 feet, to the point of beginning.

*76 line  
Tennessee*

EXHIBIT "A"

DESCRIPTION  
Checked          11-21-71  
Approved          11-21-71





Recording Requested by and  
When Recorded Mail to:

San Francisco Assessor-Recorder  
Mabel S. Teng, Assessor-Recorder  
DOC- 2004-H668591-00  
Acct 1-CHICAGO Title Company  
Tuesday, MAR 02, 2004 14:37:00  
Ttl Pd \$30.00 Nbr-0002420525  
REEL I585 IMAGE 0998  
0J1/JL/1-8

CITY AND COUNTY OF SAN FRANCISCO  
San Francisco Port Commission  
Pier I  
San Francisco, CA 94111  
Attn: Neil H. Sekhri  
(State of California Official Business  
Document Entitled to Free Recordation  
Pursuant to Government Code Section 6103)

Documentary Transfer Tax is \$0: This instrument is exempt from Documentary Transfer Tax  
(Space above this line for Recorder's use only)

escrow # 61489416  
Seawall lot 330  
portion lot 1, Blk 3771

**QUITCLAIM DEED**  
(Conveying Portion of SWL 330)

WHEREAS, the STATE OF CALIFORNIA, acting by and through the STATE LANDS COMMISSION ("State" or "Commission"), and the CITY OF SAN FRANCISCO ("City"), acting by and through the SAN FRANCISCO PORT COMMISSION ("Port") (City and Port hereinafter are referred to collectively as "City"), have entered into that certain Seawall Lot 330/Western Pacific Property Exchange Agreement (the "Exchange Agreement"), dated as of November 24, 2003; and

WHEREAS, on October 20, 2003, pursuant to the authority set forth in Section 5, Chapter 310, Statutes of 1987, the Commission approved the Exchange Agreement and authorized the delivery of this Quitclaim Deed on the terms and conditions set forth in the Exchange Agreement; and

WHEREAS, the Exchange Agreement sets forth certain approvals of and conveyances of lands and interests therein by the State of California, acting by and through the State Lands Commission, releasing such lands from the public trust for the purposes of commerce navigation and fisheries in exchange for placing the public trust on certain other lands; and

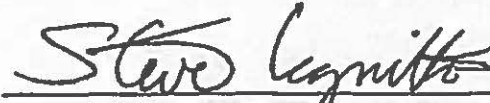
WHEREAS, in furtherance thereof, the City has agreed to convey to the State of California the certain lands as more particularly described hereinafter so that the State may reconvey such lands to the City free of the public trust:

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the City hereby releases, remises and quitclaims to the State any and all right, title and interest in and to the real property located in the City and County of San Francisco, State of California, described in Exhibit A attached hereto and depicted in Exhibit B attached hereto, each made a part hereof, to

be held by the State for reconveyance to the City free of the legal character of tide and submerged lands in accordance with the terms of the Exchange Agreement.

Executed this 26th day of February, 2004


CITY AND COUNTY OF SAN FRANCISCO, a  
Charter City and County



Steve Legnito,  
Acting Director of Real Estate

**RECOMMENDED:**

PORT OF SAN FRANCISCO

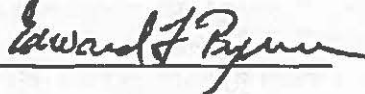
  
\_\_\_\_\_  
DOUGLAS F. WONG  
Executive Director

**APPROVED AS TO FORM:**

Dennis J. Herrera, City Attorney

BY:   
\_\_\_\_\_  
Deputy City Attorney

**DESCRIPTION CHECKED/APPROVED:**

By:   
\_\_\_\_\_

CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of San Francisco

On February 26, 2004, before me, Kathleen V. Bianchi  
Name and title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Steve Lanitte

personally known to me, OR



(Official Seal)

proved to me on the basis of satisfactory evidence to the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Kathleen V. Bianchi  
Signature of Notary Public

CERTIFICATE OF ACKNOWLEDGMENT

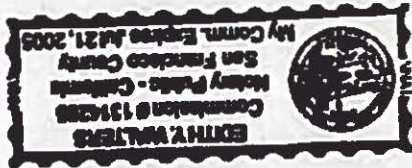
State of California

County of San Francisco

On ~~February~~ 1, 2004, before me, EDITH Y. WALTERS, Notary Public  
MARCH

personally appeared DOUGLAS F. WONG

personally known to me, OR



(Official Seal)

proved to me on the basis of satisfactory evidence to the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Edith Y. Walters  
Signature of Notary Public





EXHIBIT A

LEGAL DESCRIPTION

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEING A PORTION OF PARCEL "A" AS SAID PARCEL IS SHOWN ON THAT MAP ENTITLED "MAP OF LANDS TRANSFERRED IN TRUST TO THE CITY AND COUNTY OF SAN FRANCISCO", FILED IN BOOK "W" OF MAPS, PAGES 66 THROUGH 72, OFFICIAL RECORDS, CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA AND AS PARCEL "A" IS FURTHER DESCRIBED IN THAT DOCUMENT RECORDED MAY 14, 1976 IN BOOK C165, PAGE 573, OFFICIAL RECORDS, CITY AND COUNTY OF SAN FRANCISCO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE SOUTHWESTERLY LINE OF BEALE STREET AND THE NORTHWESTERLY LINE OF BRYANT STREET, BEING A POINT ON THE GENERAL WESTERLY LINE OF SAID PARCEL "A"; THENCE SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE OF BEALE STREET, 82.50 FEET TO THE SOUTHEASTERLY LINE OF BRYANT STREET; THENCE AT A RIGHT ANGLE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE OF BRYANT STREET, 82.50 FEET TO THE INTERSECTION OF THE NORTHEASTERLY LINE OF BEALE STREET AND SAID SOUTHEASTERLY LINE OF BRYANT STREET, BEING THE TRUE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE OF BRYANT STREET, 158.00 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY, LEAVING SAID LINE OF BRYANT STREET, 143.00 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 158.00 FEET TO SAID NORTHEASTERLY LINE OF BEALE STREET; THENCE AT A RIGHT ANGLE NORTHWESTERLY ALONG SAID LINE OF BEALE STREET, 143.00 FEET TO THE TRUE POINT OF BEGINNING.

BEING A PORTION OF SEAWALL 330.

ALSO BEING A PORTION OF LOT 01, ASSESSOR'S ELOCK 3771.

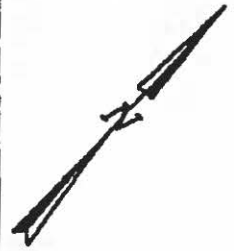
S-2340-EX-A-EA.DOC  
1-28-04



# EXHIBIT "B"

**PARCEL "C"**  
 (W MAPS 66)  
 (SEE NOTE NO. 2)

**MAIN STREET**  
 (82.50' W/DIE)



**BEALE STREET**  
 (82.25' W/DIE)

NORTHWESTERLY LINE OF BRYANT STREET

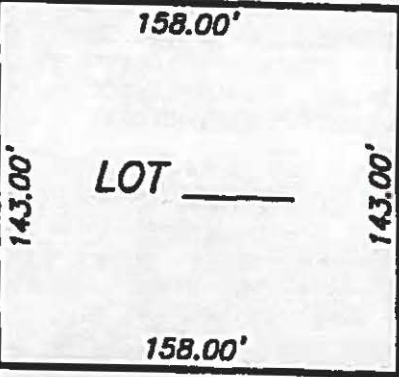
**PARCEL "A"**  
 (W MAPS 66)  
 (SEE NOTE NO. 2)

**BRYANT STREET** (82.50' WIDE)

P.O.C.

82.50'

SOUTHEASTERLY LINE OF BRYANT STREET



**MAIN STREET**  
 (82.50' W/DIE)  
 (ORDERED VACATED -  
 SEE NOTE NO. 1)

AS 3770  
 LOT 1  
 (SEAWALL LOT 329)

**PARCEL "A"**  
 (W MAPS 66)  
 (SEE NOTE NO. 2)

AS 3771  
 LOT 1  
 (SEAWALL LOT 330)



THE EMBARCADERO

SOUTHWESTERLY LINE OF BEALE STREET

**BEALE STREET**  
 (82.50' W/DIE)

NORTHEASTERLY LINE OF BEALE STREET

TRUE P.O.B.

**LEGEND:**

- P.O.C. POINT OF COMMENCEMENT
- P.O.B. POINT OF BEGINNING

**NOTES:**

- 1.) DECLARATION OF INTENTION TO VACATE A PORTION OF MAIN STREET PER RESOLUTION NO. 960-92, NOVEMBER 10, 1992 AND ORDERED TO BE VACATED PER ORDINANCE 14-93, JANUARY 11, 1993 AS APPROVED BY THE BOARD OF SUPERVISORS, CITY AND COUNTY OF SAN FRANCISCO.
- 2.) PARCELS AS SHOWN ON THAT MAP ENTITLED "MAP OF LANDS TRANSFERRED IN TRUST TO THE CITY AND COUNTY OF SAN FRANCISCO ...", FILED IN BOOK "H" OF MAPS, PAGES 66-72, CITY AND COUNTY OF SAN FRANCISCO RECORDER'S OFFICE.
- 3.) ALL ANGLES OF DIMENSIONED LINES ARE 90° UNLESS OTHERWISE INDICATED.

**MARTIN M. RON ASSOCIATES, INC.**  
 LAND SURVEYORS  
 859 HARRISON ST., SUITE 200  
 SAN FRANCISCO, CA. 94107  
 SEPTEMBER 2003 SCALE: 1"=70' SHEET 1 OF 1

**CERTIFICATE OF ACCEPTANCE**

This is to certify that the interest in real property conveyed by the Quitclaim Deed dated 2-26, 2004, from the City and County of San Francisco to the State of California is hereby accepted by the undersigned officer or agent on behalf of the State of California pursuant to authority conferred by that act of the Legislature set forth as Section 5, Chapter 310, Statutes of 1987, and the grantee consents to the recordation thereof by its duly authorized officer.

Dated: 2-24-, 2004

STATE LANDS COMMISSION

By: 

Robert L. Lynch

Its: Chief, Division of Land Management

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of Sacramento } ss.

On February 24, 04, before me, Grace M. Kato, Notary Public

personally appeared Robert L. Lynch

personally known to me  
 proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Grace M. Kato  
 Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

Description of Attached Document  
 Title or Type of Document: certificate of acceptance

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

- Signer's Name: \_\_\_\_\_
- Individual
  - Corporate Officer — Title(s): \_\_\_\_\_
  - Partner —  Limited  General
  - Attorney in Fact
  - Trustee
  - Guardian or Conservator
  - Other: \_\_\_\_\_



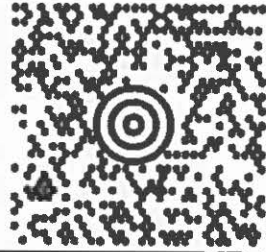
Signer is Representing: \_\_\_\_\_

CUSTOMER SUPPORT  
(866) 692-1915  
SAN FRANCISCO COUNTY ACCESSOR/RECORDER  
CITY HALL ROOM 190  
1 DR CARLTON B GOODLETT PLACE  
SAN FRANCISCO CA 94102

LTR

1 OF 1

SHIP THOMAS BARNETT  
TO: (415) 350-5023  
136 PRENTISS STREET  
SAN FRANCISCO CA 94110



CA 941 9-24



UPS NEXT DAY AIR SAVER  
TRACKING #: 1Z A53 F48 29 1013 7819

1P



BILLING: 3RD PARTY  
SIGNATURE REQUIRED  
REF1: 54112391  
REF2: 11418

Mail Tax Statements To and  
When Recorded, Mail To:

San Francisco Cruise Terminal, LLC  
c/o Lend Lease Development U.S., Inc.  
33 New Montgomery Street, Suite 220  
San Francisco, CA 94105  
Attn: Robert Hertzfeld



San Francisco Assessor-Recorder  
Mabel S. Teng, Assessor-Recorder  
**DOC- 2004-H668594-00**

Rec'd 1-CHICAGO Title Company  
Tuesday, MAR 02, 2004 14:37:00  
Tel Pd\$9,961.00 Nbr-0002420528  
**REEL 1585 IMAGE 1001**  
oJ1/JL/1-9

(City of San Francisco Official Business  
Document Entitled to Free Recordation  
Pursuant to Government Code Section 6103)

Documentary Transfer Tax of \$ 69,970.- based on full value  
of the property conveyed

SECTION # 6048999

Seawall Lot 330  
Portion of lot 1, BK 3771

(Space above this line reserved for Recorder's use only)

**GRANT DEED**

For Valuable Consideration, the receipt and adequacy of which are hereby acknowledged, the CITY and COUNTY OF SAN FRANCISCO, a Charter City and County (herein called the "Grantor"), pursuant to Resolution No. 460-03, adopted by the Board of Supervisors on July 15, 2003, and approved by the Mayor on July 25, 2003, hereby GRANTS to SAN FRANCISCO CRUISE TERMINAL, LLC, a Delaware limited liability company (herein called the "Grantee"), certain real property situated in the City and County of San Francisco, State of California (herein called the "City"), described in Exhibit A attached hereto and made a part hereof (herein called "the Property");

SUBJECT, however, to the following:

- (A) 2<sup>nd</sup> Installment of County and City taxes for Fiscal Year 2003-2004, a lien due or payable, not yet delinquent
- (B) County and City taxes for Fiscal Year 2004-2005, a lien not yet due or payable;
- (C) The Property lies within the boundaries of Mello-Roos Community Facilities District 90-1, For School Facility Repair and Maintenance.
- (D) The terms and conditions of the Purchase and Sale Agreement dated as of August 18, 2003 (referred to herein as the "Sale Agreement"), a Memorandum of which was recorded on January 16, 2004, as Reel 1555, Image 212, Series No. 2004-H639445-00, Official Records of the City, including but not limited to all rights granted therein or any attachments thereto affecting or burdening the Property.

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**NOTWITHSTANDING** the foregoing and the provisions of Section 1113 of the California Civil Code, the Grantor shall have no liability to the Grantee in the event of any defect in the title of the Grantee to the Property conveyed by the Grantor regardless of the effect of such defect on the Grantee's rights in the Property, and no such defect shall be grounds for the rescission of this Deed by the Grantee.

The Grantee herein covenants by and for itself, its heirs, executors, administrators, successors and assigns, and all persons claiming under or through them, as follows:

(1) The Grantor shall have the right at its option to re-enter and take possession of all portions of Property with all improvements, for which no certificate evidencing "Completion" of the "Improvements" (as those terms are defined in the Sale Agreement) has been issued by Grantor and recorded, and to terminate and re-vest in the Grantor the estate theretofore conveyed to the Grantee by reason of failure of condition subsequent, if after conveyance of the Property to the Grantee there is an Event of Default by Grantee with respect to Grantee's obligations to construct and Complete the Improvements as set forth in Section 11.02(a) of the Sale Agreement that is not cured as provided in the Sale Agreement.

(2) Such rights to re-enter, repossess, terminate and re-vest shall be subject to and be limited by and shall not defeat, render invalid or limit (i) any mortgage, deed of trust or other security interest permitted by the Sale Agreement; (ii) any rights or interest provided in the Sale Agreement for the protection of the holders of such mortgages, deeds of trust or other security interest, or (iii) any rights or interest provided in that certain Intercreditor Agreement, dated as of the date hereof and recorded on the same day and subsequent to this Deed in the Records of the City, entered into between Grantor and HSBC Bank USA, a New York chartered commercial bank as Administrative Agent, for the protection of the holders of such mortgages, deeds of trust or other security interest, their successors and assigns.

(3) Without limiting the foregoing, as set forth in the Intercreditor Agreement, any party acquiring title to the Property upon foreclosure of the Construction Deed of Trust or acceptance by Mortgage Lender of a deed in lieu of foreclosure (as those terms are defined in the Intercreditor Agreement) (the "Successor Owner") shall be obligated to Complete Construction of the Project (as those terms are defined in the Sale Agreement) generally in accordance with the Schematic Drawings approved by the Port Commission Resolution No. 03-43 (with such changes as may be approved by the Port) but shall not be required to Complete Construction of the Project within the time frame set forth in the Schedule of Performance then in effect under the terms of the Sale Agreement. In addition, except in connection with a sale of the Property occurring during the Repurchase Period (as provided in Section 3.g of the Intercreditor Agreement), such Successor Owner shall not be required to comply with any other provisions of the Sale Agreement.

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(4) For purposes of Grantor's ability to exercise its right to re-enter set forth in subparagraph (1) above against a Successor Owner, an "Event of Default" with respect to the Successor Owner's obligations to construct and Complete the Project shall occur if Successor Owner is not, subject to Force Majeure (as defined in the Sale Agreement), prosecuting diligently to Completion, the Construction of the Improvements to be constructed on the Site as required under subparagraph (3) of this Deed, or abandons or substantially suspends Construction for more than thirty (30) consecutive days, and such failure, abandonment or suspension continues for a period of: (i) thirty (30) days from the date of written notice from Grantor as to failure to commence Construction; or (ii) sixty (60) days from the date of written notice from Grantor as to abandonment, suspension or a failure to prosecute construction or to Complete Construction of the Improvements with due diligence. In order for Grantor to declare an Event of Default for failure of such Successor Owner to prosecute construction diligently, in its notice stating that Successor Owner is in default for failure to prosecute construction diligently, (1) Grantor shall provide an opinion from an independent third party experienced in high-rise condominium construction that in such party's reasonable opinion, Successor Owner is unlikely to accomplish "Completion" in a reasonable time, and (2) Successor Owner shall fail to cure its failure to prosecute construction diligently within sixty (60) days after such notice from Grantor.

(5) Such rights of Grantor to re-enter, repossess, terminate and revest shall terminate upon recordation of the certificate evidencing "Completion" of the "Improvements" described in Section 6.03 of the Sale Agreement. In the case of a Successor Owner, Grantor shall execute and deliver such certificate to the Successor Owner upon satisfaction of the requirements set forth in Section 6.03 of the Sale Agreement.

(6) Grantee acknowledges that it is purchasing the Property with the knowledge that future development of Piers 30/32, the Brannan Street Wharf proposed for Pier 36 and the former location of Pier 34, and the remainder portion of Seawall Lot 330 that does not include the Property, may generate certain impacts during construction and operation such as noise, parking congestion, truck traffic, auto traffic, odors, dust, dirt, view and visual obstructions. Anticipated future development may include (a) a mixed-use cruise terminal at Pier 30-32, including two cruise terminal berths accomodating up to two 1,000 foot cruise ships, an approximately 100,000 square foot cruise terminal, approximately 325,000 square feet of office space, 425 parking spaces, approximately 150,000 square feet of retail space, and associated open and public spaces, (b) the development of an approximately 57,000 square foot public open space at the Brannan Street Wharf, and (c) development of residential or hotel uses on the remainder of Seawall Lot 330. Grantee further acknowleges that consideration paid by Grantee for the Property reflects the potential impacts from such development.

It is intended and agreed that the agreements and covenants shall be covenants running with the land and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise



specifically provided in this Deed itself, to the fullest extent permitted by law and equity, binding for the benefit of the Grantor, and shall be enforceable to the extent provided herein by the Grantor against the Grantee and its successors and assigns to or of the Property or any interest therein.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 26th day of February, 2004.

GRANTOR:  
CITY & COUNTY OF SAN  
FRANCISCO,  
a Charter City and County

By: Steve Legnitto  
STEVE LEGNITTO  
Acting Director of Property

**RECOMMENDED:**

PORT OF SAN FRANCISCO

dfw  
DOUGLAS F. WONG  
Executive Director

**APPROVED AS TO FORM:**

Dennis J. Herrera, City Attorney

BY: NHS  
Neil H. Sekhri  
Deputy City Attorney

**DESCRIPTION CHECKED/APPROVED:**

By: [Signature]

AGREED TO AND ACCEPTED as of this 1<sup>ST</sup> day of MARCH, 2004

SAN FRANCISCO CRUISE TERMINAL LLC,  
a Delaware limited liability company

By: [Signature]  
Name: Maurice Cococcia

Title: Managing Representative


**CERTIFICATE OF ACKNOWLEDGMENT**

State of California

County of San Francisco

On February 26, 2004, before me, Kathleen V. Bianchi  
Name and title of Officer (e.g., "Jane Doe, Notary Public)

personally appeared Steve Legnitto

<p>OR personally known to me,</p> <p></p> <p>(Official Seal)</p>	<p>Proved to me on the basis of satisfactory evidence to the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.</p> <p>WITNESS my hand and official seal.</p> <p>Signature <u>Kathleen V. Bianchi</u> Signature of Notary Public</p>
---	--

**CERTIFICATE OF ACKNOWLEDGMENT**

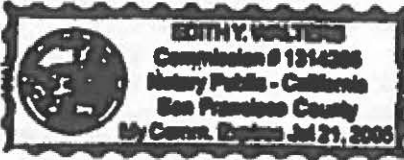
State of California

County of San Francisco

On February 1, 2004, before me, EDITH Y. WALTERS, Notary Public  
Name and title of Officer (e.g., "Jane Doe, Notary Public")

MARCH

personally appeared DOUGLAS F. WONG

<p>OR personally known to me,</p>  <p>(Official Seal)</p>	<p>proved to me on the basis of satisfactory evidence to the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.</p> <p>WITNESS my hand and official seal.</p> <p>Signature <u>Edith Y. Walters</u> Signature of Notary Public</p>
--	---

**EXHIBIT A**

ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEING A PORTION OF PARCEL "A" AS SAID PARCEL IS SHOWN ON THAT MAP ENTITLED "MAP OF LANDS TRANSFERRED IN TRUST TO THE CITY AND COUNTY OF SAN FRANCISCO", FILED IN BOOK "W" OF MAPS, PAGES 66 THROUGH 72, OFFICIAL RECORDS, CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA AND AS PARCEL "A" IS FURTHER DESCRIBED IN THAT DOCUMENT RECORDED MAY 14, 1976 IN BOOK C169, PAGE 573, OFFICIAL RECORDS, CITY AND COUNTY OF SAN FRANCISCO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE SOUTHWESTERLY LINE OF BEALE STREET AND THE NORTHWESTERLY LINE OF BRYANT STREET, BEING A POINT ON THE GENERAL WESTERLY LINE OF SAID PARCEL "A"; THENCE SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE OF BEALE STREET, 82.50 FEET TO THE SOUTHEASTERLY LINE OF BRYANT STREET; THENCE AT A RIGHT ANGLE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE OF BRYANT STREET, 82.50 FEET TO THE INTERSECTION OF THE NORTHEASTERLY LINE OF BEALE STREET AND SAID SOUTHEASTERLY LINE OF BRYANT STREET, BEING THE TRUE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE OF BRYANT STREET, 158.00 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY, LEAVING SAID LINE OF BRYANT STREET, 143.00 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 158.00 FEET TO SAID NORTHEASTERLY LINE OF BEALE STREET; THENCE AT A RIGHT ANGLE NORTHWESTERLY ALONG SAID LINE OF BEALE STREET, 143.00 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM UNTO THE STATE OF CALIFORNIA, ITS SUCCESSORS AND ASSIGNS, FOREVER, ALL MINERALS AND ALL MINERAL RIGHTS OF EVERY KIND AND CHARACTER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED UNDER THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, OIL AND GAS AND RIGHTS THERETO, TOGETHER WITH THE SOLE, EXCLUSIVE, AND PERPETUAL RIGHT TO EXPLORE FOR, REMOVE, AND DISPOSE OF THOSE MINERALS BY ANY MEANS OR METHODS SUITABLE TO THE STATE OR TO ITS SUCCESSORS AND ASSIGNS, BUT WITHOUT ENTERING UPON OR USING THE SURFACE OF THE LANDS HEREBY CONVEYED, AND IN SUCH MANNER AS NOT TO DAMAGE THE SURFACE OF SAID LANDS OR TO INTERFERE WITH THE USE THEREOF BY THE CITY AND COUNTY OF SAN FRANCISCO, A CHARTER CITY AND COUNTY, ITS SUCCESSORS AND ASSIGNS, PROVIDED, HOWEVER, THAT THE STATE OF CALIFORNIA, ITS SUCCESSORS AND ASSIGNS, WITHOUT THE PRIOR WRITTEN PERMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO, A CHARTER CITY AND COUNTY, ITS SUCCESSORS AND ASSIGNS, SHALL NOT CONDUCT ANY MINING ACTIVITIES OF ANY NATURE WHATSOEVER ABOVE A PLANE LOCATED FIVE HUNDRED FEET (500') BELOW THE SURFACE OF THE PROPERTY AS SET FORTH IN AND RESERVED BY THAT CERTAIN PATENT FROM THE STATE OF CALIFORNIA TO THE CITY AND COUNTY OF SAN FRANCISCO, A CHARTER CITY AND COUNTY, RECORDED MARCH 02, 2004 IN REEL \_\_\_\_\_, IMAGE \_\_\_\_\_, OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, INSTRUMENT NO. H 468592.

BEING A PORTION OF SEAWALL 330.

ALSO BEING A PORTION OF LOT 01, ASSESSOR'S BLOCK 3771.

3-3383-ZX-A-GRAFT/CEG.LCC  
7-23-04





**City and County of San Francisco**  
**Office of the Assessor-Recorder**

**MABEL S TENG**  
**ASSESSOR-RECORDER**

**TRANSFER TAX AFFIDAVIT**

**FOR RECORDER'S USE ONLY**  
 Document Series Number:

**NOTICE: ANY MATERIAL MISREPRESENTATION OF FACT IN THIS AFFIDAVIT IS A MISDEMEANOR UNDER SECTION 1116 OF THE REAL PROPERTY TRANSFER TAX ORDINANCE. ANY PERSON WHO MAKES SUCH A MISPRESENTATION IS SUBJECT TO PROSECUTION FOR SUCH OFFENSE.**

1. LOCATION OF PROPERTY: Block: 2771 <sup>Portion of</sup> lot 1  
 Street Address Seawall lot 2770  
 Describe document(s) to be recorded: Deed
2. IS THIS A FORECLOSURE OR A TRUSTEE SALE?  Yes  No (If yes, complete this section, if no, proceed to #3)  
 a. Is the Transferor the Beneficiary or Mortgagee  Yes  No  
 b. Please provide Name of Trustee \_\_\_\_\_ Date of the original Deed of Trust: \_\_\_\_\_  
 c. Enter amount of consideration paid and on line 6a for tax calculation \$ \_\_\_\_\_
3. IS THIS A LEASE?  Yes  No (If yes, complete this section, if no, proceed to #4)  
 a. Is remaining term of lease including renewal options greater than 50 years?  
 Yes  No (if no, no tax is due)  
 b. If yes, submit a copy of lease or summary of its terms  
 Consideration Value of leasehold (if definite) \$ \_\_\_\_\_  
 Consideration Value of leasehold (if not definite) \$ \_\_\_\_\_  
 c. Enter amount on line 6a for tax calculation.
4. IS THIS A GIFT IN WHOLE OR IN PART?  Yes  No  
 If yes, give complete explanation, if no, proceed to #5).

Please be advised that gifts that are valued over US\$11,000 are subject to the Gift Tax and must be reported to the Internal Revenue Service. The Gift Tax applies to the transfer by gift of any property, others, or gifts to spouses, political organizations or charities.

Assessor's Office 1 Dr. Carlton B. Goodlett Place, City Hall, Room 150, San Francisco, CA 94102-2000  
 Phone: (415) 554-3565 Fax: (415) 554-7101  
 Recorder's Office 1 Dr. Carlton B. Goodlett Place, City Hall, Room 150, San Francisco, CA 94102-2000  
 Phone: (415) 554-3175 Fax: (415) 554-4176

8-15-2003

5. DO YOU CONTEND THAT NO TRANSFER TAX IS DUE FOR A REASON NOT EXPLAINED ABOVE?

Yes  No (If no, proceed to #6)

a. If yes, explain fully:

- (1) The nature of this transaction; and
- (2) The reason why you contend no transfer tax is due. (Use additional papers if necessary and attach copies of records or documents supporting your claim.

(3) If adding or removing a co-owner for refinancing purpose, please initial "the proportional ownership interest will revert back to its original holding within six (6) months from the date of the recording; otherwise I will pay the applicable transfer tax."

6. TAXABLE TRANSACTIONS

Complete the following and calculate the tax below:

a. Consideration Paid (definite or indefinite) :

\$ 9,824,000.00

If definite, what value is it based on?

Loan Amount \$ \_\_\_\_\_

Assessed value \$ \_\_\_\_\_; year of assessment \_\_\_\_\_

b. Tax due

\$ 69,920

Effective October 17, 1994, as mandated through local ordinance, the transfer tax rates are as follows:

If entire value or consideration is:	Tax rate for entire value or consideration is:
More than \$100 but less than or equal to \$250,000	\$2.50 for each \$500 or portion thereof
More than \$250,000 but less than \$1,000,000	\$3.40 for each \$500 or portion thereof
\$1,000,000 or more	\$3.75 for each \$500 or portion thereof

7. CONTACT INFORMATION

a. PERSON(S) PAYING TAX:

SF Cruise Terminal, LLC, Maurice Cococchia

b. ADDRESS OF PERSON(S) PAYING TAX:

277 NEW MONTGOMERY, STE 220, SF, CA 94105

c. CONTACT TELEPHONE NUMBER

(415) 995-4851

I DECLARE OR AFFIRM UNDER PENALTY OR PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Signed Teresa Kung

(Print Name) Teresa Kung

Place of Execution (City, County, State where executed) SF CA

Date of Execution 3-2-04

Interest of signing person in the property or this transaction Agent

NOTICE: ANY MATERIAL MISREPRESENTATION OF FACT IN THIS AFFIDAVIT IS A MISDEMEANOR UNDER SECTION 1170 (F) OF THE REAL PROPERTY TRANSFER TAX ORDINANCE. ANY PERSON WHO MAKES SUCH A MISREPRESENTATION IS SUBJECT TO PROSECUTION FOR SUCH OFFENSE.

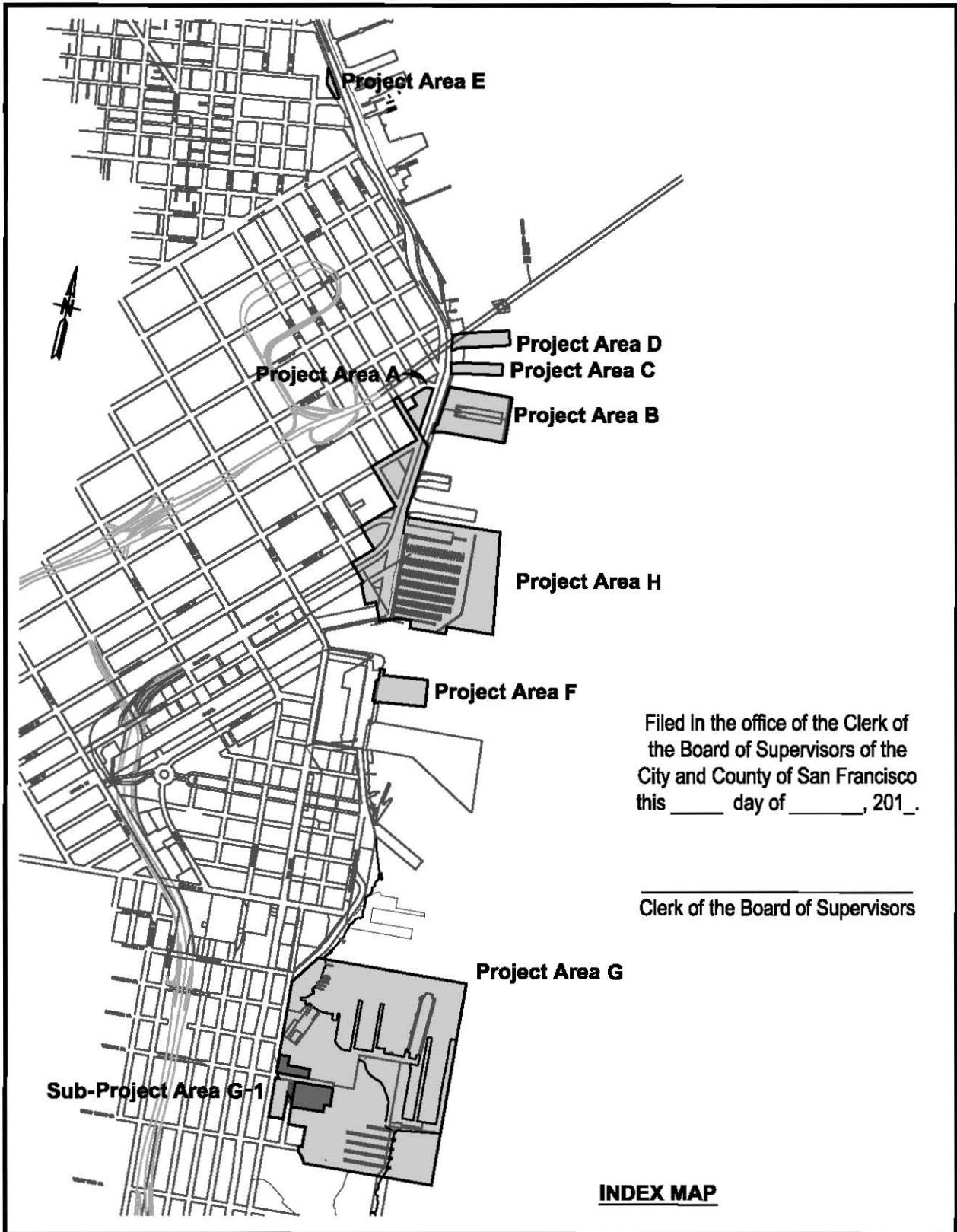
Assessor's Office: 1 Dr. Carlton B. Goodlett Place, City Hall, Room 160, San Francisco, CA 94102-4043

Phone: (415) 554-5595 Fax: (415) 554-7151

Recorder's Office: 1 Dr. Carlton B. Goodlett Place, City Hall, Room 100, San Francisco, CA 94102-4043

Phone: (415) 554-3179 Fax: (415) 554-6170


(1/19/2003)

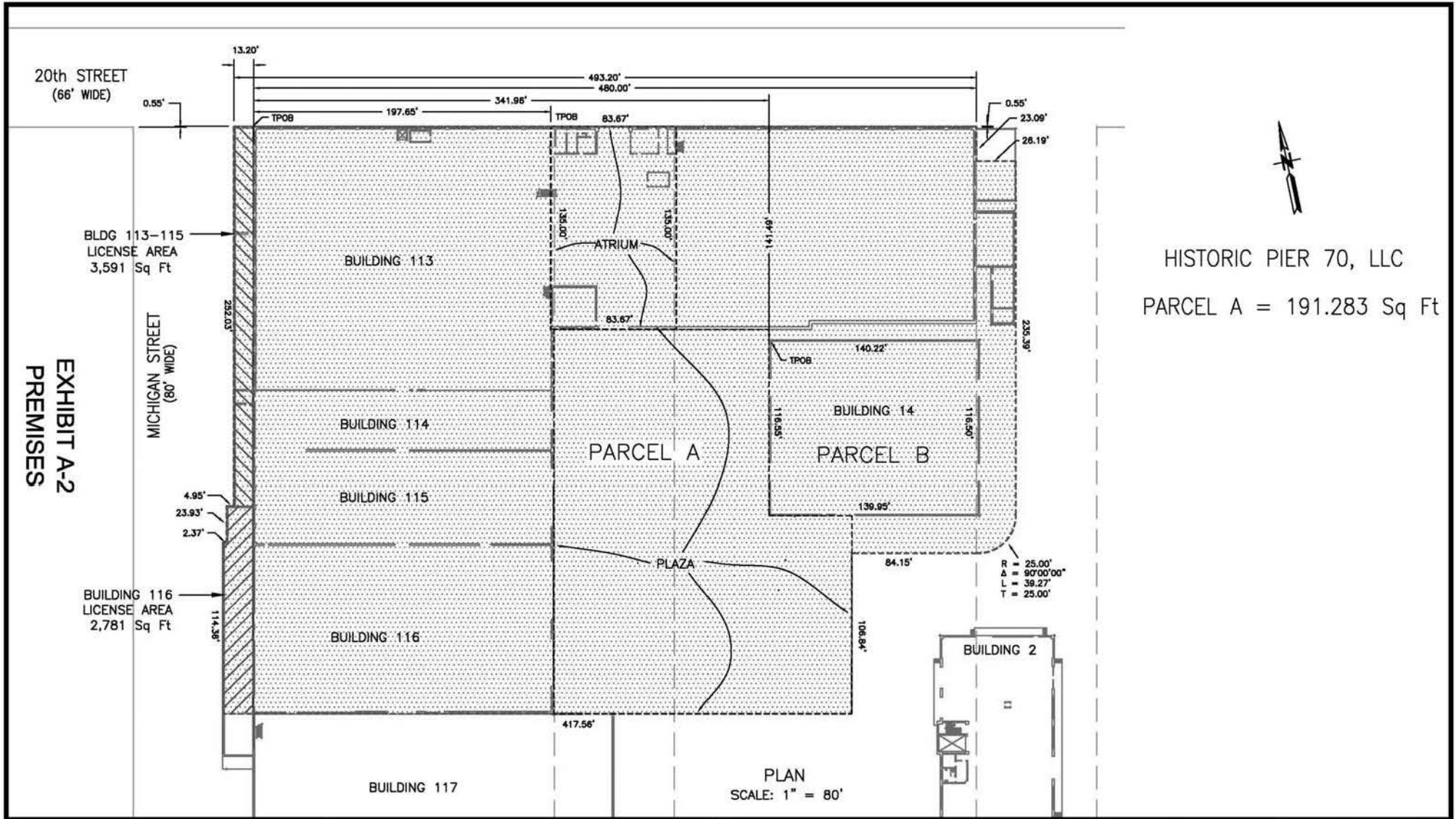


Filed in the office of the Clerk of  
the Board of Supervisors of the  
City and County of San Francisco  
this \_\_\_\_ day of \_\_\_\_\_, 201\_.

\_\_\_\_\_  
Clerk of the Board of Supervisors

**INDEX MAP**

 <p><b>SAN FRANCISCO PORT COMMISSION</b>  PORT OF SAN FRANCISCO  DEPARTMENT OF ENGINEERING</p>	<p>Proposed Boundaries of City and County of San Francisco  Infrastructure Financing District No. 2 (Port of San Francisco),  City and County of San Francisco, State of California</p>	<p>DATE: DEC. 08, 2011  SCALE: 1" = 2000'  SHEET NO. 1  OF 10 SHEETS</p>
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20th STREET  
(66' WIDE)

BLDG 113-115  
LICENSE AREA  
3,591 Sq Ft

MICHIGAN STREET  
(80' WIDE)

EXHIBIT A-2  
PREMISES

BUILDING 116  
LICENSE AREA  
2,781 Sq Ft

BUILDING 113

BUILDING 114

BUILDING 115

BUILDING 116

BUILDING 117

ATRIUM

PARCEL A

PLAZA

BUILDING 14  
PARCEL B

BUILDING 2

HISTORIC PIER 70, LLC

PARCEL A = 191.283 Sq Ft

PLAN  
SCALE: 1" = 80'

R = 25.00'  
Δ = 90°00'00"  
L = 39.27'  
T = 25.00'

APPROVED BY  
SAN FRANCISCO PORT COMMISSION  
DATE \_\_\_\_\_

CHIEF HARBOR ENGINEER



SAN FRANCISCO PORT COMMISSION  
PORT OF SAN FRANCISCO  
DEPARTMENT OF ENGINEERING

HISTORIC PIER 70, LLC  
A CALIFORNIA LIMITED LIABILITY COMPANY

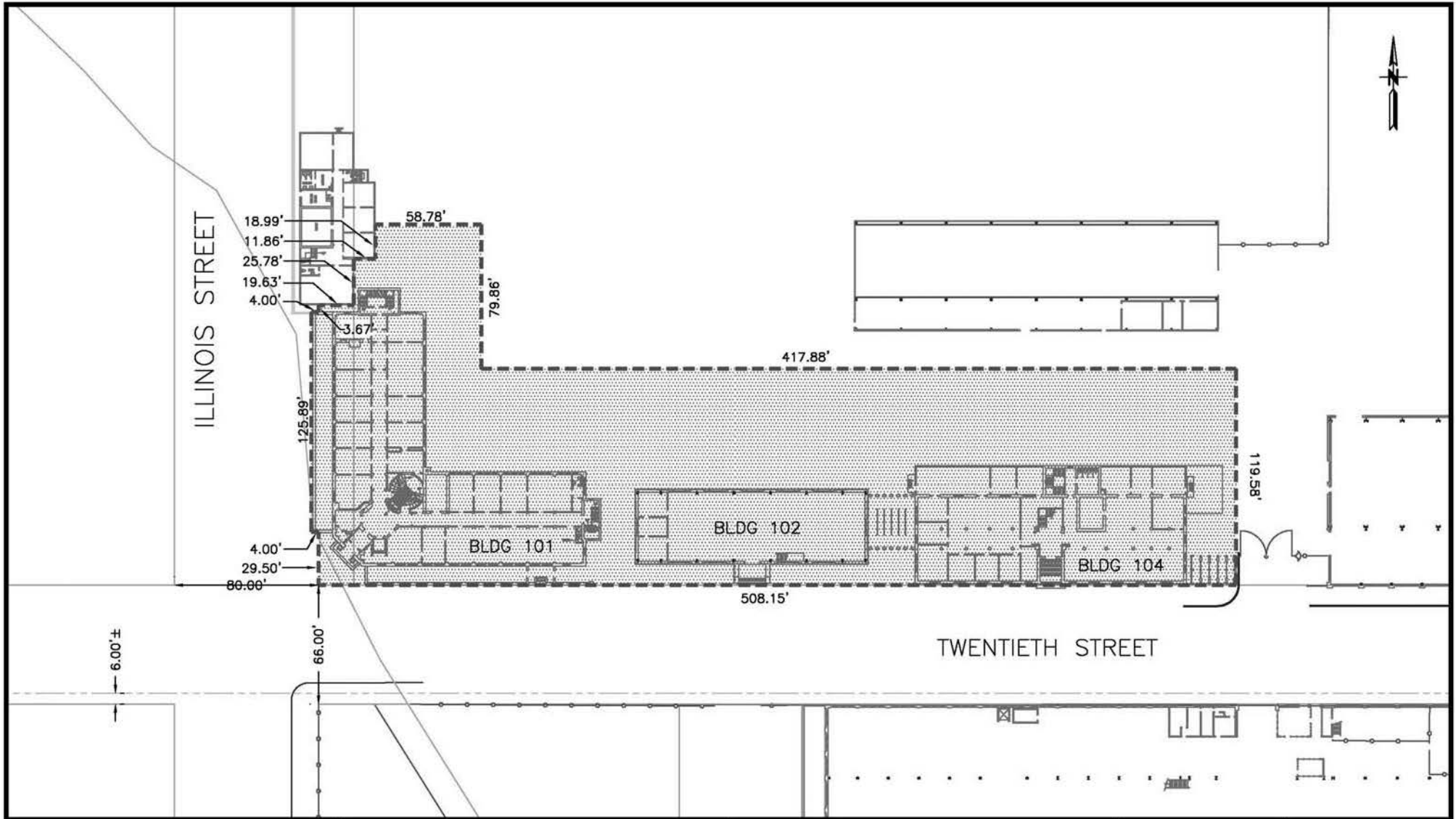
PREPARED BY: ECC	CHECKED BY: P. WILLIAMSON
DRAWN BY: ECC	DATE: MAR 23, 2015
CONTRACT NO.	SCALE: 1" = 60'
DRAWING NO.	SHEET NO. OF SHEETS

SUB-PROJECT AREA G-1 (PIER 70 - HISTORIC CORE)

PAGE 1 OF 2

C:\07 STAFF\ECUSTOD\temp\SM1348Lease-adjusted.dwg





APPROVED BY  
SAN FRANCISCO PORT COMMISSION  
DATE \_\_\_\_\_

\_\_\_\_\_  
CHIEF HARBOR ENGINEER



SAN FRANCISCO PORT COMMISSION  
PORT OF SAN FRANCISCO  
DEPARTMENT OF ENGINEERING

HISTORIC PIER 70, LLC  
A CALIFORNIA LIMITED LIABILITY COMPANY

PREPARED BY:	CHECKED BY:	SHEET NO. OF SHEETS
DRAWN BY: ECC	DATE: OCT 29, 2015	
CONTRACT NO.	SCALE: 1" = 50'	
DRAWING NO.		

SUB-PROJECT AREA G-1 (PIER 70 - HISTORIC CORE)

PAGE 2 OF 2

G:\07 STAFF\ECUST001\temp\wsl349bldg

PARCEL A :

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, BEING PARCELS A & B AS SHOWN ON THAT MAP TITLED "RECORD OF SURVEY 8565 ORTON LEASE AT PIER 70" RECORDED ON APRIL 30, 2015 ON MAP BOOK FF PAGES 59-61 OF SURVEY MAPS AT THE OFFICE OF THE RECORDER OF THE CITY AND COUNTY OF SAN FRANCISCO, DESCRIBED AS FOLLOWS;

BEGINNING AT A POINT ON THE NORTHERLY PROJECTION OF THE EASTERLY LINE OF MICHIGAN STREET (80.00 FEET WIDE) DISTANT 0.55 FOOT NORTHERLY FROM ITS INTERSECTION WITH THE SOUTHERLY LINE OF TWENTIETH STREET (66.00 FEET WIDE), AS SAID STREETS EXIST TODAY; RUNNING THENCE EASTERLY PARALLEL TO THE SOUTHERLY LINE OF TWENTIETH STREET 480.00 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 23.09 FEET; THENCE AT A RIGHT ANGLE EASTERLY 26.19 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 235.39 FEET; THENCE SOUTHWESTERLY ALONG A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 25.00 FEET, A CENTRAL ANGLE OF 90°00'00", AND AN ARC DISTANCE OF 39.27 FEET; CONTINUING THENCE WESTERLY TANGENT TO THE PRECEDING CURVE 84.15 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 106.84 FEET; THENCE AT A RIGHT ANGLE WESTERLY 417.56 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 114.36 FEET; THENCE AT A RIGHT ANGLE EASTERLY 2.37 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 23.93 FEET; THENCE AT A RIGHT ANGLE EASTERLY 4.95 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 252.03 FEET; THENCE AT A RIGHT ANGLE EASTERLY 13.20 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 191,283 SQUARE FEET OF LAND, MORE OR LESS.

EXCEPTING THEREFROM ALL SUBSURFACE MINERAL DEPOSITS, INCLUDING OIL AND GAS DEPOSITS, TOGETHER WITH THE RIGHT OF INGRESS AND EGRESS ON SAID LAND FOR EXPLORATION, DRILLING AND EXTRACTION OF SUCH MINERAL, OIL AND GAS DEPOSITS, AS EXCEPTED AND RESERVED BY THE STATE OF CALIFORNIA IN THAT CERTAIN ACT OF LEGISLATURE (THE "BURTON ACT") SET FORTH IN CHAPTER 1333 OF THE STATUTES OF 1968 AND AMENDMENTS THERETO, AND UPON TERMS AND PROVISIONS SET FORTH THEREIN.


 SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING		HISTORIC PIER 70, LLC A CALIFORNIA LIMITED LIABILITY COMPANY		APPROVED _____ DATE _____
IN CHARGE OF	MADE BY: ECC	TRACED BY	CHDL BY 3666	DATE SCALE
			DRAWING NO. SHEET NO. OF	

PARCEL C:

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, BEING PARCELS C, D & E AS SHOWN ON THAT MAP TITLED "RECORD OF SURVEY 8565 ORTON LEASE AT PIER 70" RECORDED ON APRIL 30, 2015 ON MAP BOOK FF PAGES 59-61 OF SURVEY MAPS AT THE OFFICE OF THE RECORDER OF THE CITY AND COUNTY OF SAN FRANCISCO, DESCRIBED AS FOLLOWS;

COMMENCING AT THE POINT OF INTERSECTION OF THE NORTHERLY LINE OF TWENTIETH STREET (66.00 FEET WIDE) AND THE EASTERLY LINE OF ILLINOIS STREET (80.00 FEET WIDE), AS SAID STREETS EXIST TODAY, SAID POINT BEING THE TRUE POINT OF BEGINNING; RUNNING THENCE NORTHERLY ALONG THE EASTERLY LINE OF ILLINOIS STREET 29.50 FEET; THENCE AT A RIGHT ANGLE WESTERLY 4.00 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 121.50 FEET; THENCE AT A RIGHT ANGLE EASTERLY 4.00 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 3.67 FEET TO A POINT ON THE SOUTHERLY WALL OF BUILDING No. 40; THENCE AT A RIGHT ANGLE EASTERLY 19.63 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 25.78 FEET; THENCE AT A RIGHT ANGLE EASTERLY 11.86 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 18.99 FEET; THENCE AT A RIGHT ANGLE EASTERLY 58.78 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 79.86 FEET; THENCE AT A RIGHT ANGLE EASTERLY 417.88 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 119.58 FEET TO A POINT ON THE NORTHERLY LINE OF TWENTIETH STREET; THENCE AT A RIGHT ANGLE WESTERLY ALONG SAID NORTHERLY LINE OF TWENTIETH STREET 508.15 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 67,354± SQUARE FEET (1.546) Ac) OF LAND, MORE OR LESS.

EXCEPTING THEREFROM ALL SUBSURFACE MINERAL DEPOSITS, INCLUDING OIL AND GAS DEPOSITS, TOGETHER WITH THE RIGHT OF INGRESS AND EGRESS ON SAID LAND FOR EXPLORATION, DRILLING AND EXTRACTION OF SUCH MINERAL, OIL AND GAS DEPOSITS, AS EXCEPTED AND RESERVED BY THE STATE OF CALIFORNIA IN THAT CERTAIN ACT OF LEGISLATURE (THE "BURTON ACT") SET FORTH IN CHAPTER 1333 OF THE STATUTES OF 1968 AND AMENDMENTS THERETO, AND UPON TERMS AND PROVISIONS SET FORTH THEREIN.

 SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING		HISTORIC PIER 70, LLC A CALIFORNIA LIMITED LIABILITY COMPANY			APPROVED _____ DATE _____
IN CHARGE OF	MADE BY: EDC	TRACED BY	CHKD. BY	DATE	DRAWING NO.
					SHEET NO. OF

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**EXHIBIT B**

**DESCRIPTION OF PUBLIC IMPROVEMENTS AND FACILITIES  
REQUIRED TO SERVE THE DEVELOPMENT PROPOSED IN THE IFD**

[See attached Ten-Year Capital Plan FY 2015-2024 Update]

# **Port of San Francisco**



## **Ten-Year Capital Plan**

### **FY 2016-2025 Update**

## **Table of Contents**

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## **I. EXECUTIVE SUMMARY**

The Capital Plan represents the guiding document for the Port's capital investments, and provides an assessment of capital needs, the investment required to meet those needs, and a plan to finance them. The FY2016-25 update of the plan reflects improvement from prior year plans in the Port's ability to address its capital needs over the next ten years. While the overall need is still substantial, some of the strategies the Port has put in place are beginning to yield results. 2014 included a number of major accomplishments:

- Completion and opening of the James R. Herman Cruise Terminal;
- Completion of Cruise Terminal Park and dedication of the Lucy and Fritz Jewett Grove;
- A comprehensive review of the Waterfront Land Use Plan ("Waterfront Plan") detailing major Port accomplishments since 1997, including a review of 120 major projects representing \$1.6 billion in public and private investment; and
- After 15 years, the successful disposition of the Port's Drydock #1.

Since its inception in 2006, the Capital Plan has provided a solid framework for the Port's investment to maintain and enhance its assets. In particular, the Port has utilized the plan's findings and priorities to guide issuance of its revenue bonds as well as preparations for the 34<sup>th</sup> America's Cup.

In the past four years, the Port has seen a dramatic uptick in capital investment, with approximately \$160 million expended for a variety of projects that have advanced the Port's maritime commerce mission, brought people to the waterfront, and made substantial progress toward reducing the Port's capital backlog. The James R. Herman Cruise Terminal project, park projects, and the City's commitment to host the 34<sup>th</sup> America's Cup drove much of the Port's recent investment.

These experiences yielded important insights that have advised this plan:

- As demonstrated by the James R. Herman Cruise Terminal and the rebuild of Pier 29 after a fire, the City has the expertise and capacity to direct major new investment within a very short timeframe;
- Port Maintenance staff are the Port's most cost-efficient and effective means of rebuilding most pier aprons and bringing pier sheds into code compliance;
- The Port excels at designing and building public parks and managing historic rehabilitation improvement projects; and
- In order to deliver major waterfront improvements, the Port requires a comprehensive strategy to obtain entitlements and regulatory approvals, particularly for in-water construction.



Pursuant to direction from the Port Commission, this year’s plan continues progress made in recent years to expand and stabilize capital funding from the Port’s operating budget. Port staff also has continued to refine the capital project scoring process, with an inter-divisional focus on project readiness and financial outcomes.

The strategic, ongoing challenges to the Port discussed in detail in this plan are ever present in the minds of the Port staff: seismic risk to the seawall and other Port facilities; tidal flooding and sea level rise; the Port’s yellow- and red-tagged facilities; ongoing problems posed by underpier utility infrastructure; revitalization of the southern waterfront; and the relentlessly increasing cost of dredging the Port’s berths. Daunting as these challenges may be, the Port staff has developed concrete strategies for addressing them.

With respect to the Port’s annual recalculation of needs, this plan identifies a total need of just over \$1.62 billion over the ten-year period (plus an additional \$476.3 million for conditional seismic work), primarily for deferred maintenance and subsystem renewal work required on Port facilities.

Changes From Prior Year Plan	State of Good Repair				Seismic (\$ millions)
	Backlog (\$ millions)	Renewal (\$ millions)	One-Time (\$ millions)	Total (\$ millions)	
<i>Prior Year (FY2015-24) Plan</i>	\$613.4	\$544.0	\$433.1	\$1,590.5	\$464.3
Updated project cost estimates, completions	(73.8)		(15.6)	(89.4)	(11.2)
Leased facility improvements (by tenants)		(6.3)		(6.3)	
New year ten (FY2025) project costs		48.0		48.0	
Escalation (5%)	30.7	27.2	21.66	79.53	23.2
<b>FY2016-25 Plan</b>	<b>\$570.3</b>	<b>\$612.9</b>	<b>\$439.2</b>	<b>\$1,622.3</b>	<b>\$476.3</b>

The total need of \$1.62 billion for state-of-good-repair projects includes an estimated \$612.9 million for capital renewal, which represents the amount needed over the next ten years to maintain facilities in a state-of-good-repair, as projected in the FRRM database. This plan shows an existing backlog for deferred maintenance of \$570.3 million, with another \$439.2 million for other one-time expenses. Investments for seismic repairs may or may not be required during the ten-year period; as such, the \$476.3 million cost of seismic work is not included in the total need, but is shown separately.

The plan projects total sources of \$853.7 million will be available during the ten-year period, of which the Port will use \$487.9 million to fund state-of-good-repair and \$365.8 million to fund capital enhancement projects (including seismic work). At the end of the ten-year period, the Port will reduce its state-of-good-repair needs by 30 percent from \$1.62 billion to \$1.13 billion and its conditional seismic needs from \$476 million to \$464.3 million.

As with last year’s plan, this plan separates internally- and externally-generated sources into separate discussions. Internally-generated funding sources include (1) Port capital funds, (2) Port revenue bonds, and (3) tenant obligations. Together, these sources are projected to generate \$344.7 million over the next ten years, of which the Port will apply \$328.1 million (or 95

percent) to state-of-good-repair projects and \$16.6 million (or 5 percent) to capital enhancement projects.

<b>Internally-Generated Funding Sources</b>	<b>Repair (\$ millions)</b>	<b>Enhancement (\$ millions)</b>	<b>Total (\$ millions)</b>
Port Capital Budget	\$139.5	\$16.6	\$156.1
Port Revenue Bonds & COPs	41.2		41.2
Port Tenant Improvements	147.4		147.4
<b>Total</b>	<b>\$328.1</b>	<b>\$16.6</b>	<b>\$344.7</b>

Externally generated sources include (1) development projects, (2) general obligation bonds, and (3) grants. This plan projects these sources to generate \$509.1 million, of which the Port will apply \$160.1 million (or 32 percent) to state-of-good-repair projects and \$349 million (or 68 percent) to enhancement projects.

<b>Externally-Generated Funding Sources</b>	<b>Repair (\$ millions)</b>	<b>Enhancement (\$ millions)</b>	<b>Total (\$ millions)</b>
General Obligation Park Bonds	\$5.6	\$55.5	\$61.1
Federal & State Grants	0.4	24.8	25.2
Federal Railway Administration	0.0	2.8	2.8
US Army Corps of Engineers	27.5	0.0	27.5
Prop 1B, RM2 (DTFT)	7.6	89.8	97.4
Development Projects	119.0	176.1	295.1
<b>Total</b>	<b>\$160.1</b>	<b>\$349.0</b>	<b>\$509.1</b>

The Port’s Ten-Year Capital Plan continues to evolve since its inception nine years ago. The Port has used the information that the plan generates to develop and implement its legislative and financing strategies to redevelop the City’s waterfront, fulfill its public trust mission, and guide the stewardship of its extensive assets.

Since the first plan in 2006, the Port has used this document to guide a total in investment in excess of nearly \$220 million in non-developer funding. Still, a persistent gap remains between the Port’s available resources and ever growing need. It is a clear challenge, but one the Port has demonstrated it has the fortitude as an institution to meet. While the plan is a forward looking document, it is our history of continual improvement that has generated opportunity for growth, and leveraged even greater opportunity. It provides a solid framework and confidence-building, holistic view of the Port to interested constituents, as well as to general audiences.

This year, the Port Commission and Port staff will commence a public planning effort to update the Waterfront Plan with the help of the Planning Department, the Bay Conservation and Development Commission and the California State Lands Commission. This effort will be informed by the 10-Year Capital Plan in a way that was not possible in 1997 when the Waterfront Plan was first adopted. At the time, the Port had some understanding of the condition of its assets – but not the Portwide, strategic view afforded by the 10-Year Capital Plan. Through this planning effort, the Port Commission and the public will have an opportunity to align the 10-Year Capital Plan and the Waterfront Plan, as the Port strives to develop strategies to remain a strong steward of its aging historic resources in the face of major challenges including seismic risk and sea level rise.

## II. INTRODUCTION

This report presents the Port of San Francisco's Ten-Year Capital Plan for Fiscal Year 2016 – 2025 (FY2016-25). The Ten-Year Capital Plan (Capital Plan) is updated annually and provides the public with reporting on the Port's capital strategy, including a comprehensive inventory of the Port's facilities, current conditions and capital needs, and available and projected capital resources over the next ten years. It is an important reference document that supports and guides capital expenditure and investment decisions by the Port Commission and staff, and also is included as a chapter of the Ten-Year Capital Plan of the City and County of San Francisco, which is updated biennially.

The Port produced the first ten-year outlook of its capital needs in 2006. That achievement was significant because it provided a complete inventory of the Port's facilities, which span 7½ miles of waterfront stretching from Fisherman's Wharf to India Basin in Bayview-Hunters Point, including piers, wharves, roadways and upland properties along San Francisco Bay. The Port undertook a laborious process of characterizing the general condition of each of its facilities in a newly defined capital portfolio, including generation of estimates for needed capital repair, proposed enhancements and seismic upgrades. This, together with a reporting of various existing and projected sources of funding, enabled the public to understand for the first time the magnitude of the Port's capital needs, as well as the limited resources available to address them. As reflected then and in this current update, existing and projected funding continues to fall short; the FY2016-25 plan identifies funding to address approximately 30 percent of the needed investment in "state-of-good-repair" work to maintain facilities over the next ten years.

As a routine matter, each year the Port staff has updated the Capital Plan to incorporate new information learned over the previous year and improve the Port's overall estimation of the condition of its capital assets. Over time, an increasingly valuable aspect of the capital planning process has been the review of emerging challenges and opportunities, and the public discourse around the values that guide capital decision-making at the Port of San Francisco.

The appeal of the San Francisco waterfront to the public is broad and varied, and creates a thicket of competing demands that sometimes are in conflict. In response to a 1990 voter-approved initiative (Proposition H), the Port Commission adopted the Waterfront Land Use Plan in 1997 – the Port Commission's principle planning document – which provides a framework to reconcile competing waterfront interests including public trust, maritime, public access, historic preservation, urban design, environmental, economic, and community values.

Because the Waterfront Land Use Plan is reviewed only every five years, the annual update of the Capital Plan has grown to reflect more frequent changes to the policy landscape. The Capital Plan, like the Port's two-year operating and capital budgets, is subject to cost estimate revisions, changes in City reporting conventions, and new capital needs that are often defined by changes in uses of Port property. While this year's Capital Plan reflects the Port's priorities for capital spending, each iteration reflects changes in both estimated need and available funding. The Capital Plan is also a repository for the changing financial tools and policy approaches Port staff is pursuing to revitalize the waterfront.

### **III. STRATEGIC OUTLOOK AND CONTINUING CHALLENGES**

This year's plan reflects improvement in the Port's ability to address its capital needs over the next ten years. While the overall need is still substantial, some of the strategies the Port has put in place are beginning to yield results. A review of highlights from the last two years illustrates the Port's progress: the Exploratorium opened at Pier 15; the 34<sup>th</sup> America's Cup regattas were held on the San Francisco Bay; the Port completed major waterfront parks and shoreline improvements in Fisherman's Wharf, South Beach, Mission Bay, and Bayview Hunters Point; and Turner Construction completed construction of the James R. Herman Cruise Terminal and Northeast Wharf Plaza at Pier 27.

The Port's facilities are beautiful and iconic, but aging. The Port has historically relied on private investment and long-term master leasing to provide resources for new construction and major rehabilitation of its facilities. The Port's Waterfront Land Use Plan explicitly acknowledges this strategy by establishing the process by which the Port selects and partners with private developers. These public-private partnerships pursue mixed use development in designated areas of the waterfront, primarily using private equity and historic tax credits (where applicable). As indicated in prior capital plans, the Port staff has found this approach, on its own, is insufficient, and that additional tools are necessary for the Port to make real progress in its transition from its industrial past to a modern Port and City waterfront.

Increasingly, the Port relies on coordination with other public agencies at the federal, state, and local levels to fund major waterfront improvements. In 2013, the Capital Planning Committee recommended, and the Board of Supervisors formally adopted, guidelines for the use of Infrastructure Financing District (IFD) tax increment proceeds in association with major Port development projects, formalizing City policy as to how this powerful funding tool can be used along the waterfront. The Board of Supervisors also unanimously endorsed term sheets for master plan developments at Seawall Lot 337 & Pier 48 and at the Pier 70 Waterfront Site. The use of IFD tax increment proceeds both addresses the Port's existing backlog at these sites, and builds the accompanying enhancements that make these new developments possible. The size and complexity of these new development proposals garnered a significant level of public attention throughout much of 2013.

Controversy about height limits dominated the discussion about the waterfront in 2014. Local residents and environmental organizations who shared an intense concern about heights in several key instances – during the Broadway Hotel design process, the 8 Washington approval process, and during initial consideration of Piers 30-32 as a site for a Golden State Warriors pavilion – forged a coalition to pass Proposition B in June 2014, a measure requiring a public vote for any waterfront height increase on Port property. Proposition B passed by 59-41%. Proposition B has changed what was primarily a neighborhood planning discussion about appropriate heights into a Citywide discussion with statewide implications, as evidenced by the recent lawsuit that State Lands filed to challenge the measure.

Public planning for Seawall Lot 337 and Pier 70 has demonstrated a clear need to increase height limits to enable feasible redevelopment in these areas. Potential maritime industrial uses in the

Port's Southern Waterfront are also likely to require increases above existing height limits in some cases.

Following on the passage of Proposition B, Forest City California proposed and qualified Proposition F for the November 2014 ballot, authorizing an increase of heights at the 28 acre Pier 70 Waterfront Site from 40' to 90'. While this was lower than the heights of up to 230' that were contemplated by the Term Sheet for the site endorsed by the Port Commission and the Board of Supervisors in 2013, the proposal conformed to massing exercises the Port produced as part of the Pier 70 Preferred Master Plan. Proposition F passed by 73-21%, allowing environmental review and related site planning efforts to continue for the Pier 70 Waterfront Site.

In the past three years, the Port has seen a dramatic uptick in capital investment in projects that have advanced the Port's maritime commerce mission, engaged people at the waterfront, and made substantial progress toward reducing the Port's capital backlog. Much of the Port's own investment over the past two years was driven by the City's commitment to host the 34<sup>th</sup> America's Cup, which required targeted investments delivered by the Port and its contractors at Piers 30-32 and Piers 19, 19½, 23, 29 and 29½ to make these facilities safe for event participants and spectators. These included major reconstruction of the Pier 19 south apron, which now serves as dedicated open space, new power distribution in the Pier 23 shed, substantial substructure repair to Pier 29, ceiling truss repairs in the Pier 29 shed, and rehabilitation of structural elements at the marginal wharf underneath the Embarcadero at Piers 30-32.

These experiences have yielded important insights for future Port capital planning:

- As demonstrated by the James R. Herman Cruise Terminal and the rebuild of Pier 29 after a fire, the City has the expertise and capacity to direct major new investment within a very short timeframe;
- Port Maintenance staff are most often the Port's most cost-efficient and effective means of rebuilding most Port aprons and bringing Pier sheds into code compliance;
- The Port excels at designing and building public parks and managing historic rehabilitation improvement projects; and
- In order to deliver major waterfront improvements, the Port requires a comprehensive strategy to obtain entitlements and regulatory approvals, particularly for in-water construction.

Pursuant to direction from the Port Commission, this year's plan continues progress made in recent years to expand and stabilize capital funding from the Port's operating budget. Port staff also has continued to refine the capital project scoring process, with an inter-divisional focus on project readiness and financial outcomes.

## Capital Project Investment Priorities

The projects and investments prioritized in this plan are guided by criteria the Port Commission believes respond to basic public safety and environmental needs, optimize resources that address the Port Commission's fiduciary responsibilities, and strike a balance among diverse public interests. Port staff used the following criteria to set investment priorities:

- Basic repairs and improvements to existing facilities that support continued leasing and revenue generation;
- Infrastructure improvements, including seawall, substructure, and utility repairs that respond to the shared objectives of protecting public safety, improving environmental quality, and responsible stewardship of historic resources along the waterfront;
- Improvements to retain and support San Francisco's diverse maritime and industrial tenants;
- Investments in waterfront parks and public open space that meet public trust needs and acknowledge the increasing role of Port lands in addressing City economic and quality-of-life objectives; and
- Strategic waterfront development that leverages private investment to support City policies and transform the waterfront, while reducing the Port's capital liability and enhancing land value.

## Waterfront Land Use Plan Update

As described above, in the wake of several ballot measures adopted by voters to limit Port development and to require voter approval of waterfront height increases, Port staff has initiated efforts to review and update the Waterfront Land Use Plan ("Waterfront Plan") – the Port's guiding policy document – in keeping with the requirements of Proposition H (1990).

Port staff published the Draft Review of the Waterfront Land Use Plan, a report that documents 120 major Port development and capital project accomplishments since 1997, analyzes development projects that were initiated but were not completed to glean lessons learned, and makes preliminary recommendations to the public and the Port Commission about issues that should be considered in updates to the Waterfront Plan. The Port accepted public comment on the Draft Review through November 30, 2014, as the first phase in a broader public outreach effort to update the Waterfront Plan.

Port staff intends to develop detailed recommendations for Port Commission consideration for a public planning effort involving San Francisco Planning Department, BCDC and the California State Lands Commission to update the Waterfront Plan.

Through its 10-Year Capital Plan, the Port has established a process of prioritizing available public funding to finance improvements to Port assets based on criteria established by the Port Commission including return on investment, relationship of the project to the Port's maritime mission, public safety, regulatory requirements, protection of cultural and natural resources, etc. As part of the effort to update the Waterfront Plan, Port staff have begun assembling information and analysis about waterfront-wide issues including the age and construction type of the Port's historic piers, sea level rise, seismic risk, historic character of Port facilities, open space, the public realm and waterfront transportation to enable the Mayor, the Board of Supervisors, the Port Commission and the public to form a consensus about how to guide public and private investment on Port property going forward. Preliminary staff analysis developed to support this effort suggests some major themes:

- ***There is not that much Port land available for mixed-use development.*** Much of the Port's 670 acres has been developed for long-term uses or otherwise are dedicated for open space and maritime uses. Approximately 44% of Port property, or 298 acres, is used or reserved for maritime uses. Another 131 acres, or 20%, has been turned into open space, or is planned for open space. 18% of Port property (120 acres) has been developed for mixed uses or is leased. Approximately 8% of Port property (51 acres) is in various stages of planned mixed use development, including two new neighborhoods at Pier 70 and on Seawall Lot 337 in Mission Bay. Port staff has identified an **additional 5% of Port property that is still un-programmed, but is likely development sites;** another 7% of Port property is characterized by "engineering, economic and regulatory challenges" which could or could not be viable development sites pending further analysis and public dialogue.

While there has been significant public focus on waterfront development, as the waterfront matures, development will slow over time, and the Port will require more public funding to address key infrastructure requirements.

- ***Rising sea levels and the City's future flood protection needs pose a serious challenge to the Port's traditional model of redeveloping finger piers.*** Some piers are subject to current flood risk in a strong storm (100 Year Flood), and the piers will become more flood prone over time. With rising sea level, the construction window for repair and maintenance of substructure decks of finger piers will become shorter and shorter making it quite expensive to repair and maintain the substructure decks. The concrete degradation due to corrosive marine environment also is expected to accelerate. Considering all these facts, Port staff do not consider additional 66 year leases of the piers advisable without an identified solution to sea level rise; based on current projections of rising sea levels, 35 (or 30) year leases may be the longest advisable lease term. Lease provisions that allow early termination for sea level rise, or two way options to extend leases with solutions to sea level rise could provide a similar solution. Port staff needs to evaluate solutions to protect piers from flooding, such as flood walls or raised floor elevations. Other approaches to protecting the Port's historic finger piers, such as restoring bulkhead buildings for public use, and keeping pier sheds in light industrial use, also should be investigated.

- ***Addressing seismic risk to the seawall and the bulkhead buildings that mark the entrance to the Port's piers is a clear priority.*** The *Seawall Seismic Risk Analysis* will analyze seismic and liquefaction risk to the Port's seawall in a major temblor on a nearby fault. If the study identifies that the seawall is subject to significant movement during such an event, it could undermine the bulkhead structures along the Embarcadero, and damage utilities and the Embarcadero Roadway, including San Francisco Municipal Transportation Agency transit infrastructure. The study will also provide high level conceptual design solutions to mitigate this risk.
- ***There is strong public support for the Port to continue its plan implementation efforts at Pier 70 and Seawall Lot 337 in Mission Bay.*** Due to the Port's public planning efforts that preceded selection of development partners at these sites, and the close collaboration of Port development partners with the community during development master planning, it is clear that there is strong support to continue these development efforts. Both projects incorporate site and design measures to plan for sea level rise. They also will fulfill important community objectives of delivering new open space, rehabilitating historic resources, building new green infrastructure and providing market rate and affordable housing to address the City's housing crisis. The Seawall Lot 337 project will require voter approval of proposed height increases.
- ***Additional neighborhood planning is needed in the South Beach area and in the Northeast Waterfront at the foot of Telegraph Hill.*** These neighborhoods have recently experienced development controversy that warrants additional planning to rebuild trust, and are the primary locations where the Port's few remaining mixed use development opportunities exist. These neighborhood planning efforts will examine land use options for under-utilized piers and surface parking lots and related urban design, transportation and historic preservation considerations. The Port Commission has also directed Port staff to develop a Southern Waterfront maritime/eco-industrial master plan based on prior public planning to direct continuing staff efforts to develop its maritime terminals and adjacent backlands.

During the public process to update the Port's Waterfront Plan, Port staff intends to use the lessons learned from the 10-Year Capital Plan to enable the public and policymakers to understand the unique financing and engineering challenges associated with historic waterfront infrastructure and buildings. Developing a clear understanding of the limits of when and where public and private investment can be successful in upgrading existing assets will allow decision-makers to decide when historic assets are truly beyond their useful life, and when the Port should begin envisioning new maritime and public trust improvements that are resilient to sea level rise and can serve coming generations.

### Continuing Challenges and Opportunities

In addition to the investments needed to maintain facilities in a state-of-good-repair, there are other issues that may pose significant challenges in the future. The most immediate concerns, and implications for this and future capital plans, are described below.



**The Seawall:** The seawall and adjoining marginal wharf<sup>1</sup> that run along The Embarcadero from Fisherman's Wharf southwest to Mission Bay constitute the City's primary flood control system along the Bay waterfront. Collectively, these interconnected structures form the essential foundation of The Embarcadero Promenade. Built in segments from 1876 to 1929, the Seawall was and still is a major engineering achievement, established through the creation of a reinforced rock dyke, supported by concrete and wooden piles. The Port has maintained ongoing efforts to repair the seawall, which is a contributing historic resource in the Embarcadero National Register Historic District.

These structures continue to function as originally designed. However, recent and planned Port construction projects, including the Pier 43½ Bay Trail Promenade and Brannan Street Wharf projects, have uncovered aged and damaged elements of the Seawall, which supplement the growing repair demands associated with maintaining the marginal wharf. Increasing concern among state policymakers, including the California State Lands Commission, the San Francisco Bay Conservation and Development Commission (BCDC) and the Joint Policy Committee,<sup>2</sup> in addition to knowledge gained through flood risk and sea level rise studies the Port has conducted or has underway, elevate the urgency of developing a City strategy.

In 2014, the Port Commission authorized an earthquake vulnerability study of the Great Seawall, which was awarded through a competitive process to a Joint Venture between GHD, Inc., an international professional services company with an office in San Francisco, and Geotechnical Consultants, Inc. The purpose of this study is to take a comprehensive look at the earthquake safety of this portion of the waterfront. Specific objectives of the study include:

- analysis of earthquake behavior of the seawall, bulkhead wharves, and adjacent infrastructure including the Embarcadero Roadway;
- assessment of earthquake damage and safety risks, including SFPUC, BART and MUNI infrastructure
- forecast of economic impacts;
- development of conceptual level earthquake retrofits for the seawall and bulkhead wharves; and
- prioritization of future improvements and/or further study needs.

Additionally, the study results will assist the Port in planning for and implementing adaptation measures necessary to address sea level rise and climate change. At the early conceptual stage of

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<sup>1</sup> The marginal wharf, or bulkhead wharf, is a piled structure built parallel to the waterfront along the top of the seawall with the purpose of extending a deck over the water to provide berthing for ships along the seawall and as a connection point for the finger piers, which in many cases were built later. The marginal wharf was built in twenty one sections and varies in width and construction, the newer sections being constructed of concrete. The marginal wharf also supports the bulkhead buildings along The Embarcadero.

<sup>2</sup> The Joint Policy Committee is a forum where the three major regional policy entities, which include BCDC, the Metropolitan Transportation Commission and the Association of Bay Area Governments, resolve competing policy objectives in order to provide unified policy guidance to Bay Area local governments, The Joint Policy Committee has been charged by the three agencies with further analysis and public policy guidance to local governments that are exposed to risks of sea level rise.

this effort, Port engineers are suggesting a wide potential range of costs to strengthen the seawall, ranging from \$50 million (for relatively minor strengthening in a few locations) to \$4 billion (for complete replacement). Costs in this range are beyond the port's ability to fund with its own resources, and a combination of sources will likely be required to fund this work, including local, state and federal sources. A major goal of this study is to produce a conceptual seismic design for the seawall and bulkhead wharves that can be incorporated in the City's 10-Year Capital Plan.

**Tidal Flooding and Sea Level Rise:** In 2011, the Port completed a URS study of sea level rise along the northern waterfront, analyzing potential flooding impacts assuming 16" of sea level rise by 2050 and 55" by 2100. In 2013-14, the Port participated in an inter-departmental task force called SF Adapt, formed at Mayor Edwin Lee's direction, to assess the potential impacts of climate change on the City. A Sea Level Rise Committee of SF Adapt was tasked with developing guidelines for incorporating sea level risk into capital planning for the City. Port staff participated in this Sea Level Rise Committee, which developed Guidance for Incorporating Sea Level Rise into Capital Planning in San Francisco: Assessing Vulnerability, Risk and Adaptation. This guide is intended to be a "how to" guide for capital planners, presents the most up to date science on sea level rise and lays out four steps in the process for incorporating sea level rise into capital planning: 1) Science review; 2) Vulnerability assessment; 3) Risk assessment; and 4) Adaptation planning.

The Port and BCDC also initiated the Mission Creek Adaptation Project as part of an international collaboration between the Netherlands-based Stichting Delta Alliance, several City departments including the San Francisco Public Utilities Commission, the Planning Department, the Department of Public Works and San Francisco Environment, BCDC and SPUR to develop sea level rise adaptation alternatives for the Mission Creek waterfront area of San Francisco. Mission Creek is one of the City's lowest-lying areas and is vulnerable to flooding from sea level rise. This Project seeks to build the capacity of San Francisco to address the risks of flooding from sea level rise and storms by developing adaptation alternatives for the Mission Creek area and continuing the exchange of knowledge and information between the Netherlands and California. The primary objective of the project is to develop sea level rise and storm water adaptation alternatives for the Mission Creek area portion of the City's waterfront based on the findings of a high-level vulnerability assessment. This study will also provide the Port with concepts that could address future flood risk along Islais Creek and other parts of the waterfront.

**BCDC-Port Cooperative Planning.** As part of the planning and permitting process to entitle the Pier 27 Cruise Terminal project in 2012, the Port and BCDC have been managing a cooperative joint planning process to identify additional public benefit opportunities along the San Francisco waterfront. This work relates closely, and will be integrated with Port efforts to update the Waterfront Land Use Plan. Public benefits include the improvement or creation of new public open spaces and public realm, and improved connections that create continuous public access and enjoyment of the waterfront. One of the priority opportunities is to create landscaped improvements to the Ferry Building Plaza on the bay side of the Ferry Building, where the Farmer’s Market occurs every Saturday. It has become a major public gathering space and should be improved to be an attractive addition to the Port’s waterfront open space system. Planning work is in the early phases and there is no design yet, or cost estimates. Any significant improvement to create this public plaza is anticipated to require substantial resources. The Port would evaluate tax increment proceeds from Infrastructure Finance District, tenant contributions, future General Obligation Bond funding, along with grants and other funding options as part of developing an implementation strategy.

**At-Risk Facilities.** The Engineering Division regularly conducts inspections of all Port facilities and records and categorizes the condition of more than 350 structures, including piers, wharves, and buildings. Based on the structural condition of the facilities, the division makes recommendations for occupancy loads, load restrictions, barricades, and warning signs. The inspection findings also are used to document maintenance and repair needs.

In 2013, the Engineering Division updated the Port Commission on the status of facilities that are load-restricted (yellow-tagged) or fully restricted (red-tagged), based on the Facility Assessment Program.<sup>3</sup> The Engineering Division has updated this report, which will be heard before the Port Commission on February 10, 2015.

Yellow-tagging and red-tagging are engineering risk management strategies designed to protect the public, Port tenants and Port staff. Red-tagging involves closure of a facility for use and occupancy until safe occupancy can be restored. The red-tagging and closure of some of these facilities could have a negative impact on the Port’s operating revenues, which in turn would impact the ability to fund other capital improvements.

The 2015 engineering report lists 35 facilities as yellow-tagged, with at least another 10 years of adequate performance, and 22 facilities as red-tagged, predicted to fail within approximately five years. The Engineering Division will continue to monitor these facilities and impose further restrictions as necessary until repairs are made. Consistent with the Port Commission’s investment criteria, revenue-generating yellow-tagged facilities will continue to receive priority in future capital planning and allocation decisions.

While there are no revenues generated by red-tagged assets, nevertheless they pose a risk of failing and triggering an emergency repair or demolition, and possible closure of an adjoining green or yellow-tagged facility. In some cases, red-tagged facilities may impair the Port’s ability

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<sup>3</sup> “Informational Presentation on the Port’s Load Restricted (Yellow with Green Hatching-Tagged) and Fully Restricted (Red-Tagged) Facilities,” February 7, 2013.

to utilize an adjacent green or yellow-tagged facility to greater potential by restricting access (especially fire egress). While some of the red-tagged facilities may never be repaired, others may still be brought back into productive use with sufficient capital investment. The Capital Plan reflects efforts to address three of the 22 red-tagged facilities:

<b>Facility</b>	<b>Remediation Plan</b>
Pier 31	Port Engineering is preparing design plans for architectural, structural and utility improvements. Project will be bid in 2015.
Pier 38	A private development partner has been selected who will refurbish the bulkhead and portion of adjoining shed; possible phase two refurbishment may be added to address remainder of shed and north and south aprons (including seismic strengthening of shed and substructure)
Pier 19 North Apron	Port Engineering is 90% complete with creation of structural repair plans. Repair to begin in the summer of 2015.

As part of the Facility Assessment Program, the Engineering Division will continue to monitor red-tagged facilities to preclude the possibility of a significant collapse without warning. Repairs to additional red-tagged facilities will be funded in future capital plans as revenue sources are identified.

**Under Pier Utility Infrastructure.** To ensure compliance with regulatory standards, the Port instituted an under pier utility inspection and response program. The objectives of the program are to: (1) ensure that all under pier water and sewer utilities are inspected annually (consistent with the Port’s permit requirements); (2) identify active leaks or highly vulnerable conditions that could lead to pipe failure; and (3) take corrective action to stop leaks and prevent failures which could result in an illegal discharge into the Bay.

The Port’s Maintenance Division created a scorecard to record observations and assess conditions based on visual inspections. The Division has documented a response protocol that will be followed to address the findings from inspections. Work orders will be generated to address detected leaks or critical conditions that pose an immediate threat to water and sewer infrastructure. Non-critical conditions will be documented and scheduled for follow-up inspections on an annual basis. The Maintenance Division initiated inspections of all piers in 2013. Funding in the amount of \$250,000 annually for the inspection and response program is included in the two-year Capital Budget, and anticipated to continue throughout the entire period of the Ten-Year Capital Plan. Larger repairs (such as completely replacing water and sewer lines) are beyond the scope of the inspection and response program. Instead, those needs will be incorporated into larger plans for pier improvements, such as the development projects described elsewhere in this report.

**Southern Waterfront Revitalization.** The Port continues land use planning and maritime market outreach to update plans for improving Piers 80 to 96, including the Piers 90-94 Backlands in the Southern Waterfront. Much of this area is underutilized and represents a major

opportunity for increased maritime commerce and complementary industrial uses. This is the remaining primary area within City and Port jurisdiction that can support the unique operational and transportation access requirements of maritime commerce public trust uses.

A recent economic benefits study highlights the value of maintaining and expanding industrial uses on Port property. The report<sup>4</sup> estimated that Port industrial and maritime tenants generated over \$785 million in annual economic activity in San Francisco, and employed roughly 2,400 workers (2011 data). The report also noted the policy benefits that accrue to the City from the Port's industrial and maritime property, including: retention of targeted production, distribution, and repair (PDR) jobs; a concentration of potential incubator space for fast-growing "creative industries" and innovative business ventures; and positive environmental outcomes from businesses operating in close proximity to their customers. Additionally, the report found that wages in industrial jobs such as those located on Port property were, on average, 24 percent higher than retail and personal services jobs in San Francisco. Operational benefits to the Port include diversification of the real estate portfolio (which helps manage risk) and uses that are consistent with the Public Trust Doctrine.

In 2011, the Federal Railroad Administration (FRA) awarded the Port a \$3 million grant for signaling and freight rail track upgrades to the Quint Street Lead, a one-mile stretch of track that connects the Caltrain main line to the Port of San Francisco Rail Yard on Cargo Way. The Port is focused on enhancing freight rail access to and from San Francisco to reduce freight truck trips on regional highways and city streets. Freight rail is also an important element of the City's emergency response plan to serve city evacuation and clean-up requirements in the aftermath of a disaster.

Given the size and location of the Port's Southern Waterfront assets (including unimproved land and underutilized piers), Port staff are pursuing a number of key initiatives to improve the area. These include a joint project with the Department of Public Works to competitively bid an asphalt and concrete batching plant to supply City paving projects and an iron ore export terminal at Pier 96. There have been expressions of interest for these and other uses, but significant improvements to infrastructure and environmental restoration must be undertaken to make the area viable. The Port's proposed \$19.5 million request to fund capital projects includes notable expenditures to improve the area, including \$8.5 million to fund the Backlands Project which will grade a 17 acre underutilized area, pave a portion of the land, construct a roadway and install solar lighting, fire hydrants, composting, restrooms, and a natural based storm water management infrastructure. Improvements will accommodate the site for leasing for construction laydown, vehicle parking and storage types of uses.

Any such improvements to Port Southern Waterfront property must undergo environmental review pursuant to requirements under the California Environmental Quality Act (CEQA) and Chapter 31 of the San Francisco Administrative Code, under the direction of the San Francisco Planning Department. Given the types of improvements contemplated for these Southern Waterfront properties, the Port anticipates the requirement for an addendum to the Southern

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<sup>4</sup> "Economic Benefits of Port Maritime and Industrial Uses," prepared by BAE Urban Economics, December 2013.

Waterfront Environmental Impact Report (SEIR) and has commenced work with the San Francisco Planning Department on this effort..

#### **IV. CAPITAL NEED ESTIMATES**

The FY2016-25 update of the Port's Ten-Year Capital Plan identifies a total need of just over \$1.62 billion (plus an additional \$476 million for conditional seismic work), primarily for deferred maintenance and subsystem renewal work required on Port facilities. For purposes of this plan, "need" is defined as projects required to maintain Port property in a state-of-good-repair for existing use over the next ten years. In this context, need excludes seismic upgrades (which may or may not be triggered by code requirements) and capital enhancements (such as building new infrastructure or parks along the waterfront). This distinction among different project types is a part of the architecture of the Port's capital modeling software, the Facilities Renewal and Reinvestment Model (FRRM), which is also used by the City to project all General Fund departments' capital needs.

This \$1.62 billion in need is approximately \$39 million more than the need identified in the Port's prior year (FY2015-24) capital plan (excluding conditional seismic work, which was \$464 million in the prior year). Each year the capital plan cost estimates are updated to reflect the following changes:

1. Completed projects are removed from the backlog (including projects undertaken by the Port and by tenants, where the tenant has responsibility for facility maintenance);
2. Project costs are updated to reflect more recent estimates, where available (e.g., as a result of a more extensive engineering analysis, design and/or third-party cost estimates);
3. A new year ten (FY2025) is rolled into the plan, and most of previous plan's year one (FY2015) costs are rolled into the backlog, if the project was not funded; and
4. Costs are escalated annually by the Controller's office based on various construction indexes, with a 5 percent escalation applied this year (the escalation factor is built into FRRM).

Table 1 summarizes adjustments to the Port's capital need estimates. Completed projects help to lower the need, while inflation and the addition of a new tenth year add to the projected need over the next ten years. Updated project cost estimates are based on more detailed engineering designs for development projects at Piers 30-32 and Pier 70.

**Table 1 -- Port Capital Need Estimates**

Changes From Prior Year Plan	State of Good Repair				Seismic (\$ millions)
	Backlog (\$ millions)	Renewal (\$ millions)	One-Time (\$ millions)	Total (\$ millions)	
<i>Prior Year (FY2015-24) Plan</i>	\$613.4	\$544.0	\$433.1	\$1,590.5	\$464.3
Updated project cost estimates, completions	(73.8)		(15.6)	(89.4)	(11.2)
Leased facility improvements (by tenants)		(6.3)		(6.3)	
New year ten (FY2025) project costs		48.0		48.0	
Escalation (5%)	30.7	27.2	21.66	79.53	23.2
<b>FY2016-25 Plan</b>	<b>\$570.3</b>	<b>\$612.9</b>	<b>\$439.2</b>	<b>\$1,622.3</b>	<b>\$476.3</b>

As Table 1 illustrates, the total need of \$1.62 billion for state-of-good-repair projects includes an estimated \$612.9 million for capital renewal, which represents the amount needed over the next 10 years to maintain facilities in a state-of-good-repair, as projected in the FRRM database. This plan shows an existing backlog for deferred maintenance of \$570.3 million, with another \$439.2 million for other one-time expenses.<sup>5</sup> Investments for seismic repairs may or may not be required during the ten-year period, as described below; as such, the cost of seismic work is not included in the total need, but is shown separately. Appendix A provides a detailed breakdown of the need shown in Table 1, by Port facility.

Seismic Costs

Since the publication of the Port’s first capital plan in 2006, the Port has maintained a policy decision to assume as a need all seismic repair even where that need exceeds code-driven requirements. In consideration of the fact that many of the Port’s structures are 100 years old, the Port’s original capital plan adopted a standard that all properties should be upgraded to modern seismic standards.

The City’s Capital Planning Committee has provided direction to City departments to report need (defined as projects required to maintain property in a state of good repair) separately from seismic work.<sup>6</sup> To conform to City convention, the FY2012-21 Capital Plan instituted a policy of

<sup>5</sup> One-time needs are generally utilized in FRRM for non-cyclical needs, which are typically driven by changes in code requirements. The Port’s capital modeling also includes a large number of the structures at Pier 70 in this category, as they are condemned and entirely in a state of deferred maintenance. For these structures, partial rehabilitation is not a viable option, and any rehabilitation will trigger substantial seismic work. Until they are rehabilitated and enter a capital maintenance cycle, the entire rehabilitation cost for these buildings are modeled as one-time costs.

<sup>6</sup> The City’s modeling of capital needs differs from the Port’s in one very important respect, which is related to the fact that only the Port must account for pile supported pier structures. The City’s calculation of “need” is entirely centered around renewal of building subsystems at the end of their usable life. As a result, there are no state-of-good-repair projects carried in the City Plan that could trigger a seismic upgrade to the structure in which they are contained. For that reason, the City classifies all seismic upgrade projects as capital enhancements. The Port’s modeling of its capital assets is distinct from the City’s in that the Port includes structural elements of buildings –



programming funding for seismic work only where a change of use or major rehabilitation is taking place, consistent with building code requirements. The FY2016-25 Capital Plan further distinguishes between the Port's aggregate capital need and capital need inclusive of contingent seismic costs by separating out seismic costs from state-of-good-repair. Over the next ten years, that seismic need totals \$476 million.<sup>7</sup>

The seismic work identified in this plan represents a kind of worst-case scenario in terms of potential impacts to capital expenditure planning. Port engineers believe that a number of the pier and wharf structures along the waterfront may be structurally repaired in a manner that does not trigger seismic work. Additionally, depending on the way in which a given pier was constructed (as nearly all were constructed approximately 100 years ago), costs associated with full seismic upgrade can be prohibitive, where the amortization period for the associated investment would exceed the useable life of the pier (in particular, the cost of mitigating the effects of sea level rise and overtopping of lower elevation piers complicate the economics of investment recovery on these facilities).

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the piles and decking of piers. Repair to these pier structure elements will under some circumstances trigger seismic work, so the Port categorizes seismic projects as conditional or caveated need (as opposed to capital enhancement).

<sup>7</sup> This number excludes Pier 70, where the costs for seismic work are rolled into "full rehabilitation" estimates, where seismic-only costs cannot be separated out (see footnote #5).

## V. CAPITAL EXPENDITURES

This plan identifies funds that are projected to be available during the ten-year period from FY2016 through FY2025. The expenditure of those funds is broken into two categories: (1) capital projects that help maintain the Port's facilities in a state-of-good-repair, and (2) enhancement projects that add value to the Port property (some enhancement projects also include work to address seismic conditions). Table 2 provides a breakdown of capital expenditures and funding sources by fiscal year.

**Table 2 – Ten-Year Capital Expenditure Plan**

Spending Plan	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021-25	Total
<b>State of Good Repair</b>							
Emergency Facility Repair	0.1	0.1	0.1	0.1	0.1	0.5	1.0
ADA		0.1	0.1	0.1	0.1	0.5	0.9
Dredging	18.9	6.0	6.0	6.0	6.0	30.0	72.9
<b>Emerging Needs</b>							
Repair / Reinvestment	60.4	52.9	44.8	49.4	21.2	184.5	413.2
<i>State of Good Repair Subtotal:</i>	<i>79.4</i>	<i>59.1</i>	<i>51.0</i>	<i>55.6</i>	<i>27.4</i>	<i>215.5</i>	<i>487.9</i>
<b>Enhancements</b>							
Parks and Open Space	10.5	12.8	0.8			32.4	56.5
Facility Improvements	2.0	6.5	5.3	4.2	4.4	20.4	42.9
Development Project Areas		5.3	59.6	62.5	15.1	33.5	176.1
Ferry Terminal Expansion Project	9.4	10.2	9.7	38.6		22.4	90.3
<i>Enhancements Subtotal:</i>	<i>22.0</i>	<i>34.9</i>	<i>75.4</i>	<i>105.3</i>	<i>19.5</i>	<i>108.7</i>	<i>365.8</i>
<b>Spending Total:</b>	<b>101.3</b>	<b>93.9</b>	<b>126.4</b>	<b>160.9</b>	<b>47.0</b>	<b>324.2</b>	<b>853.7</b>

Deferred  
SOGR:  
1,133.0

Deferred  
Seismic:  
464.5

Funding Sources	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021-25	Total
Port Capital Budget	12.8	19.8	22.2	15.9	15.5	69.9	156.1
Port Revenue Bonds and	1.2					40.0	41.2
General Obligation Park	11.4	13.9	0.8			35.0	61.1
Federal & State Grants	2.0	3.8	2.0	2.2	2.5	12.6	25.2
Federal Railway	2.8						2.8
US Army Corps of Engineers	0.3	7.0				20.2	27.5
DTFT - State Proposition 1B	5.4	6.1	10.3	38.6		22.4	82.8
DTFT - Local Sources (RM2)	5.4	6.1	3.1				14.6
Port Tenant Improvements	29.4	5.5	8.9	29.4	13.8	60.4	147.4
Development Projects	30.7	31.8	79.0	74.7	15.1	63.7	295.1
<b>Funding Total:</b>	<b>101.3</b>	<b>93.9</b>	<b>126.4</b>	<b>160.9</b>	<b>47.0</b>	<b>324.2</b>	<b>853.7</b>

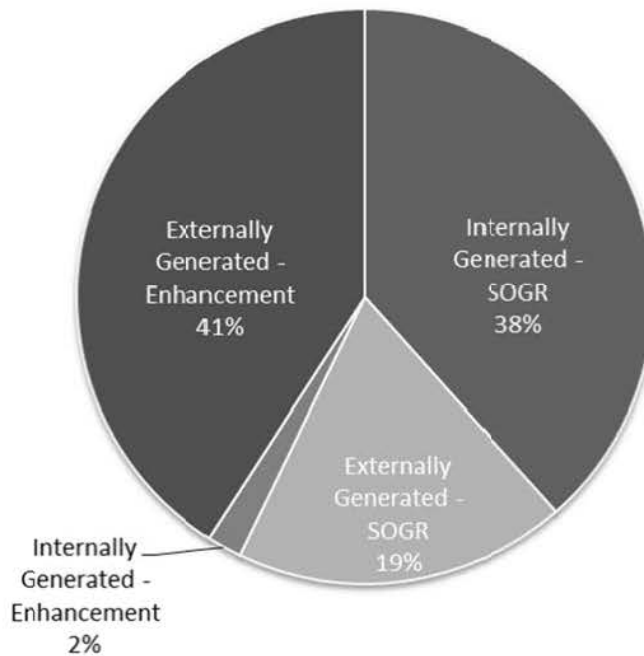
<b>Balance/ (Shortfall):</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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Additional Funding Sources	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021-25	Total
US Army Corps WRDA 2020						40.0	40.0
City Match to WRDA 2020						20.0	20.0
Transferrable Development						23.9	23.9
<b>Additional Funding Sought</b>						<b>83.9</b>	<b>83.9</b>

As Table 2 illustrates, a total of \$853.7 million is projected to be available during the ten-year period, of which the Port will apply \$487.9 million to state-of-good-repair needs and \$365.8 million to capital enhancement projects (including seismic work). At the end of the ten-year period, the Port will reduce its state-of-good-repair needs by 30 percent from \$1.62 billion to \$1.13 billion and its conditional seismic needs from \$476 million to \$464.3 million.<sup>8</sup> Fluctuations in year-to-year spending are driven by the timing of repair and renewal activities, the availability of grant funding for dredging the Central Basin, and development project schedules, as reflected in project term sheets and other planning documents.

Overall, the plan reflects a balanced expenditure of funds, with most of the Port’s internally generated funding sources directed towards state-of-good-repair (SOGR) projects, whereas enhancement projects are more dependent on externally generated funds, as described in the next section and illustrated below:

**Figure 1 – All Funds, Sources and Uses**



While the plan projects \$853.7 million in capital investments over the next ten years, at the end of that period the Port will still face a backlog of \$1.13 billion for needed improvements, and possibly another \$464.5 million in conditional seismic work. The Port must continue to explore ways to address these unfunded needs, including building partnerships to attract new sources of

<sup>8</sup> A small amount of seismic conditions will be addressed by development projects (Pier 48 and Pier 70) and the Downtown Ferry Terminal project. For the most part, project plans assume that conditional seismic requirements are not triggered. The capital plan will continue to carry conditional seismic costs in project inventory unless and until there is a definitional change or investments are made that remove the cost.

funds. Some pier sheds, such as Piers 26, 28, and 54, do not appear viable for rehabilitation with present day financing tools (although rehabilitation of the bulkhead structures appears feasible). Piers 26 and 28 are contributing resources to the Embarcadero Historic District listed on the National Register of Historic Places. If the Piers 26 and 28 sheds cannot be rehabilitated in their entirety (as prior predevelopment investigation at Pier 26 suggests), Port staff believe that there may be an approach to saving and rehabilitating the historic Piers 26 and 28 bulkhead buildings, with their distinctive Spanish-Mediterranean facades underneath the Bay Bridge. The Port will work with historic rehabilitation experts and the public to determine the future of these facilities.

The bottom of Table 2 lists additional funding sources that the Port is actively pursuing. These funding sources are too speculative to include in the current expenditure plan, but reflect the Port's ongoing strategy for outside funding sources. As the Port obtains additional federal, state or local legislative authorization or grant awards, these funding sources will be added to future capital plans. It is also likely that estimations of need will change as the Port investigates these funding opportunities. For example, it is only after the Port conducts preliminary engineering analysis of the seawall that staff will be able to accurately reflect costs to strengthen the seawall in the capital plan.

## VI. PLAN OF FINANCE

The purpose of the plan of finance is to map out how the Port intends to utilize existing and potential financing mechanisms to maintain its assets in a state-of-good-repair and to enhance its portfolio through strategic investments. The plan presents a strategy that will fund \$853.7 million in state-of-good-repair and enhancements over the ten-year period (FY2016-25). The first two years of this plan employ the two-year capital budget as a starting point. The two-year capital budget will be considered for adoption separately by the Port Commission; subsequent years' capital spending will go before the Port Commission for approval as part of the biennial budget process.

This report breaks discussion of funding sources into two categories: (1) internally-generated funds, and (2) externally-generated funds. The funding sources within each category are described more fully below, along with a discussion of the proposed uses of those funds. Table 2 summarizes the amounts projected from each of these sources over the next ten years.

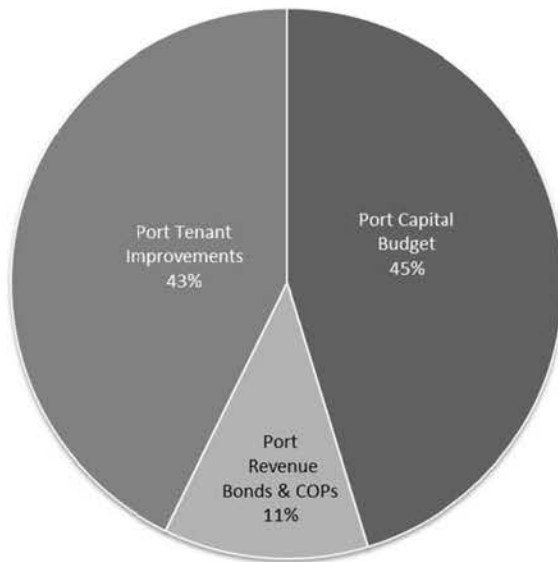
### A. Internally-Generated Funding Sources

Internally-generated funding sources include those sources that are primarily within the Port's control, utilizing existing assets, with a fairly high degree of confidence in their projected value. These sources include (1) Port capital funds, (2) Port revenue bonds, and (3) tenant obligations. Together, these sources are projected to generate \$344.7 million over the next ten years, of which the Port will apply \$328.1 million (or 95 percent) to state-of-good-repair projects (including dredging) and \$16.6 million (or 5 percent) to capital enhancement projects:

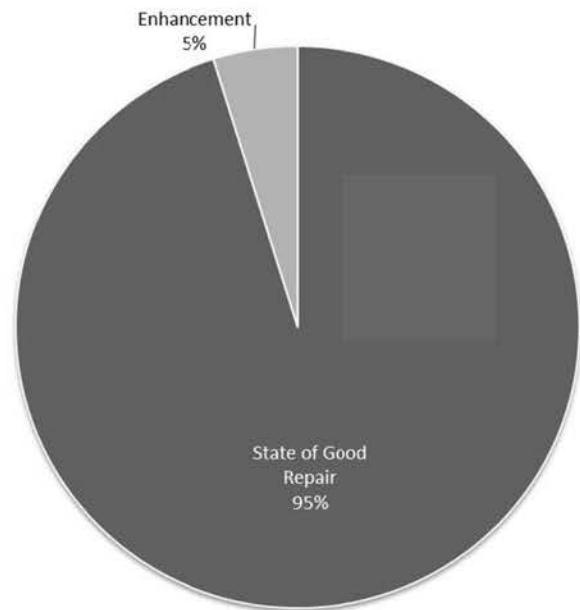
<b>Internally-Generated Funding Sources</b>	<b>Repair (\$ millions)</b>	<b>Enhancement (\$ millions)</b>	<b>Total (\$ millions)</b>
Port Capital Budget	\$139.5	\$16.6	\$156.1
Port Revenue Bonds & COPs	41.2		41.2
Port Tenant Improvements	147.4		147.4
<b>Total</b>	<b>\$328.1</b>	<b>\$16.6</b>	<b>\$344.7</b>

**The sources and uses of internally-generated funds are illustrated below:**

**Figure 2 – Internal Funding Sources**



**Figure 3 – Uses of Internal Funds**



### A.1 Port Capital Funds

In 2012, the Port Commission adopted a policy designating a minimum amount of operating revenues for capital projects. Pursuant to this policy, on an annual basis, a minimum of no less than 20 percent of Port operating revenues shall be set aside in the Port’s operating budget to fund capital expenditures (increasing to 25 percent beginning in FY2019). This minimum funding requirement shall be met through (1) an annual appropriation for current capital expenditures (“Capital Budget”) and (2) a designation of current estimated revenues for future capital expenditures, consistent with the Ten-Year Capital Plan. The policy is intended to (1) ensure that the Port has stable and growing operating resources dedicated to capital expenditures, (2) constrain the operating budget to achieve the funding requirement goal of operating revenues for capital, (3) require staff and Port Commission trade-off decisions between operating growth and capital needs, and (4) reduce the credit risk associated with unfunded capital obligations.

The policy is an attempt to reverse the Port’s historical trend of underinvestment in maintaining its assets in a state-of-good-repair. Based on certain analyses, the Port should reinvest in its pier substructures a minimum amount of 0.75 percent of the value of those substructures each year.<sup>9</sup> According to this formula, the Port should spend \$23.3 million annually in substructure repairs

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<sup>9</sup> The level of need is calculated based on the cyclical replacement of portions of pier substructures, based on construction type and exposure to tidal action. For example, Port engineers estimate that the Port should rehabilitate 15 percent of the Port’s pre-1920s era concrete piers every 20 years.

alone. Over the last ten years the annual appropriation for the Capital Budget has averaged just over \$10 million.<sup>10</sup> The size of the Port's annual capital budgets combined with the deferred backlog has meant that the capital budgets have primarily funded dredging, deferred maintenance and emergency needs, and have not addressed renewal needs adequately.

Port capital funds are generally allocated to the following program areas: (1) emergency facility repair (a set-aside of funds for unforeseen situations, available for the most pressing capital needs in subsequent years if the programmed year remains emergency-free); (2) renovations to make facilities compliant with the Americans with Disabilities Act; (3) dredging of the bay floor along the waterfront, which maintains the depth of berths at the Port's piers so that they remain suitable for water traffic; (4) emerging needs, where planning and design of projects are funded in order to position them for non-Port sources of construction funds; (5) repair and reinvestment to maintain facilities for current use; and (6) capital enhancements, where new assets are being constructed or where development of a facility includes rehabilitation far beyond return to current use. The process and criteria used to select projects for the Capital Budget are described in Appendix B.

Year 1 of the Capital Plan is the second year of the two-year Capital Budget, which is adopted by the Port Commission on a biennial basis. For FY2016, that allocation programs capital funding at \$12.8 million. An unplanned surplus of funds has provided an additional \$19.4 million for assorted projects, which the report discusses below, bringing the FY2016 total to an unprecedented \$28.1 million in Port Capital funds. The next four years of the plan (FY2017-FY2020) are based on forecasts included in the Port's five-year financial plan, and reflect a modest increase in capital funding each year. The capital plan assumes an average available capital budget of \$17.2 million per year for the remaining five years of the plan (FY2021-2025). Overall, capital funding from the Port's operating budget reflects a notable improvement from the average annual appropriation levels of past plans.

The projects currently proposed to be funded by the additional funds include:

- Port development of the Backlands, \$8,500,000;
- BAE Electrical Service Separation, \$3,000,000;
- Matching the US Army Corps of Engineers to dredge the Central Basin, \$2,900,000;
- Pier 23 Roof Replacement, \$2,833,151;
- Additional funding for the Quint Street Lead, \$1,000,000;
- Seawall Study and Repairs, \$1,000,000; and
- Pier 39 Sediment Investigation, \$250,000.

Each of the listed projects is described in detail in the February 6, 2015 staff report requesting approval to seek the aforementioned \$19.4 million supplemental appropriation.

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<sup>10</sup> The range of funds available for annual reinvestment during this ten-year period is from a low of \$6.4 million in FY2005 to a high of \$15.4 million in FY2012; however the amounts prior to adoption of the Capital Policy do not reflect a natural growth over the period but instead show a wide variation in the allocation.

## A.2 Port Revenue Bonds

The Port finances its larger scale capital projects, addressing significant deferred maintenance and enhancing property, in part, through the issuance of debt. The Port's revenue bonds, secured by the net revenues of the Port as defined in the bond indenture, present an opportunity to accelerate the delivery of much-needed capital investments. Bond proceeds are used to fund new projects that offer a significant return on investment, as well as repair of critical infrastructure needed to sustain the Port's operating revenues and protect future bonding capacity.

Over the last five years, the Port has gone out to the capital markets on three separate occasions to raise funds for its capital program. In 2010 the Port issued \$36.7 million of revenue bonds, in 2013 the City issued \$37.7 million of Certificates of Participation (COPs) on behalf of the Port, (which the Port is responsible to repay), and in 2014 the Port issued \$22.7 million of revenue bonds.

The majority of the proceeds from these three debt issues have been expended or committed primarily for the construction of the new James R. Herman Cruise Terminal, rehabilitation of Piers 31 and 33, repairs and improvements to the Port's historic pier structures located in the Northern Waterfront, and for capital expenditures related to preparing venues for the 34th America's Cup regattas.

Port staff will periodically revisit its remaining debt capacity, based on then current projections of operating revenues and expenditures. When considering additional bond sales, it will be important to factor in the impact of increased debt service on the amount of funds available to pay for repair and replacement projects from operating revenues. Port staff will assess the trade-offs between pay-as-you-go and accelerated funding via bonds. This plan reserves any remaining bonding capacity for projects with early returns on investments that generate revenues in excess of the amount required to service debt costs. This approach is necessary for expanding sources for the repair and replacement capital budget, as well as for expanding the Port's bonding capacity in order to make future investments in maritime commerce projects. As no projects have been identified as ready for funding, this plan assumes no additional Port bond revenues over the next ten years. Port staff may revisit this assumption if the SWL 337 or Pier 70 waterfront site projects begin generating sufficient net revenues to fund improvements to the Port's historic finger piers (as anticipated by SB 815) in the next ten years.

## A.3 Tenant Obligations

The Port has a number of properties that are under long-term leases (for example, a master tenant agreement of up to 66 years). Often, a condition of those leases is that the tenant assumes responsibility for maintenance and capital improvements to the property, including both the superstructure and substructure. The Port's asset database (FRRM) identifies the facilities where responsibility is assigned to Port tenants, and for those facilities, this plan assumes that those



tenants maintain the facility in a state-of-good-repair, according to the capital replacement schedule.<sup>11</sup> Over the next ten years, FRRM projects tenant obligations to be \$147.4 million.

## **B. Externally-Generated Funding Sources**

For purposes of this year’s plan, externally-generated funding sources represent those sources that require some form of partnership with an external party in order to be realized. Those partners may include developers, federal or state agencies, or other departments within the City and County of San Francisco. While partnerships often require considerably more effort to build and maintain, and are not entirely within Port’s control, ultimately they have far greater potential in the long-term than traditional internally-generated sources. The plan of finance relies significantly on these sources to fund both state-of-good-repair and enhancement projects over its ten-year period. These sources include (1) development projects, (2) general obligation bonds, (3) grants, and (4) transferable development rights.

Together, this plan programs these sources as generating \$509.1 million, of which the Port will apply \$160.1 million (or 32 percent) to state-of-good-repair projects and \$349.0 million (or 68 percent) to enhancement projects.<sup>12</sup>

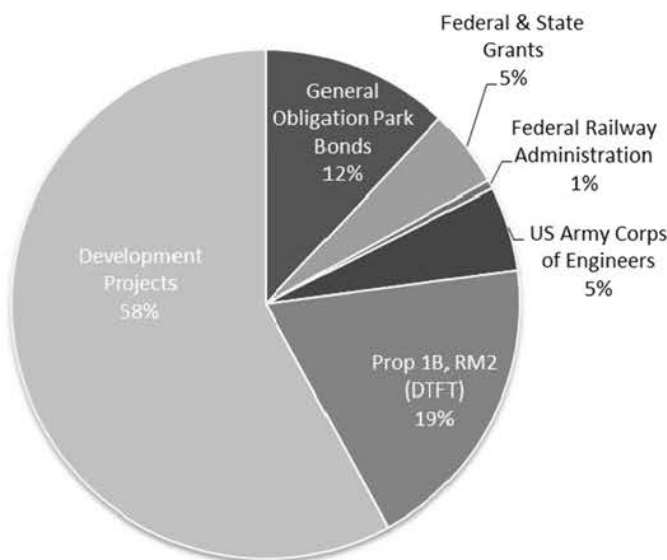
<b>Externally-Generated Funding Sources</b>	<b>Repair (\$ millions)</b>	<b>Enhancement (\$ millions)</b>	<b>Total (\$ millions)</b>
General Obligation Park Bonds	\$5.6	\$55.5	\$61.1
Federal & State Grants	0.4	24.8	25.2
Federal Railway Administration	0.0	2.8	2.8
US Army Corps of Engineers	27.5	0.0	27.5
Prop 1B, RM2 (DTFT)	7.6	89.8	97.4
Development Projects	119.0	176.1	295.1
<b>Total</b>	<b>\$160.1</b>	<b>\$349.0</b>	<b>\$509.1</b>

<sup>11</sup> The Port characterizes repairs for facilities where tenants have ten years or more left on their lease agreement as sourced to tenants, recognizing that short-term tenants are unlikely to make major capital investments with little time left to amortize those improvements.

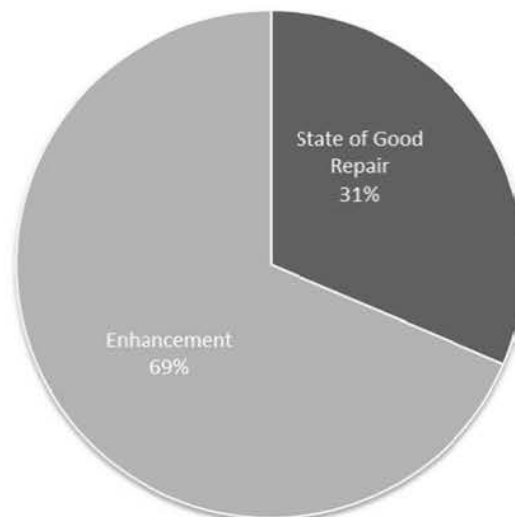
<sup>12</sup> Enhancement projects include an estimated \$78.5 million in seismic work at Piers 30-32, Pier 48, Pier 70, and the Downtown Ferry Terminal expansion.

The sources and uses of externally-generated funds are illustrated below:

**Figure 4 – External Funding Sources**



**Figure 5 – Uses of External Funds**



### B.1 Legislative Program

The Port has adopted policies and pursued options to attract partners and external funding through an aggressive legislative program. The following is a summary of the results of recent legislative efforts:

- In 2005, the California Legislature adopted SB 1085 (Senator Carole Migden), permitting the Board of Supervisors to form Infrastructure Financing Districts (IFD) on Port property that allow the capture of growth in property (or possessory interest) tax increment to fund public improvements along the waterfront.
- In 2007, the California Legislature adopted SB 815 (Senator Carole Migden), authorizing the Port to lease certain seawall lots south of Market Street and north of Pier 50 for non-trust (i.e., commercial and residential) purposes, with net proceeds to fund rehabilitation of Port historic resources and parks required by the San Francisco Bay Conservation and Development Commission (“BCDC”). The largest of these is Seawall Lot 337 in Mission Bay, the site of the Port’s current negotiations with Seawall Lot 337 Associates, LLC, to develop a new neighborhood south of AT&T Park.
- In 2010, the California Legislature adopted AB 1199 (Assemblymember Tom Ammiano), permitting the Port to establish a Pier 70 IFD that may issue debt repayable with both the local share of possessory interest tax and the state’s share of possessory interest tax (permitted by AB 1199).
- In 2011, the California Legislature adopted AB 664 (Assemblymember Tom Ammiano), with technical amendments following in 2012 (AB 2259), authorizing the Port to capture

up to \$1 million annually in state tax revenue to fund the James R. Herman Cruise Terminal and related improvements, if the City demonstrates that the state will earn revenue in excess of this amount from the 34<sup>th</sup> America's Cup. This legislation applies to the following locations: SWL 330, and Piers 19, 23 and 29. The California Infrastructure Financing Bank (I-Bank) must first find that the net present value of tax benefits of the 34<sup>th</sup> America's Cup to the State of California exceeds the net present value of tax increment it would forego from these sites.

- In 2011, the California Legislature adopted AB 418 (Assemblymember Tom Ammiano) authorizing the California State Lands Commission to approve a trust swap with Pier 70, allowing the public trust designation of land within the site to be rationalized to allow for development. The Port is negotiating with Forest City California, Inc. to develop the 25 acre Waterfront Site at Pier 70. The Port is negotiating separately to develop the Port's historic buildings along 20<sup>th</sup> Street with Orton Development, Inc.
- In 2008, and again in 2012, San Francisco voters approved investments through issuance of general obligation bonds totaling \$68 million in the development of a network of waterfront parks from Fisherman's Wharf to Heron's Head Park adjacent to Pier 96.

## B.2 Infrastructure Financing Districts

Building on the authority granted by state legislation and working with the San Francisco Board of Supervisors, the Port is now in the process of forming a second Port Infrastructure Financing District.<sup>13</sup> Government Code Sections 53395 et seq. ("IFD Law") allow public agencies to finance public infrastructure improvements by capturing and bonding against property tax increment generated in the IFD after it is established. To do so, the public agency must follow a multi-step process that includes approval of a financing and infrastructure plan by the Board of Supervisors.

IFD Law was crafted to allow IFDs to function much like redevelopment project areas. In this regard, IFDs do not increase tax rates; rather, they rely on increases in the property tax base within the IFD. Like redevelopment, the fundamental justification for tax increment financing is the notion that but for public and private investment made possible by tax increment financing, development and the resulting property tax increases would not occur. In contrast to redevelopment law, the IFD Law does not require the public agency to make a finding of blight or require a set-aside of a portion of the tax increment for affordable housing (except when the projects to be financed through the IFD displace housing).

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<sup>13</sup> IFDs function in a manner similar to redevelopment, by allowing local jurisdictions to establish a geographical district within which all growth in property and possessory interest tax above an established base year (typically referred to as "tax increment") can be pledged to service debt on bonds issued to fund capital improvements of communitywide significance. Note that although this mechanism uses property tax increment, it does not rely on a redevelopment agency structure and is not impacted by the recent elimination of redevelopment agencies in California.

By Resolution 110-12, the Board of Supervisors adopted a Resolution of Intention to Establish an Infrastructure Financing District for the City and County of San Francisco (Infrastructure Financing District No. 2, the “District”) for multiple sites on Port property, including Seawall Lot (SWL) 330, Piers 30-32, Pier 26, Pier 28, Pier 48, and Pier 70. Resolution 227-12 amended the District to include SWL 351 as a project area.

Port staff will likely recommend removal of Piers 26 and 28 from the District, because these piers are no longer likely development sites. Concurrent with recommending a Disposition and Development Agreement for the proposed development of SWL 337 and Pier 48 in conjunction with the Port’s development partner, Port staff will recommend that the Board of Supervisors amend Resolution 227-12 to include SWL 337. Concurrent with recommending a Disposition and Development Agreement for the Pier 70 Waterfront Site, it is likely that Port staff will also recommend adding 3 acres of adjacent private property owned by Pacific Gas and Electric, Inc. to the Pier 70 project area.

As Port staff advances individual development projects, there will be an associated Infrastructure Finance Plan for the Board’s consideration as the next step in forming the District. The Finance Plan will include a detailed description of the development plan for each project area and specify the type of projects eligible for IFD monies and the estimated value of the tax increment over the life of the projects. The development projects currently being negotiated are summarized below.<sup>14</sup>

In 2013, the Board of Supervisors adopted Resolution 123-13, adopting Guidelines for the Establishment and Use of an Infrastructure Financing District with Project Areas on Land Under the Jurisdiction of the San Francisco Port Commission (Port IFD Guidelines). Consistent with IFD law applicable to the proposed Port IFD, proposed uses of the Port IFD proceeds can include:

- Repairs and upgrades to piers, docks and wharves and the Port’s seawall;
- Installation of piles, both to support piers and to support buildings where soil is subject to liquefaction;
- Parks and shoreline improvements, where the Port has been unable to secure General Obligation bond funding to fund new parks;
- Utility infrastructure, including utility requirements to comply with standards imposed by the Regional Water Quality Control Board and/or the Bay Area Air Quality Management District;
- Streets and sidewalks;
- Seismic upgrades and improvements to the City’s seawall and other measures to address sea level rise;
- Environmental remediation;

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<sup>14</sup> Each of the development projects is subject to ongoing real estate negotiations which include the allocation of IFD to infrastructure costs. When City staff publishes each project term sheet for public review and consideration by the Port Commission and the Board of Supervisors, City staff will publish more detailed cost information related to the use of IFD.

- Historic rehabilitation; and
- Improvements to Port maritime facilities.

The Port IFD Guidelines establish minimum criteria regarding the formation of IFD project areas on Port property. These guidelines can be found in Appendix C. IFD Law is the subject of frequent legislative action in wake of California's repeal of community redevelopment law. This year, Governor Jerry Brown has signaled his openness to amendments to IFD Law that would permit its use for affordable housing in addition to infrastructure and facilities of communitywide significance. If the Legislature enacts such a change (or similar changes), the Port and the Board of Supervisors may need to consider further amendments to the Port IFD Guidelines.

### B.3 Development Projects

Since the 1970s, the Port's primary tool for redeveloping property has been public-private partnerships. In exchange for long-term leases (50-66 years) and other financial consideration (including rent credits, land value and IFD tax increment, for example), private developers assume much of the responsibility for rehabilitating and improving Port property for designated uses. This includes upgrades to meet current seismic building code requirements, repairs to adjoining segments of the seawall, and climate change adaptation improvements. The Port typically limits its contribution to development projects to existing facility improvements, along with Port staff, attorneys, and other consultants needed to coordinate and assist the developer. By engaging a development partner and allowing them to make a reasonable return on their investment, the Port is able to generate substantially more resources to address the Port's backlog of capital investment needs.

As noted in Table 2, development projects are forecast to be the largest financial source to address both state-of-good-repair (\$119 million) and enhancement (\$176.1 million) in the plan. The vast majority of enhancements that are contemplated are investments in new, publicly-owned parks and infrastructure, largely to support new neighborhoods planned at SWL 337 and Pier 70. A portion of expenditures on enhancements will also address seismic conditions.

The Port is engaged in an exclusive negotiations process with a private investor or partner in several project areas. The developers will make significant investments to rehabilitate and enhance these properties; however, the ten-year plan reflects only that portion of the investment necessary to repair or replace facilities to continue operating them for their current use, or for enhancements that benefit the general public. Funding for these projects may come from a number of both private and public sources; however, for purposes of this plan, all development project generated funds are shown on a single line item in Table 2.

Two of these projects (SWL 337 and Pier 70 Waterfront Site) involve proposed height increases that are likely to be subject to significant local debate. SWL 337 and the Pier 70 Waterfront Site are just starting the process of environmental review and urban design planning.

The teams working on these projects plan to entitle them within the current real estate market cycle. If any of the projects are not entitled within expected timeframes, Port staff will make corresponding adjustments to future capital plans.

**Pier 70 Area:** Pier 70 is located on San Francisco's Central Waterfront, an approximately 65-acre site, generally between 18th and 22nd Streets, east of Illinois Street. For over 150 years, some portion of the site has been in use for ship building and repair or steel production, as well as for other supporting heavy industrial uses. The Port completed an environmental investigation and risk assessment of the project area. Findings from the completed risk assessment do not indicate any immediate need for soil or groundwater remediation. Following a three-year community planning process, the Port Commission endorsed the Pier 70 Master Plan in May 2010. The Plan balances sustained ship repair, historic preservation, new waterfront parks and new development. It identifies over 3 million square feet of new building potential and 700,000 square feet of buildings to be rehabilitated. On April 17, 2014, the National Park Service approved the Port's nomination for the Union Iron Works Historic District at Pier 70 and listed the district in the National Register of Historic Places. Port staff continues to work with the State Lands Commission on public trust matters that impact the Pier 70 area.

The Port Commission authorized a developer solicitation for the Waterfront Site as well as a second solicitation for Historic Buildings:

**Pier 70 Waterfront Site:** Following a competitive process, the Port Commission selected Forest City California, Inc. as its development partner for the Waterfront Site and on July 12, 2011 authorized an ENA. This project area requires significant infrastructure investment and new land use approvals to redeploy a largely vacant portion of Pier 70 for new uses in new buildings. The ENA provides for a five-year period to develop plans for the project, negotiate required agreements, and secure required approvals. In May 2013, the Port Commission endorsed a non-binding term sheet describing the fundamental deal terms for the project. The Board of Supervisors, in June 2013, added its endorsement of the term sheet and, in accordance with Administrative Code, Chapter 29, determined the proposed development fiscally feasible. Negotiations between the Port and the developer continue on the transaction details and documents, including the ground leases, the development and disposition agreement and financing plans.

In response to Proposition B (June 2014), Forest City redesigned its development concept for the Waterfront Site and drafted and qualified Proposition F for voter consideration on the November 4, 2014 ballot. As described above, San Francisco voters approved Proposition F to increase site zoning from 40 to 90 feet, which is not higher than the tallest point at the tallest historic building already at this project site. Subject to all required public review processes, this initiative encourages a development project and sets policy direction for identified major uses and supporting infrastructure improvements. The measure sets forth major uses to include: (i) nine acres of waterfront parks, playgrounds and recreation opportunities on and adjacent to the Project Site; (ii) below market-rate homes, representing 30% of all new housing units; (iii) construction of between approximately 1,000 and 2,000 new housing units, a majority of which will be

rental homes; (iv) restoration and reuse of currently deteriorating historic structures essential to the creation of a new Union Iron Works Historic District; (v) substantial new and renovated space for arts, cultural, small-scale manufacturing, local retail and neighborhood services; (vi) preservation of the artist community currently located in the Noonan Building; (vii) between approximately 1,000,000 and 2,000,000 square feet of new commercial and office space (which is in addition to reuse of historic structures); and (viii) accessory parking facilities and other transportation infrastructure.

Forest City's development concept for the Waterfront Site is subject to review and approval under CEQA. Forest City has filed an environmental application for CEQA review which commenced in late 2014, with potential consideration of final transaction documents and a Waterfront Site Special Use District by the Port Commission, the Planning Commission and the Board of Supervisors in 2016.

**20th Street Historic Buildings:** The 20th Street Historic Buildings are six buildings on or near 20th Street at Pier 70. These historic resources, some dating to the 1880s, are in need of substantial investment to return to active use. Following a competitive solicitation process, in May 2012, the Port entered into an exclusive negotiations agreement with Orton Development Inc. for a public/private partnership to rehabilitate these buildings. In September 2014, the project's Lease Disposition and Development Agreement ("LDDA") was executed. The LDDA is the document that describes the obligations of each party to implement the rehabilitation project including a detailed schedule of performance describing a phased construction schedule.

The Port and Orton Development expect to close escrow and execute a lease to convey the site to Orton in 2015. In total, these buildings have over 250,000 square feet of building space with potential in some cases, for additional mezzanine construction. The current capital cost estimate is \$76 million. The Port will contribute \$1.5 million to the project (repositioning funds previously committed to a temporary shoring of one of the buildings). Orton will invest up to \$14 million of equity in the project and secure the remainder of the funding from leasehold mortgage, historic tax credit investors and a Seismic Safety Loan administered by the Mayor's Office of Housing and Community Development. The Port defers its rent from the project until Orton's equity investment is repaid.

**BAE Ship Repair:** The BAE Ship Repair leasehold is 15.1 acres of leasable land and 17.4 acres of leasable water on the northeastern edge of Piers 68 and 70. It includes 19 buildings, six functional cranes, and two floating drydocks. It is under a lease to BAE generating approximately \$1.8 million dollars in annual revenues to the Port. A capital improvement plan is being developed for further improvements to infrastructure that will sustain the Ship Repair facility for the next 25 years. These improvements will be reflected in future capital plans upon completion of negotiations with BAE.

**Seawall Lot 337 & Pier 48:** In September 2010, following a one-year community planning and developer selection process, the Port entered into an exclusive negotiation agreement (ENA)

with Seawall Lot 337 Associates, LLC (an affiliate of the San Francisco Giants) for the mixed-use development of Seawall Lot 337 (SWL 337) and the adjacent Pier 48. Pursuant to the ENA, the developer submitted its Revised Proposal in March 2012 which contemplates a flexible mixed-use development at the site balancing residential, office, retail, exhibition and parking uses distributed over a network of city blocks – with expectation that the combination of uses will evolve to meet market demands and to reflect community and regulatory concerns, and be responsive to certain requirements to ensure mixed-use diversity.

In March 2013, the Port Commission endorsed a non-binding term sheet describing the fundamental negotiated elements and proposed financial terms for the lease and development of the project site and, in May 2013, the Board of Supervisors added its endorsement of the term sheet and also found the proposed development to be fiscally feasible under Administrative Code, Chapter 29. Following these approvals, the ENA allows the developer three years to complete the project entitlement process. The total cost of the project, as planned, is estimated at \$1.8 billion.

The project team is pursuing project entitlements including a thorough environmental review in accordance with the California Environmental Quality Act ("CEQA"). The Port anticipates that this project could generate new lease revenues and result in higher property values. The project schedule previously anticipated completing the CEQA process and gaining project approvals in early 2015 with lease payments commencing on sub parcels beginning in 2016. However, Proposition B (June 2014) requires voter approval of the height increases required for the project, as proposed (per the non-binding terms endorsed by the Port and City). In light of Proposition B, Seawall Lot 337 Associates, LLC is re-examining the proposed heights and density with the expectation that the Project would be presented to the voters for approval on a future ballot.

**8 Washington/Seawall Lot 351:** This two-thirds of an acre site is currently a surface parking lot located along the Ferry Building waterfront at The Embarcadero and Washington Street. It is to be merged with the adjacent 2½ acre tennis and swim club property in a \$345 million residential-commercial development agreement between the Port and San Francisco Waterfront Partners ("SFWP"), including dedicated public parking for the Ferry Building area, improvements to approximately ½ acre of public open space and \$5 million in public funding for sidewalk widening and street furnishings recommended in the Northeast Embarcadero Study ("NES").

As described above, the approved project is the subject of a recently passed legislative referendum rescinding the increase in building height granted the development. SFWP, therefore, is considering its options to reevaluate the proposed development, including project funding structure. The Port is awaiting the developer's decision on proceeding with this project following its reevaluation.

**Pier 38 Bulkhead Rehabilitation:** Pursuant to Port Commission authorization, the Port issued a request for proposals ("RFP") for the Pier 38 Bulkhead in November 2012, seeking a development entity to rehabilitate the Pier 38 bulkhead building and limited shed improvements for re-occupancy in the near-term. Responses were received in March 2013 and the Port



Commission selected TMG Partners in December 2013. Lease negotiations consistent with the Port Commission's goal to expeditiously rehabilitate and re-tenant the bulkhead building are nearing completion. Under the proposed agreement, TMG would invest approximately \$7.2 million to correct code violations, improve public access and upgrade the float on the north side of the pier. The Port expects the lease to commence in 2015.

#### **B.4 General Obligation Bonds**

The Port Commission and Port staff remain grateful for the infusion of funding approved by voters to create waterfront open space through the 2008 and 2012 Clean and Safe Waterfront Parks General Obligation Bonds. The following bond-funded projects, totaling \$34.7 million are in various stages of conceptual development and permitting:

- **Crane Cove Park, Phase 1:** Crane Cove Park is an approximately 9 acre Blue Greenway waterfront park located in the Central Waterfront generally between 19th and Mariposa Streets east of Illinois Street. Initial park concepts include shoreline cleanup and stabilization, restoration of historic cranes, historic interpretation, bay access, and a facility for human powered boats. The total cost for the entire project is expected to be \$45 million dollars, which is greater than the current available funding. As a result, the project will be phased as funding is secured. Available funding for the 1st phase of the project is \$23.3 million, including (a) \$10 million from 2008 Clean and Safe Neighborhood Park G.O. Bonds, (b) \$10 million from 2012 Clean and Safe Neighborhood Parks G.O. Bonds, (c) \$1 million from grants from the Metropolitan Transportation Commission and California Coastal Conservancy, and (d) \$3.3 million in other Port funds.

This Blue Greenway Project benefits from significant planning conducted through the development of the Port's Pier 70 Preferred Master Plan and the Blue Greenway Planning and Design Guidelines community planning process. The Park Master Plan and Schematic Design were approved by the City's Waterfront Design Advisory Committee and the BCDC Design Review Board in July 2014. Phase 1 of the project, comprising approximately 5 acres, will start construction in 2016 and is expected to be complete by 2017.

- **Bayview Gateway:** The \$3.9 million Bayview Gateway Project will create a new one acre public open space along the southern bank of Islais Creek in San Francisco's southeast waterfront. The project site is bound by Islais Creek on the north, Cargo Way on the south, 3rd Street on the west, and Illinois Street on the east. The project will demolish the existing timber wharf, rehabilitate the seawall, and transform the asphalt lot into a public park with walkways, plaza spaces and green spaces from which to enjoy the Bay. In addition, the project will serve as both a gateway to and an amenity for the Bayview neighborhood. The project is under construction, and is expected to be completed in 2015.

- **Agua Vista Park:** The \$2.5 million 20,000 square foot Aqua Vista park within 2,000 linear feet of shoreline access will be renovated and connected to the recently improved edge of Bayfront Park (with 2008 Neighborhood Parks bond proceeds). When completed, Aqua Vista Park and the future Bayfront Park combined are expected to include 2,000 linear feet of new shoreline access, continuous walking and bike paths, and dramatic views of ships being worked on at the Pier 70 ship yard and dry dock. Improvements may include new pathways, seating areas, interpretation and fishing facility improvements. Aqua Vista is a waterfront park at the southern edge of Mission Bay located on Terry Francois Boulevard at 16th Street that was originally improved in the 1970s. The project is expected to be completed in 2017.
- **Islais Creek Improvements:** The Islais Creek Shoreline Access improvement project is expected to complete the pathway system along the northern shore of Islais Creek from I-280 to Illinois Street. New public access would connect the Islais Creek Promenade at Tennessee Street to the historic Third Street Bridge. Improvements budgeted at \$2 million are expected to include a new waterfront walkway and scenic look out points. This site currently is partially unimproved, but improvements would close a gap in the Islais Creek system of open spaces, the Blue Greenway, and Bay Trail. The project is expected to be completed in 2017.
- **Warm Water Cove Park:** This existing 2 acre park is located along the bay's edge. Currently, it has a walking path, sitting areas, and native shoreline plantings. This park is expected to be renovated and expanded as a bay-side open space for gathering, walking, picnicking and historic interpretation, at a cost of \$1.5 million. Originally improved in the 1970s, the park is in need of new plantings, site furnishings, pathways and lighting. The park also is expected to be expanded to connect with 25th Street to close a gap in the Blue Greenway and San Francisco Bay Trail network. The project is expected to be completed in 2017.
- **Fisherman's Wharf Plaza:** The Port and the San Francisco Bay Conservation and Development Commission are conducting a community planning process to define improvements for a public plaza in Fisherman's Wharf. Improvements will complement the existing Pier 43 Bay Trail Promenade. The area will offer places to sit, picnic or stroll, along with dramatic views of the historic Pier 43 Ferry Arch and Alcatraz Island. The \$1.5 million plaza will be in the heart of Fisherman's Wharf, connecting and expanding upon shoreline open space.

#### B.5 Grants, Direct Appropriations and Other Funding Sources

As part of the plan of finance for the Port's capital requirements, Port staff is working with local, state, and federal governments and organizations to identify and secure grants and other contributions. Table 2 above lists several sources of funding that will support both state-of-good-repair and enhancement projects.

- **U.S. Department of Transportation, Federal Railway Administration** – In 2012 the Port was awarded \$3 million to improve reliability and efficiency of rail movement through

track and switching upgrades to the Port's primary rail spur, the Quint Street Lead. The award is strategically important for the Port, as it supports the larger goal of (and is a necessary component to) creating a robust export terminal at Pier 96 serviced by six-axle locomotives. The project assumes iron ore as the export commodity, with appropriate weight capacity and resiliency built in to associated infrastructure improvements. The remaining \$3.8 million in funding (which includes \$1 million in additional Port capital funds allocated by this year's proposed supplemental appropriation) will be expended by the Port in FY2016.

- ***USACE, Continuing Authorities Program Section 107, Central Basin Dredging*** – The Central Basin is the approach to the Pier 70 Shipyard's primary drydock facility. Dredging of this area is critical to operations of the shipyard. While the drydock itself is the largest privately operated repair facility of its kind on the west coast of the Americas, the increasingly restrictive siltation in the Central Basin is limiting the number and type of vessels that can access it. In September 2009, the Port requested dredging assistance from the Army Corps under Continuing Authorities Program Section 107. A 35' depth Central Basin dredge project has been approved and is scheduled for construction in 2016. The Army Corps will provide up to \$10 million in federal funding, which is 63 percent of the \$15.8 million estimated cost of the dredge project. The Port's proposed supplemental appropriation for this year includes \$2.9 million and BAE will provide \$2.9 million to fund the project, providing for a \$5.8 million local match. After this initial dredge, the Army Corps will then assume all costs for future dredging of the Central Basin, which will require several million dollars of federal funding every decade..
- ***USACE, Water Resources Development Act of 2007 (WRDA07)*** – In 2006, Port staff worked with Mayor Gavin Newsom's Office to successfully petition the Office of House of Representatives Speaker Nancy Pelosi to carry a new bill for federal authorization of a number of the Port's facilities. WRDA07 was approved by Congress and, in Section 5051 authorizes USACE, in cooperation with the Port of San Francisco, to seek appropriation of \$25 million for "...repair and removal, as appropriate, of Piers 30-32, 35, 36, 70 (including Wharves 7 and 8), and 80 in San Francisco, California, substantially in accordance with the Port's redevelopment plan." In 2011, Congress appropriated \$4.8 million of this authorization for removal of Pier 36, leaving \$20.2 million in authorization remaining. All funding from this source requires a 2:1 match from the Port. The Port has traditionally been the only City department with projects eligible for funding from the Army Corps.

In 2008 Congress placed a hold on project-based authorization, determining them to be "earmarks." As of the writing of this plan, the United States Congress continues to operate under a two-year moratorium on congressionally directed spending, i.e., direct "project" funding. However, because this moratorium has a differential impact across funding sources – in particular, the budget for the USACE is more affected than others – there is a great deal of speculation that the definition of "earmark" may be revised. The Capital Plan assumes that the remaining authorization of \$20.2 million will be appropriated in the FY2020-24 period.

- Department of Homeland Security, Port Security Grants*** – Since 2007, the Port’s Homeland Security Division has applied for and been awarded over \$28 million in State and Federal Port Security grant Programs. Over the next five years, the Port plans to apply for an additional \$6.3 million in federal funding provided by FEMA under the PSGP (Port Security Grant Program). PSGP funding will provide enhanced security capabilities, establish boundaries, and provide controlled access where required and authorized, as well as enhance threat detection and prevention, and increase security measures for berth and passenger terminals that are consistent with Department of Homeland Security and United States Coast Guard requirements. It is expected that FEMA will continue to require a 25 percent match, which the Port will provide from the capital budget. Individual security projects may include lighting, high security fencing, closed-circuit television (CCTV) cameras, intrusion detection systems, and vessels.
- San Francisco Bay Area Water Emergency Transportation Authority (WETA)*** – WETA is proposing to utilize federal and state funding to support a two-phased project to improve the Downtown Ferry Terminal (DTFT) at the San Francisco Ferry Building. WETA and the Port have entered into a Memorandum of Understanding (MOU) to undertake a coordinated planning effort for the DTFT expansion project in accordance with the Port’s objectives for stewardship of the San Francisco waterfront and WETA’s mission to provide ferry service and emergency operations. The project would expand the number of ferry gates, improve pedestrian circulation and ferry patron boarding, and enhance emergency response capabilities to evacuate people from San Francisco in the event of a major catastrophic event. The remaining work in the project plan includes funding from state and local sources, including California Proposition 1B, Proposition K (½ cent sales tax) and RM2 (bridge tolls) and addresses \$7.6 million in state-of-good-repair and \$2.1 million in seismic needs.

The Water Emergency Transportation Authority (“WETA”) is now pursuing Phase 2 of the Downtown Ferry Terminal to add up to three new ferry gates, weather-protected areas for queuing, and a new public plaza between the Ferry Building and the Agriculture Building, which also will support emergency staging and evacuation in the event of a major catastrophe. Construction of Phase 2, at an estimated cost of \$97 million, is expected to begin in 2016 and be completed by 2020.
- Environmental Clean-up and Open Space Projects*** – As part of a settlement agreement with the Cosco Busan following a collision with the Bay Bridge in 2012, the Port and Department of Recreation and Parks were awarded \$1.37 million in funding to be used for environmental clean-up and open space projects. The Port will use its \$685,000 share of the award to stabilize the shoreline at the future site of Crane Cove Park in the Port’s Pier 70 area.
- California Coastal Conservancy Grant*** – The California Coastal Conservancy has awarded the Port \$620,000 for repair to the Port’s historic Copra Crane, and for related removal of portions of Pier 84. The Copra Crane, operated by Longshoremen, was last utilized in 1974 to remove copra (dried coconut) imported from the Philippines from cargo vessels. It is an important part of Port labor history, as it is the last remnant of

manually operated machinery for loading and unloading cargo on the San Francisco waterfront.

Table 2 lists several additional sources of funding that the Port staff has identified, but not yet secured, that could contribute significantly to future capital plans. Staff will make a concerted effort to realize these funding sources.

- ***City Match to USACE WRDA 2020, Seawall Repair*** – Though WRDA legislation is intended to be biennial, as a matter of practice these new authorizations are passed into law much less frequently. For the next WRDA, Port staff will submit language to amend the Port’s existing WRDA07 authorization to increase the amount of funding authorized, and to make eligible appropriations for seawall construction or repair and removal of derelict pilings. This Authorization assumes a conservative estimate of \$60 million for a comprehensive rehabilitation and modernization of the San Francisco seawall. The USACE share of this project would be two-thirds, or \$40 million. The balance of funds, or local match for the seawall rehabilitation described above, is one-third, or \$20 million. Because this capital requirement is so high relative to the Port’s capital budget, and because the beneficiaries of this project extend far beyond the Port, the plan assumes that financing for the local share of the project would come from a general fund source that recognizes its City-wide benefit.

#### **B.6 Transferrable Development Rights**

Each of the pier sheds and associated bulkhead buildings on the Port's historic finger piers are collectively recognized as part of the Embarcadero Waterfront Historic District listed on the National Register of Historic Places. Any alteration or historic rehabilitation undertaken for these resources is required under Port Commission policy to comply with U.S. Secretary of the Interior Standards for Historic Rehabilitation (Secretary Standards). The Port has relied on the Federal Historic Tax Credit Program as one essential financing tool to assist in paying for the high cost of rehabilitation to meet the Secretary Standards. However, given the age of the piers and increasing costs of repair, structural and/or seismic interventions necessary to meet current codes, other financing strategies are required to save these historic resources and continue the Port's waterfront revitalization efforts.

The Port has initiated discussions with the Board of Supervisors, Planning Department, San Francisco Architectural Heritage and other preservation stakeholders to consider allowing the City's Transfer of Development Rights (TDR) program to be applied to historic rehabilitation projects defined by the Port Commission that would rehabilitate historic resources in the Embarcadero Historic District. TDR is an historic preservation incentive tool that allows unused development air rights on sites containing recognized historic resources of public value to be sold and applied to other development "receptor" sites. The City's TDR program requirements and provisions are contained in the San Francisco Planning Code and administered by the San Francisco Planning Department. Any historic building that receives benefit from the TDR program would require that the allowable development of that site be reduced by the amount sold through the TDR program.

The Port sees TDR as an important financing tool that could generate significant funding to support historic rehabilitation costs of its historic pier resources, particularly at Piers 19, 23 and 29 in the Northern Waterfront.

In 2013, the Port participated with City Planning in a study of the current program to determine how the current TDR market is functioning and to what extent the addition of Port piers into the program would impact the existing market. The study concluded that there is some limited capacity in the local TDR market for addition of publicly-owned buildings, and that the City should remain open to the Port's proposal to use TDR for Piers 19, 23 and 29.

In 2013, the Planning Department and Capital Planning Committee endorsed the use of TDR for designated historic Civic Center Buildings including the War Memorial, only the second time in the history of the program that TDR has been used to help finance rehabilitation of publicly-owned historic buildings. The Planning Department and the Capital Planning Committee have determined that further use of TDR for publicly-owned buildings (including the Port's piers) should wait until market impacts of the War Memorial TDR allocation can be determined.

If the War Memorial allocation indicates that there is sufficient market demand to accommodate the Port's finger piers, the Board of Supervisors would have to adopt legislation authorizing the Port to participate in the TDR program. The Port has already succeeded in gaining State authorization to participate in the local TDR program through enactment of AB 2649 (Assemblymember Tom Ammiano).

## **VII. CONCLUSIONS**

The Port's Ten-Year Capital Plan continues to evolve since its inception nine years ago. The Port has employed the information that the Plan generates to develop and implement its legislative and financing strategies to redevelop the City's waterfront, fulfill its public trust mission, and reconnect the City with its waterfront.

Since the first plan in 2006, the Port has used this document to guide a total in investment exceeding \$220 million in non-developer funding. Still, a persistent gap remains between the Port's available resources and its ever growing need. It is a clear challenge, but one the Port has demonstrated it has the fortitude as an institution to meet. While the plan is a forward looking document, it is our history of continual improvement that has generated opportunity for growth, and leveraged even greater opportunity. The plan was integral to the Port's issuance of its revenue bonds as well as to the Port's preparations for the 34<sup>th</sup> America's Cup. It provides a solid framework and confidence-building, holistic view of the Port to interested constituents, as well as to general audiences.

As a road-map, the plan has enabled stronger application for federal grant funding, and stronger footing for inclusion in future City-sponsored general obligation bonds. The plan also served a vital role in supporting legislative changes to the Port's ability to develop Seawall Lot 337 and Pier 70 by securing tax increment to pay for public infrastructure investments in these proposed development project areas.

The Port's review of the Waterfront Land Use Plan highlighted that the Port is more unified with its waterfront than it has ever been, with industry, commerce and residence all existing in a harmony of contrasts. A South Beach resident might walk from her home to attend a San Francisco Giants game, and between innings, watch from her seat as one of the largest ships in the world is lifted out of the water for repair at the Port's Pier 70 shipyard. However united we are as a Port, we continue to need to grow in our connection with those away from the shore.

The controversy around height limits that so dominated discussion around the waterfront in 2014 changed the prism through which the Port must view development. With the passage of Proposition B, the community that is actively weighing in on the Port's development is no longer nearby and neighborhood in character, but rather an entire City of civic-minded voters. Moving forward, the Port must be ever mindful of the larger presence our work has in the San Francisco consciousness.

The next big capital planning challenge for the Port is to involve sister City agencies and regulatory partners in examining the Port's 100-year-old seawall to address its structural stability facing both a seismic event and future sea level rise. The long-range improvements to the City's seawall and marginal wharf will require a coordinated planning and funding strategy that will need to be reflected in future updates of the Port's Capital Plan.

Finally, the preliminary success of the Port-BCDC planning study and the Port's desire to reposition its northern waterfront piers for different uses through a public process underscore the need for strong public outreach and comprehensive planning. The Port must always take care to

**ensure that there is a strong local and regional public consensus regarding the future of one of the most beautiful public waterfronts in the world.**



## APPENDIX A – Ten-Year Capital Needs, By Facility

### Definitions

**Building Type:** This is the fundamental structure type, where a ‘simple’ building is a warehouse or garage structure with limited subsystems, a ‘basic’ building is a standard commercial structure with appropriate subsystems, ‘small’ buildings are less than 5,000 square feet (and as such, the method for estimating costs for these structures is simplified), and a ‘pier’ is a pile supported over-water foundation structure (as distinct from a shed building that sit atop a pier).

**Backlog:** The accumulation of all overdue needed repair work, as of year one of this Plan.

**Ten-Year Renewals:** Costs for replacing building subsystems that will reach the end of their life between year one and year ten of this plan.

**One-Time Costs:** Costs that are singular in nature, such as a seismic upgrade, as differentiated from the cyclical costs of replacing building subsystems at the end of their lifetime (e.g., many roofs at the Port are 30-year roofs, and as such, are on a 30-year replacement schedule).

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
000	Leased Piers	Port Wide	\$0	\$46,664	\$0	\$46,664
0000	Equipment	BASIC	\$0	\$0	\$10,664	\$10,664
0000	Port-wide Projects	Port Wide	\$0	\$324,482	\$208,220	\$532,702
1001	Downtown Ferry Terminal	BASIC	\$760	\$0	\$2,621	\$3,381
1010	Pier 1	Piers	\$0	\$88	\$0	\$88
1010	Pier 1 - Office Building	BASIC	\$0	\$3,481	\$0	\$3,481
1015	Pier 1 1/2	Piers	\$0	\$0	\$0	\$0
1015	Pier 1 1/2 - Bulkhead/Shed Building	BASIC	\$0	\$467	\$0	\$467
1020	Pier 2	Piers	\$4,631	\$0	\$2,210	\$6,841
1030	Pier 3	Piers	\$8,476	\$0	\$6,558	\$15,034
1030	Pier 3 - Bulkhead/Shed Building	BASIC	\$0	\$754	\$0	\$754
1050	Pier 5	Piers	\$0	\$0	\$0	\$0
1055	Pier 5 1/2 - Bulkhead Building	BASIC	\$0	\$553	\$0	\$553
1070	Pier 7 Public Pier	Piers	\$0	\$0	\$0	\$0
1075	Pier 7 - The Waterfront Restaurant	BASIC	\$319	\$113	\$178	\$609
1075	Pier 7 1/2	Piers	\$0	\$0	\$0	\$0
1090	Pier 9	Piers	\$12,724	\$0	\$10,590	\$23,314
1090	Pier 9 Bulkhead/Shed Building	BASIC	\$9,580	\$7,044	\$3,780	\$20,404
1095	Pier 9 1/2	Piers	\$835	\$0	\$687	\$1,522
1140	Pier 14 (Public Pier)	Piers	\$0	\$0	\$0	\$0
1150	Pier 15	Piers	\$141	\$0	\$0	\$141
1150	Pier 15 - Bulkhead/Shed Building (contains trailer)	SIMPLE	\$3,239	\$597	\$4,098	\$7,934
1155	Pier 15/17 - Office on Marginal Wharf	SMALL	\$0	\$0	\$0	\$0
1155	Pier 15/17 Valley - demolition	Piers	\$9,527	\$0	\$0	\$9,527
1170	Pier 17	Piers	\$105	\$0	\$0	\$105
1170	Pier 17 - Shed Building	SIMPLE	\$3,350	\$883	\$3,439	\$7,672
1175	Pier 17 1/2	Piers	\$1,552	\$0	\$510	\$2,062

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
1190	Pier 19	Piers	\$4,415	\$0	\$6,850	\$11,265
1190	Pier 19 - Bulkhead/Shed Building	SIMPLE	\$1,416	\$179	\$2,882	\$4,477
1195	Pier 19 1/2	Piers	\$5,522	\$0	\$3,049	\$8,571
1195	Pier 19 1/2 - Bulkhead/Shed	SIMPLE	\$671	\$82	\$1,289	\$2,043
1225	Pier 22 1/2	Piers	\$2,483	\$0	\$1,074	\$3,557
1225	Pier 22 1/2 - Fire Station	BASIC	\$715	\$0	\$146	\$861
1225	Pier 22 1/2 - Maintenance / Recreation	SMALL	\$0	\$0	\$0	\$0
1230	Pier 23	Piers	\$6,557	\$0	\$10,870	\$17,427
1230	Pier 23 - Bulkhead/Shed Building	SIMPLE	\$666	\$0	\$2,956	\$3,622
1235	Pier 23 1/2	Piers	\$3,068	\$0	\$504	\$3,572
1235	Pier 23 1/2 Pier 23 Cafe	SMALL	\$0	\$0	\$0	\$0
1245	Pier 24 1/2	Piers	\$4,723	\$0	\$3,701	\$8,424
1245	Pier 24 1/2 -Bulkhead/Shed Building	SIMPLE	\$647	\$0	\$824	\$1,471
1260	Pier 26	Piers	\$16,147	\$0	\$16,224	\$32,371
1260	Pier 26 - Bulkhead/Shed	SIMPLE	\$3,141	\$2,349	\$3,786	\$9,276
1265	Pier 26 1/2	Piers	\$3,558	\$0	\$2,869	\$6,427
1265	Pier 26.5 - Bulkhead	BASIC	\$2,330	\$952	\$0	\$3,282
1270	Pier 27	Piers	\$0	\$0	\$0	\$0
1270	Pier 27 - Office Annex	SMALL	\$588	\$0	\$0	\$588
1280	Pier 28	Piers	\$10,371	\$0	\$15,303	\$25,674
1280	Pier 28 - Bulkhead/Shed Building	SIMPLE	\$2,465	\$405	\$2,266	\$5,136
1285	Pier 28 1/2	Piers	\$510	\$0	\$387	\$897
1285	Pier 28 1/2 - Hivive Restaurant	SMALL	\$216	\$0	\$0	\$216
1290	Pier 29	Piers	\$10,207	\$0	\$0	\$10,207
1290	Pier 29 - *Bulkhead/Shed Building	SIMPLE	\$0	\$0	\$4,564	\$4,564
1295	Pier 29 1/2	Piers	\$0	\$0	\$0	\$0
1295	Pier 29 1/2 - Bulkhead Building	SIMPLE	\$1,508	\$100	\$1,547	\$3,155
1310	Pier 31	Piers	\$5,132	\$0	\$17,408	\$22,540
1310	Pier 31 - Bulkhead/Shed Building	SIMPLE	\$3,145	\$1,446	\$2,801	\$7,393
1315	Pier 31 1/2	Piers	\$3,834	\$0	\$3,152	\$6,986
1320	Pier 30 and 32	Piers	\$43,903	\$295	\$57,582	\$101,780
1325	Pier 32 1/2 Marginal Wharf (Brannan St)	Piers	\$0	\$0	\$0	\$0
1330	Pier 33	Piers	\$6,801	\$0	\$11,337	\$18,138
1330	Pier 33 - Bulkhead/Shed Building	SIMPLE	\$2,055	\$1,951	\$2,620	\$6,625
1335	Pier 33 1/2	Piers	\$0	\$0	\$495	\$495
1335	Pier 33 1/2 - Bulkhead Building	BASIC	\$114	\$0	\$0	\$114
1345	Pier 34 1/2 Marginal Wharf	Piers	\$0	\$0	\$0	\$0
1350	Pier 35 - Bulkhead/Shed Building	BASIC	\$5,801	\$13,836	\$5,372	\$25,008
1350	Pier 35 Cruise Terminal	Piers	\$42,791	\$274	\$10,031	\$53,095
1355	Pier 35 1/2	Piers	\$0	\$0	\$5,402	\$5,402
1380	Pier 38	Piers	\$19,106	\$0	\$16,933	\$36,039
1380	Pier 38 - Bulkhead/Shed Building	SIMPLE	\$411	\$1,850	\$3,269	\$5,531
1385	Pier 38 1/2	Piers	\$656	\$0	\$539	\$1,195
1390	Pier 39	Piers	\$0	\$0	\$0	\$0
1390	Pier 39 - Retail Shops	BASIC	\$4,337	\$4,879	\$7,699	\$16,915
1390	Pier 39 - Underwater World	BASIC	\$313	\$854	\$0	\$1,167
1395	Pier 39 1/2 Marginal Wharf	Piers	\$0	\$0	\$0	\$0
1400	Pier 40	Piers	\$5,487	\$0	\$10,887	\$16,374

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
1400	Pier 40 - Shed Building	SIMPLE	\$274	\$728	\$1,353	\$2,356
1400	Pier 40 Restaurant & Robert Steck Chandelry	BASIC	\$55	\$228	\$235	\$519
1405	Pier 40 1/2 (S Beach Harbor Wharf)	Piers	\$2,899	\$0	\$477	\$3,376
1405	Pier 40 1/2 - Java House	SMALL	\$0	\$0	\$0	\$0
1410	Pier 41	Piers	\$0	\$0	\$3,376	\$3,376
1415	Pier 41 1/2	Piers	\$2,195	\$0	\$0	\$2,195
1415	Pier 41 1/2 - Blue&Gold Bldg.	BASIC	\$0	\$1,359	\$435	\$1,794
1430	Pier 43	Piers	\$0	\$0	\$316	\$316
1430	Pier 43 - Arch	SMALL	\$248	\$0	\$0	\$248
1435	Pier 43 1/2	Piers	\$0	\$0	\$0	\$0
1435	Pier 43 1/2 - Franciscan Restaurant	BASIC	\$659	\$267	\$421	\$1,347
1435	Pier 43 1/2 - Red & White Tours	SMALL	\$0	\$35	\$0	\$35
1450	Pier 45	Piers	\$1,130	\$2,696	\$0	\$3,825
1450	Pier 45 - Shed A	SIMPLE	\$732	\$1,447	\$2,133	\$4,312
1450	Pier 45 - Shed B	SIMPLE	\$736	\$1,455	\$2,145	\$4,336
1450	Pier 45 - Shed C	SIMPLE	\$1,033	\$1,210	\$2,184	\$4,427
1450	Pier 45 - Shed D	SIMPLE	\$728	\$1,252	\$1,937	\$3,916
1461	Pier 46B China Basin Ferry Terminal	Piers	\$958	\$0	\$0	\$958
1470	Pier 47 - Guardinos Storage Bldg	SMALL	\$0	\$64	\$0	\$64
1470	Pier 47 - Scoma / Fish Prep Bldg	SMALL	\$0	\$0	\$0	\$0
1470	Pier 47 - Scoma Storage Bldg	SMALL	\$0	\$103	\$0	\$103
1470	Pier 47 - Scomas Restaurant	BASIC	\$387	\$1,221	\$365	\$1,973
1470	Pier 47 - Scomas Storage Shed	SMALL	\$0	\$0	\$0	\$0
1470	Pier 47 - Wharf J6, J7, J8	Piers	\$1,963	\$0	\$4,565	\$6,528
1470	Pier 47 WF Albert Seafoods Proc Bldg	SIMPLE	\$143	\$92	\$192	\$427
1480	Pier 48	Piers	\$10,461	\$0	\$1,598	\$12,059
1480	Pier 48 - Shed A	SIMPLE	\$2,031	\$443	\$0	\$2,474
1480	Pier 48 - Shed B	SIMPLE	\$2,086	\$455	\$0	\$2,542
1485	Pier 48 1/2 - Jellys restaurant	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 - Aliotos Restaurant (Wharf J-1)	BASIC	\$0	\$436	\$355	\$791
1490	Pier 49 - Fishermans Grotto No. 9 (Wharf J-1)	BASIC	\$0	\$678	\$552	\$1,230
1490	Pier 49 - Fishermans Memorial Chapel	SMALL	\$0	\$166	\$0	\$166
1490	Pier 49 - Guardinos (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 - Sabella & Latorre (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 - Tarantinos Restaurant (Wharf J-1)	BASIC	\$0	\$377	\$210	\$587
1490	Pier 49 - The Crab Station (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 Nicks Lighthouse (Wharf J-1)	SMALL	\$0	\$185	\$0	\$185
1490	Wharfs J-1 and J-3 (Pier 49)	Piers	\$0	\$906	\$3,485	\$4,391
1500	Pier 50	Piers	\$24,943	\$1,973	\$20,445	\$47,361
1500	Pier 50 - Shed A	SIMPLE	\$2,375	\$953	\$2,190	\$5,518
1500	Pier 50 - Shed B	SIMPLE	\$1,233	\$1,234	\$2,221	\$4,688
1500	Pier 50 - Shed C	SIMPLE	\$1,847	\$1,441	\$2,668	\$5,957
1500	Pier 50 - Shed D	SIMPLE	\$1,515	\$1,018	\$3,081	\$5,615
1505	Pier 50 1/2	Piers	\$0	\$0	\$393	\$393
1520	Pier 52	Piers	\$0	\$0	\$4,515	\$4,515
1540	Pier 54	Piers	\$27,870	\$0	\$9,374	\$37,244

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
1540	Pier 54 - Office Bldg	SMALL	\$554	\$0	\$0	\$554
1540	Pier 54 - Oil Shed	SMALL	\$132	\$0	\$0	\$132
1540	Pier 54 - Shed Building	SIMPLE	\$433	\$350	\$725	\$1,508
1540	Pier 54 - Storage Shed	SMALL	\$0	\$0	\$0	\$0
1600	Pier 60 - Wharf - wood piles	Piers	\$1,218	\$0	\$527	\$1,745
1620	Third Street Bridge House	SMALL	\$0	\$27	\$0	\$27
1640	Pier 64	Piers	\$3,010	\$0	\$300	\$3,310
1645	Pier 64 1/2 Kelly Mission Rock Resort Restnt	BASIC	\$0	\$460	\$0	\$460
1680	Pier 68	Piers	\$7,919	\$43,104	\$7,855	\$58,878
1680	Pier 70 - Pier 68 - Bathrooms Bldg. #141	SMALL	\$0	\$66	\$0	\$66
1680	Pier 70 - Pier 68 - Beth Street Substation #2, Bldg. #50	SMALL	\$0	\$0	\$9	\$9
1680	Pier 70 - Pier 68 - Beth Street Warehouse Bldg. #30	SMALL	\$0	\$0	\$70	\$70
1680	Pier 70 - Pier 68 - Blast Shed Bldg. #150	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Boiler/Steam Power House - #103	SMALL	\$308	\$0	\$241	\$549
1680	Pier 70 - Pier 68 - Building #149	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Cable/Electric Shop - Bldg.#38	SIMPLE	\$0	\$0	\$450	\$450
1680	Pier 70 - Pier 68 - Checkhouse #1, Bldg. #122	SMALL	\$0	\$0	\$197	\$197
1680	Pier 70 - Pier 68 - Checkhouse #2, Bldg. #123	SMALL	\$0	\$0	\$95	\$95
1680	Pier 70 - Pier 68 - Equipment Building #36	SIMPLE	\$352	\$48	\$2,732	\$3,132
1680	Pier 70 - Pier 68 - Machine Shop - Bldg. #105	SIMPLE	\$538	\$49	\$4,403	\$4,990
1680	Pier 70 - Pier 68 - near checkhouse #2, Building #51	SMALL	\$66	\$0	\$0	\$66
1680	Pier 70 - Pier 68 - Office Bldg (#127)	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Office Bldg Annex to #101, Bldg. #40	BASIC	\$0	\$0	\$177	\$177
1680	Pier 70 - Pier 68 - Office Building #101	BASIC	\$7,231	\$0	\$5,736	\$12,967
1680	Pier 70 - Pier 68 - Office Building #104	BASIC	\$4,568	\$0	\$5,127	\$9,695
1680	Pier 70 - Pier 68 - Office/Warehouse Bldg.- Bldg #111	BASIC	\$6,397	\$1,447	\$11,695	\$19,539
1680	Pier 70 - Pier 68 - Ops. Bldg #102	BASIC	\$1,087	\$0	\$2,067	\$3,154
1680	Pier 70 - Pier 68 - Pipe Rack, Bldg. #120	SMALL	\$0	\$0	\$51	\$51
1680	Pier 70 - Pier 68 - Pipe Storage Bldg #107	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Sheet Metal/Tools Bldg #109	SIMPLE	\$1,488	\$803	\$2,210	\$4,500
1680	Pier 70 - Pier 68 - Shipwright Building #108	BASIC	\$6,733	\$0	\$11,937	\$18,670
1680	Pier 70 - Pier 68 - Steel Shop Office (bldg #121)	SMALL	\$0	\$102	\$0	\$102
1680	Pier 70 - Pier 68 - Substation #4 (bldg #58)	SMALL	\$0	\$0	\$157	\$157
1680	Pier 70 - Pier 68 - Substation #6, Bldg. #64	SMALL	\$331	\$0	\$1,124	\$1,455

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
1680	Pier 70 - Pier 68 - Substation #7 (bldg #68)	SMALL	\$0	\$0	\$87	\$87
1680	Pier 70 - Pier 68 - Warehouse & 6-ton crane, Bldg. #49	SIMPLE	\$0	\$0	\$500	\$500
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #110	SMALL	\$0	\$0	\$1,000	\$1,000
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #119	SMALL	\$0	\$0	\$25	\$25
1700	Pier 70	Piers	\$55,359	\$0	\$49,864	\$105,223
1800	Pier 80	Piers	\$11,505	\$1,468	\$67,804	\$80,777
1800	Pier 80 - Entry Canopy	SIMPLE	\$270	\$0	\$325	\$595
1800	Pier 80 - Gear & Maintenance Building	SIMPLE	\$1,227	\$129	\$1,147	\$2,503
1800	Pier 80 - Office Bldg #2	SMALL	\$116	\$0	\$0	\$116
1800	Pier 80 - Service Building	SIMPLE	\$1,341	\$1,408	\$911	\$3,660
1800	Pier 80 - Shed A	SIMPLE	\$0	\$1,857	\$25,275	\$27,132
1800	Pier 80 - Shed D	SIMPLE	\$3,289	\$1,400	\$4,970	\$9,659
1800	Pier 80 - Terminal Office	SMALL	\$294	\$0	\$0	\$294
1800	Pier 80 Office Bldg #1	SMALL	\$116	\$0	\$0	\$116
1840	Copra Crane	BASIC	\$896	\$0	\$0	\$896
1900	Pier 90	Piers	\$11,737	\$0	\$0	\$11,737
1900	Pier 90 - Fire Department Building	BASIC	\$81	\$29	\$184	\$294
1900	Pier 90 - Maintenance Bldg	SMALL	\$0	\$0	\$0	\$0
1900	Pier 90 - Old Powerhouse	SMALL	\$0	\$0	\$0	\$0
1900	Pier 90 - Storage Bldg	SMALL	\$0	\$39	\$0	\$39
1900	Pier 90 - Truck Pits	SMALL	\$0	\$108	\$0	\$108
1920	Pier 92	Piers	\$4,483	\$0	\$0	\$4,483
1940	Pier 94 - 96 wharf area	Piers	\$5,582	\$0	\$8,387	\$13,969
1940	Pier 94 - Wharfside Building	SMALL	\$0	\$66	\$0	\$66
1960	Pier 96 - Administration Building	BASIC	\$1,147	\$633	\$457	\$2,236
1960	Pier 96 - Entry Canopy	SIMPLE	\$244	\$0	\$294	\$538
1960	Pier 96 - Exit Canopy	SIMPLE	\$145	\$0	\$174	\$319
1960	Pier 96 - Gatehouse Bldg	SMALL	\$0	\$240	\$0	\$240
1960	Pier 96 - Maintenance Building	BASIC	\$1,540	\$1,123	\$890	\$3,554
1960	Pier 96 - Office/Restroom	SMALL	\$0	\$0	\$0	\$0
1960	Pier 96 - Recycling/LASH Terminal	SIMPLE	\$2,626	\$4,865	\$5,483	\$12,974
1960	Pier 96 - Storage	SMALL	\$0	\$159	\$0	\$159
1960	Pier 96 - Truck Scales	SMALL	\$0	\$41	\$0	\$41
1980	Herons Head Park	BASIC	\$0	\$0	\$226	\$226
2000	Fac. 2000 - Ferry Plaza	Piers	\$633	\$390	\$0	\$1,024
2500	Hyde Street Pier	Piers	\$0	\$0	\$0	\$0
2500	Hyde Street Pier - Storage Buildings (3)	SMALL	\$0	\$166	\$0	\$166
2505	Pier 50 Administration Building	BASIC	\$2,019	\$546	\$573	\$3,138
2740	Fac. 200 - World Trade Club Restaurant	BASIC	\$338	\$1,156	\$883	\$2,378
2750	Fac. 274-175 - Ferry Building Clock Tower	BASIC	\$0	\$484	\$360	\$844
2750	Fac. 274-275 Ferry Building	BASIC	\$0	\$12,995	\$8,772	\$21,767
2750	Ferry Building: Fac. 274 - 275	Piers	\$0	\$0	\$0	\$0
2770	Pier 2 - Sinbads	BASIC	\$0	\$0	\$0	\$0
2780	Fac. 278 Agriculture Bldg Substructure	Piers	\$5,668	\$0	\$3,107	\$8,775

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
2780	Fac. 278 Agriculture Building	BASIC	\$3,729	\$288	\$652	\$4,669
2800	Pier 80 Administration Building	BASIC	\$4,874	\$1,450	\$2,309	\$8,633
3010	SWL 301 - Andre Boudin Pavilion	SMALL	\$0	\$0	\$0	\$0
3010	SWL 301 - Andre Boudin Restaurant	BASIC	\$0	\$460	\$0	\$460
3020	Street - Pier 47, Fish Alley, Al Scoma Way	Street	\$417	\$0	\$0	\$417
3020	SWL 302 - Alioto Fish Co.	BASIC	\$0	\$1,735	\$465	\$2,200
3020	SWL 302 - Castagnola/Storage Bldg	SMALL	\$0	\$142	\$0	\$142
3020	SWL 302 - Crab Boat Owners Asso.	BASIC	\$404	\$0	\$79	\$483
3020	SWL 302 - Firewood Cafe	BASIC	\$0	\$409	\$117	\$526
3020	SWL 302 - Pompeis Grotto	BASIC	\$0	\$324	\$121	\$445
3020	SWL 302 - Port Harbor Office	SMALL	\$0	\$63	\$0	\$63
3020	SWL 302 - Scomas (Smoke House)	BASIC	\$0	\$177	\$141	\$318
3020	SWL 302 - United Shellfish Warehouse	SMALL	\$0	\$0	\$0	\$0
3020	SWL 302 Castagnola Rest.	BASIC	\$0	\$534	\$435	\$969
3020	SWL 302 Coast Marine Supply Mat. Storage Bldg	SIMPLE	\$0	\$485	\$615	\$1,100
3020	SWL 302 Costal Marine Retail Space	SMALL	\$0	\$301	\$0	\$301
3020	SWL 302 D&G Co. d.b.a. Lou Blues	SMALL	\$0	\$610	\$0	\$610
3020	SWL 302 Franks Fisherman Supply	BASIC	\$102	\$431	\$241	\$773
3020	SWL 302 Substructure (Wharf J-9)	Piers	\$5,833	\$0	\$2,055	\$7,888
3020	SWL 302 United Shellfish Processing	SIMPLE	\$0	\$45	\$50	\$95
3030	Street - Hyde Alley, Fish Alley	Street	\$309	\$0	\$0	\$309
3030	SWL 302 Cal Shell Fish Shed	SMALL	\$0	\$122	\$0	\$122
3030	SWL 303 - Alioto Fish Co,	BASIC	\$266	\$710	\$216	\$1,192
3030	SWL 303 - Cal Shell Fish	BASIC	\$156	\$172	\$144	\$472
3030	SWL 303 - Cioppinos/(Hoppe)	BASIC	\$0	\$748	\$336	\$1,084
3030	SWL 303 - Franceschis Restaurant	BASIC	\$0	\$195	\$109	\$304
3030	SWL 303 - GP Resources	SMALL	\$34	\$0	\$0	\$34
3030	SWL 303 - SP Trantino/Martell Ins	SMALL	\$0	\$0	\$0	\$0
3030	SWL 303 - The Bay Company, Hoppe, Arthur N.	BASIC	\$0	\$439	\$245	\$684
3110	SWL 311 Pier 39 Garage	SIMPLE	\$0	\$942	\$7,121	\$8,063
3130	SWL 313 Embarcadero Triangle Lot Assn.	SIMPLE	\$0	\$428	\$3,376	\$3,804
3150	SWL 315 Office Bulding (HHC Investment limited)	BASIC	\$0	\$8,241	\$3,889	\$12,130
3160	SWL 316 Houstons Restaurant	BASIC	\$0	\$1,056	\$371	\$1,427
3170	SWL 317 Office Building	BASIC	\$0	\$9,047	\$4,268	\$13,315
3180	SWL 318 Roundhouse One	BASIC	\$367	\$923	\$592	\$1,882
3180	SWL 318 Roundhouse Two	BASIC	\$1,115	\$181	\$804	\$2,100
3180	SWL 318 Sandhouse	SMALL	\$0	\$238	\$0	\$238
3190	SWL 319 Fog City Diner	BASIC	\$0	\$163	\$137	\$300
3220	SWL 322 ABC TV	BASIC	\$0	\$6,341	\$4,984	\$11,325
3270	Epic Roasthouse	BASIC	\$0	\$149	\$0	\$149
3270	Waterbar Restaurant	BASIC	\$0	\$149	\$0	\$149
3310	SWL 331 & 332 Delancey Street Foundation	BASIC	\$0	\$6,007	\$4,820	\$10,827
3450	Pier 70 - SWL 345 - Kneass Boatworks, Main Office/boat storage	SIMPLE	\$0	\$0	\$1,862	\$1,862

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
3450	Pier 70 - SWL 345 - Kneass, Pier 66 Boatyard Office	SMALL	\$331	\$0	\$0	\$331
3450	SWL 345 - SF Boat Works Office/Shop	BASIC	\$206	\$275	\$227	\$708
3450	SWL 345 - SF Boat Works Storage/The Ramp	SIMPLE	\$175	\$24	\$188	\$387
3490	Pier 70 - SWL 349 - Auto Yard Shop Bldg #19	SIMPLE	\$211	\$0	\$1,243	\$1,454
3490	Pier 70 - SWL 349 - Beth Street Stress Relieving, Bldg. #16	SIMPLE	\$297	\$0	\$1,383	\$1,680
3490	Pier 70 - SWL 349 - Beth Street Warehouse, Bldg. #32	SIMPLE	\$384	\$0	\$1,704	\$2,088
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #24	SMALL	\$568	\$0	\$790	\$1,358
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #25	SMALL	\$0	\$247	\$60	\$307
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #29	SMALL	\$612	\$0	\$938	\$1,550
3490	Pier 70 - SWL 349 - Brass Foundry, Bldg. #115	SIMPLE	\$577	\$0	\$2,404	\$2,981
3490	Pier 70 - SWL 349 - Foundry, Bldg. #116	SIMPLE	\$577	\$0	\$5,184	\$5,761
3490	Pier 70 - SWL 349 - Test Room, Bldg. #23	SMALL	\$721	\$0	\$281	\$1,002
3490	Pier 70 - SWL 349 - UIW Machine Shop, Bldg. #114	SIMPLE	\$288	\$0	\$4,731	\$5,019
3490	Pier 70 - SWL 349 Building #6 (condemned)	SIMPLE	\$1,234	\$0	\$7,652	\$8,886
3490	Pier 70 - SWL 349 Equipment Bldg - Bldg #14	SIMPLE	\$517	\$0	\$2,531	\$3,048
3490	Pier 70 - SWL 349 Heavy Machine Shop - Bldg #113	SIMPLE	\$2,758	\$0	\$21,765	\$24,523
3490	Pier 70 - SWL 349 Office Building - Bldg. #11 Noonan	BASIC	\$0	\$0	\$531	\$531
3490	Pier 70 - SWL 349 SF Shipyard Training Bldg 117	SIMPLE	\$0	\$0	\$464	\$464
3490	Pier 70 - SWL 349 Shop Building - Bldg #21	SIMPLE	\$0	\$0	\$4,062	\$4,062
3490	Pier 70 - SWL 349 Traffic Department Bldg. #12 & #15	BASIC	\$0	\$0	\$33,321	\$33,321
3490	Pier 70 - SWL 349 Traffic Dept. Shed - Bldg #66	SIMPLE	\$734	\$0	\$649	\$1,383
3490	Pier 70 - SWL 349 Warehouse - Bldg.2	SIMPLE	\$0	\$0	\$18,395	\$18,395
3520	SWL 352 - Backlands Redevelopment Street - Hyde N of Jefferson to Hyde St Pier	BASIC	\$2,748	\$0	\$0	\$2,748
4001	Street - Jefferson from Leavenworth to Hyde	Street	\$250	\$0	\$0	\$250
4002	Street - R.H. Dana Dr. (Leavenworth) N of Jefferso	Street	\$135	\$0	\$348	\$483
4003	Street - Jefferson btw Jones and Leavenworth	Street	\$154	\$0	\$0	\$154
4004	Street - Taylor Street btw. Jefferson and Embarcadero	Street	\$130	\$0	\$0	\$130
4006	Street - Embarcadero from Taylor to	Street	\$319	\$0	\$301	\$620
4008		Street	\$0	\$586	\$0	\$586

<b>Bldg. No.</b>	<b>Building Name</b>	<b>Building Type</b>	<b>Backlog</b>	<b>10 Year Renewals</b>	<b>One-Time</b>	<b>Total</b>
	Powell					
4017	Street - Lombard btw Sansome and Embarcadero	Street	\$187	\$0	\$0	\$187
4020	Street - Green between Davis and Front	Street	\$175	\$0	\$0	\$175
4022	Street - Broadway btw Embarcadero & Vallejo	Street	\$527	\$0	\$0	\$527
4033	Street - T. Francois along China Basin	Street	\$525	\$0	\$0	\$525
4034	Street - T. Francois btw China Basin and Mission R	Street	\$5,494	\$0	\$0	\$5,494
4036	Street - 20th east of Illinois	Street	\$479	\$0	\$0	\$479
4038	Street - 24th from Michigan to Maryland	Street	\$667	\$410	\$596	\$1,673
4040	Street - Marin east of Michigan	Street	\$175	\$0	\$0	\$175
4041	Street - TN, IN, MN btw Tulare and Marin	Street	\$918	\$0	\$0	\$918
4043	Street - Amador and extension	Street	\$2,117	\$442	\$0	\$2,558
5470	Wharf J-4	Piers	\$0	\$0	\$0	\$0
5470H	Joint Operations Center / Hyde Harbor Office	SIMPLE	\$0	\$0	\$0	\$0
5470H	Wharf J-11	Piers	\$0	\$0	\$0	\$0
6020	Freight Yard - Intermodal Container Transfer Facility	Street	\$4,003	\$11,738	\$5,041	\$20,782
<b>PORT TOTAL</b>			<b>\$569,376</b>	<b>\$570,186</b>	<b>\$956,320</b>	<b>\$2,095,883</b>



## APPENDIX B - Allocation Strategy for Port Capital Funds

The Port's process for allocating its own limited capital funding involves a series of meetings with designated representatives from each of the Port's seven Divisions – the Capital Projects Working Group ("CP Group"). The CP Group developed the Port's evaluation criteria for capital projects, and weighting for each criterion. Annually, the CP Group allocates a total score to each capital project proposed by Port staff.

These first set of criteria address public safety concerns and conformance with the Port's mission, as set out in the Burton Act and Transfer Agreement of 1969, and are scored as follows:

<u>Review Criterion</u>	<u>Maximum Score</u>
Does the project address a code or regulatory issue?	20
Does the project significantly reduce liability to the Port?	15
Does the project promote maritime commerce, navigation or fisheries?	10
Does the project attract people to the waterfront?	10
Does the project protect natural or cultural resources?	15

The review process also employs two complimentary ways of scoring capital projects that would bring in additional revenue and/or reduce operating costs, the first intended to capture the efficiency of the investment, the second the scale of the financial impact:

What is the payback period, if 10 years or less?	10
What is the total ten-year financial benefit to the Port?	20

Where a project would pay for itself in 10 years, that project was scored by subtracting the payback period, in years, from 11. For example, a project with a payback period of three years would score 8 points in this category.

To determine the score assigned for the ten-year financial benefit, the CP Group took the real benefits, as recorded in dollars, and then considered the distribution of all the values returned for projects at the end of the review process. The results were a rather even distribution, which made appropriate a simple method of scaling, where a project received 1 point for every \$500,000 worth of benefit within the ten-year period. For example, a \$4 million project that would generate \$1 million per year in new revenues would score 12 points in this category [(\$10 million - \$4 million) / \$500,000].

Finally, Port staff reviewed all projects to determine if they fell into one or more of the four major categories listed below. The CP Group determined that a project belonging to one of these groups was worthy of separate consideration either before or after other projects, depending on the category.

### Prioritization Category

- Is the project required to address an emergency, defined as an immediate threat to human health or the environment?
- Is the project legally mandated by a regulatory order or legal judgment?

- Is the project substantially matched by outside funding sources?

De-prioritization Category

- Is the project non-revenue generating and does it have less than 25% in outside matching funds?

The project review process concludes with a proposed programming of Port capital funds over two years based on the above evaluation, which becomes the Port's two-year capital budget. For the remaining years of the ten-year capital plan, expenditures are assumed to be proportional to the categories funded in the two-year budget.

## APPENDIX C – Criteria for Formation of Port IFD Project Areas

The Port IFD Guidelines establish the following minimum criteria regarding the formation of IFD project areas on Port property:

1. **Port land.** Consistent with the IFD law, the Port IFD may initially be formed only with Port land.
2. **Annexing non-Port land.** If an owner of non-Port land petitions to add adjacent property to a waterfront district in accordance with the IFD law, the City will consider on a case-by-case basis whether to annex such property and to what extent tax increment generated in the non-Port land but not used for waterfront district infrastructure should be subject to the City IFD Guidelines.
3. **CEQA.** Although the City may initially form the Port IFD to include all of the Port land, neither the Port IFD nor any project-specific project area will be authorized to use property tax increment until the City has completed environmental review of the proposed development project and any proposed public facilities to be financed with property tax increment from the project area.
4. **Priority of improvements.** Waterfront districts must finance improvements that are consistent with the IFD law, the Port’s then-applicable Waterfront Land Use Plan, the Public Trust (if constructed on trust property), and the Port’s 10-Year Capital Plan.
5. **Economic benefit.** The Infrastructure Financing Plan (“IFP”) developed for the Port IFD will include a projection for each project area/waterfront district of the amount of total revenue that the City’s General Fund is projected to receive as a result of the proposed development project and the number of jobs and other economic development benefits the waterfront district is projected to produce, similar to the type of analysis that City staff and consultants perform to comply with Chapter 29 of the Administrative Code to determine that projects requiring public funding are fiscally feasible and responsible.
6. **State and City matching contributions.** In those cases where the IFD Law authorizes the allocation of the State’s share of property tax increment to a waterfront district in proportion to the City’s allocation of tax increment to the waterfront district, the City will allocate to the waterfront district the amount of tax increment that will maximize the amount of the State’s tax increment that is available to fund eligible projects in the waterfront district.
7. **Amount of increment allocated.** The waterfront districts will fund eligible waterfront improvements necessary for each proposed development project in an amount up to \$0.65 per property tax dollar, or, where permitted by State law, up to \$0.90 per property tax dollar, until the costs of required infrastructure are fully paid or reimbursed. The allocation should be sufficient to enable the Port to (a) obtain fair market rent for Port leases, and (b) enable proposed development projects to attract private equity. No

increment will be used to pay a developer's return. The Board of Supervisors in its discretion may allocate additional increment to other waterfront projects that require funding. Increment will be disbursed to the project area to fund (a) debt service and debt service coverage for bonds issued under the Mello-Roos Act ("Community Facilities District Bonds" or "CFD Bonds") or IFD bonds, and/or (b) eligible costs on a pay-as-you-go basis.<sup>15</sup>

8. **Excess increment.** Tax increment not required to fund eligible project-specific infrastructure will be allocated to the City's General Fund or to improvements to the City's seawall and measures to protect against sea level rise.
9. **Port annual capital program.** If the Port issues Port revenue bonds<sup>16</sup> repaid by tax increment revenue generated in one or more waterfront districts, to further the purposes of Port Commission Resolution No. 12-22, adopting the Port's Policy for Funding Capital Budget Expenditures, the Port will annually invest in its annual Capital Program any tax increment revenue allocated to the waterfront district for the purpose of providing debt service coverage on Port revenue bond debt payable from tax increment.
10. **Funding for infrastructure maintenance.** Tax increment will be allocated to the Port IFD from a waterfront district only when the Port has identified a source of funding for the maintenance of any infrastructure to be financed. This source could be in the form of: (a) private financing mechanisms, such as a homeowners' association assessment; (b) a supplemental special tax (such as a community facilities district formed under the Mello-Roos Act) or assessment district (such as a community benefit district); or (c) the Port's maintenance budget or other allocation of the Port Harbor Fund.

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<sup>15</sup> For example, one vehicle for efficiently leveraging tax increment to finance public infrastructure would involve (i) formation of a community facilities district ("CFD") under the Mello-Roos Act and an IFD project area -- the boundaries of which are coterminous with the boundaries of the private development -- prior to construction of the public infrastructure, (ii) issuance of CFD bonds early in the development cycle, i.e., prior to generation of significant tax increment that can be allocated to the IFD, (iii) application of special taxes levied in the CFD to pay debt service as long as tax increment is not available and (iv) use of tax increment, when available, to pay debt service on the bonds, which allows a reduction in the amount of special taxes levied for that purpose.

<sup>16</sup> City staff currently assumes that the preferred method for debt issuance would be a CFD bond repaid with IFD proceeds.



**APPENDIX A FOR PROJECT AREA A**

**(To be Attached.)**

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**APPENDIX B FOR PROJECT AREA B**  
**(To be Attached.)**



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**APPENDIX C FOR PROJECT AREA C**  
**(To be Attached.)**

**APPENDIX D FOR PROJECT AREA D**

**(To be Attached.)**

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**APPENDIX E FOR PROJECT AREA E**

**(To be Attached.)**

**APPENDIX F FOR PROJECT AREA F**  
**(To be Attached.)**

**APPENDIX G FOR PROJECT AREA G**

**(To be Attached.)**

**Appendix G-1**  
**Sub-Project Area G-1**  
**(Pier 70 - Historic Core)**

*This Appendix G-1 (“Appendix” or “Appendix G-1”) supplements and amends the main body of the Infrastructure Financing Plan (the “IFP”) as it relates to Sub-Project Area G-1. In the event of any inconsistency between the main body of this Infrastructure Financing Plan and this Appendix, the provisions of this Appendix shall govern with respect to Sub-Project Area G-1. The Board of Supervisors has appointed the City and County of San Francisco (the “City”), acting by and through its Port Commission (“Port”), as the agent of the IFD to implement this Appendix.*

**Boundaries of Sub-Project Area G-1.** The boundaries of the proposed IFD, including the boundaries of Sub-Project Area G-1, are described in the map attached to the main body of the Infrastructure Financing Plan as Exhibit A. The legal description of Sub-Project Area G-1 is also attached to the main body of the Infrastructure Financing Plan as Exhibit A.

**Pier 70 District; Pier 70 Enhanced Financing Plan.** Sub-Project Area G-1 is a “Pier 70 district,” as defined in Section 53395.8(c)(11) of the IFD Law, and this Appendix constitutes a “Pier 70 enhanced financing plan” as defined in Section 53395.8(c)(12) of the IFD Law. Terms used but not defined in this Appendix have the meanings ascribed to them in the IFD Law or the IFP.

**Summary of Financing Plan.** The financing plan is presented in Table 2 and summarized in Exhibit G-1c. For purposes of this Appendix G-1, “debt” has the meaning given that term in Section 53395.8(c)(4) of the IFD Law and “ERAF-secured debt” has the meaning given that term in Section 53395.8(c)(7) of the IFD Law.

In order for the capital facilities (the “**Facilities**”) authorized by Section 53395.8(d) of the IFD Law and listed in Exhibit G-1b and Table 1 to be developed concurrently with the Historic Core buildings, and because there will be some lag time between the construction of the Facilities and availability of Allocated Tax Increment (defined herein), the following forms of debt/ERAF-secured debt will be needed to finance the Facilities :

- The IFD will repay Historic Pier 70, LLC (the “**Developer**”), the master tenant of certain property in Sub-Project Area G-1, from Allocated Tax Increment for the Developer’s advance of funds to pay for Facilities;
- The IFD will repay the Port from Allocated Tax Increment for advances it will make to pay for Facilities;
- The IFD will pay from Allocated Tax Increment debt service on bonds that will be issued by the IFD and/or a community facilities district (the “**CFD**”) established by the City to include the property in Sub-Project Area G-1 to finance the Facilities; and



- The IFD will pay Facilities costs from annual deposits of Allocated Tax Increment.

All of the repayment obligations described above are secured by and payable from Allocated Tax Increment, as described in this Appendix G-1.

**A. Base Year: Commencement of Tax Increment Allocation**

The “**Base Year**” for Sub-Project Area G-1 is the fiscal year in which the assessed value of taxable property in Sub-Project Area G-1 was last equalized prior to the effective date of the ordinance adopted to create Sub-Project Area G-1 or a subsequent fiscal year. The Base Year for Sub-Project Area G-1 is FY 2015-2016.

Tax increment may begin to be allocated to the IFD from Sub-Project Area G-1 beginning in the fiscal year following the Base Year: FY 2016-2017.

**B. Allocation of Tax Increment**

- (1) The annual allocation of tax increment generated in Sub-Project Area G-1 to the IFD for purposes of Section 53396(b) of the IFD Law will be the amount appropriated in each fiscal year by the Board of Supervisors for deposit in the special fund established for Sub-Project Area G-1.
- (2) In the main body of the IFP, the Board of Supervisors concluded that, under the IFD Law, it may (i) allocate to the IFD all or a portion of the incremental tax revenue generated in a Project Area for the period specified in the applicable appendix, (ii) irrevocably allocate incremental tax revenue to pay bonds or other debt pursuant to contracts approved by the Board of Supervisors, (iii) reserve the right to make discretionary annual appropriations and (iv) reserve the right to amend the appendix for a Project Area to terminate an allocation to the IFD of any incremental tax revenue not irrevocably allocated to pay bonds or other debt pursuant to contracts approved by the Board of Supervisors.
- (3) This Appendix assumes that the Board of Supervisors will appropriate 100 percent of the Allocated Tax Increment for allocation to the IFD until the IFD repays all debt, including all ERAF-secured debt, payable from Allocated Tax Increment to fund the Facilities.

As a result, this Appendix also assumes that 100% of the “ERAF Tax Increment” (as defined below) will be allocated to the IFD. Section 53395.8(g)(3)(D) of the IFD Law provides that the portion of incremental property tax revenue of the City to be allocated to the IFD from Sub-Project Area G-1 must be equal to the portion of the incremental tax

revenue of the ERAF share proposed to be committed to Sub-Project Area G-1.<sup>1</sup>

(4) However, the allocation made by the Board of Supervisors in this Appendix shall be the following:

(A) The Board of Supervisors hereby irrevocably allocates all of the “City Share of Tax Increment” (as defined below) from Sub-Project Area G-1 to the IFD to the extent that the City Share of Tax Increment is necessary to repay bonds or related agreements (including Pledge Agreements, as described below) or meet contractual obligations that the IFD or the Port is obligated to satisfy with Allocated Tax Increment, in each case to the extent such bonds, agreements or obligations have been approved by the Board of Supervisors.

(B) The Board of Supervisors retains the discretion to make annual appropriations for the allocation of City Share of Tax Increment from Sub-Project Area G-1 to the IFD to pay for debt that is not described in the preceding clause (A), including repayment of loans made to pay Facilities costs and to satisfy contractual obligations from annual deposits of Allocated Tax Increment.

(5) For purposes of this Appendix G-1, the following terms are defined as follows:

“**Gross Tax Increment**” is 100% of the revenue produced by the application of the 1% ad valorem tax rate to the Incremental Assessed Property Value of property within Sub-Project Area G-1.

“**Incremental Assessed Property Value**” is, in any fiscal year, the difference between the assessed value of the property within Sub-Project Area G-1 for that fiscal year and the assessed value of the property within the Sub-Project Area G-1 in the Base Year, to the extent that the difference is a positive number.

“**ERAF Tax Increment**” is 25.330110% of Gross Tax Increment. The “ERAF Tax Increment” is the “ERAF share” as defined in Section 53395.8(c)(8) of the IFD Law, and it is available to be allocated to the IFD because Sub-Project Area G-1 is a Pier 70 district.

“**City Share of Tax Increment**” is 64.588206% of Gross Tax Increment. The City Share of Tax Increment is the incremental property tax revenue that, in the absence of the allocation to the IFD pursuant to this Appendix, would be allocated to the City and

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<sup>1</sup> This Appendix G-1 assumes allocation of 100% of the City Share of Tax Increment and 100% of the ERAF Tax Increment for the period permitted under the IFD Law. If, because of time limitations applicable to the ERAF Tax Increment established by the IFD Law, the ERAF Tax Increment is no longer available under the IFD Law during the period specified in Section H, the City Share of Increment will remain available as provided in this Appendix G-1.

County General Fund and includes amounts set aside for the City and County Children’s Fund, the City and County Library Protection Fund, and the City and County Open Spaces Fund.

“**Allocated Tax increment**” is the sum of ERAF Tax Increment and City Share of Tax Increment.

**C. Maximum Portion of Tax Increment Revenue of San Francisco and Affected Taxing Agencies to be Committed to Sub-Project Area G-1**

The taxing agencies that provide services to the IFD properties and the distribution of property tax increment among the agencies / funds are as follows:

**Exhibit G1a – FY 2015/16 Distribution of 1% Property Tax Rate among Taxing Agencies/Funds**

	<i>FY 2015/16 Distribution of 1% Property Tax Rate<sup>2</sup></i>
City and County General Fund (inclusive of the Children’s Fund, Library Fund, and Open Space Fund)	64.588206%
Education Revenue Augmentation Fund	25.330113%
San Francisco Unified School District	7.698857%
San Francisco Community College Fund	1.444422%
Bay Area Rapid Transit District	0.632528%
Bay Area Air Quality Management District	0.208539%
County Office of Education	<u>0.097335%</u>
<b>Total</b>	<b>100.000000%</b>

**The IFD will be funded solely from Allocated Tax Increment, which consists of the City Share of Tax Increment and the ERAF Tax Increment.**

The maximum portion of the City Share of Tax Increment that is allocated to the IFD is 100%. The maximum portion of the ERAF Tax Increment that is allocated to the IFD is 100%.

This IFP does not allocate any portion of tax increment of the local educational agencies to Sub-Project Area G-1.

**D. Projection of Tax Increment Revenue to Sub-Project Area G-1**

The financing section must include a projection of the amount of tax increment expected to be allocated to the IFD from Sub-Project Area G-1, assuming an allocation period that ends

<sup>2</sup> City and County of San Francisco annual property tax rate ordinance (Ordinance No. 169-15).

no later than 45 years after the date on which the City projects that the IFD will have received \$100,000 of tax increment from Sub-Project Area G-1 under the IFD Law.

The projection of Allocated Tax Increment from Sub-Project Area G-1 to be allocated to the IFD is attached as Rider #1 to this Appendix.

#### **E. Tax Increment Limit**

The financing section must include a limit on the total number of dollars of tax increment that may be allocated to the IFD pursuant to the Infrastructure Financing Plan, subject to amendment of the Infrastructure Financing Plan.

The tax increment limit for Sub-Project Area G-1, including the limit on ERAF Tax Increment, is initially established at \$64,000,000. This limit reflects the projected total Allocated Tax Increment of \$49,220,000 plus a contingency factor of 30%.

#### **F. Pier 70 ERAF Allocation Limit**

In accordance with Section 53395.8(g)(3)(D)(ii)(II) of the IFD Law, Sub-Project Area G-1 is subject to a limitation on the number of dollars of the ERAF share to be divided and allocated to the IFD from Sub-Project Area G-1. Pursuant to IFD Law the limit of ERAF dollars allocated to the IFD shall be established in consultation with the San Francisco Controller and shall be included in the statement of indebtedness that the IFD files for the 19<sup>th</sup> fiscal year after the fiscal year in which any ERAF-secured debt is first issued.

The limit on the ERAF Tax Increment to be divided and allocated to the IFD from Sub-Project Area G-1 is initially established at \$18,000,000, which reflects the projected ERAF Tax Increment allocation to Sub-Project Area G-1 plus a contingency factor of 30%.

#### **G. 20% Waterfront Set-Aside Requirement for Waterfront Districts**

Pursuant to Section 53395.8(g)(3)(C)(ii) of the IFD Law, 20% of the Allocated Tax Increment (“**Set-Aside**”) must be set aside to be expended solely on shoreline restoration, removal of bay fill, or waterfront public access to or environmental remediation of the San Francisco waterfront (“**Authorized Set-Aside Uses**”). The development of Phase 2 of Crane Cove Park involves shoreline restoration and will provide public access to the waterfront; consequently, the costs associated with Phase 2 of Crane Cove Park are an Authorized Set-Aside Use. On a cumulative basis, it is estimated that approximately 64% of the Allocated Tax Increment to the IFD from Sub-Project Area G-1 will be used for Authorized Set-Aside Uses. The IFD Law allows the Set-Aside Requirement applicable to Project Area G (Pier 70) to be met on a Project Area G-wide basis rather than on a Sub-Project Area basis. As such, the Port’s use of more than 20% of the Allocated Tax Increment from Sub-Project Area G-1 on Authorized Set-Aside Uses would allow the IFD, at its discretion, to spend less than 20%

of Allocated Tax Increment from other Sub-Project Areas in Project Area G on Authorized Set-Aside Uses.

#### H. Time Limits

Under the IFD Law, the financing section must include the following time limits:

(A) a date on which the effectiveness of the infrastructure financing plan and all tax increment allocations to Sub-Project Area G-1 will end, not to exceed 45 years from the date the IFD actually received \$100,000 in incremental tax revenues from Sub-Project Area G-1;

(B) a time limit on the IFD's authority to repay indebtedness with incremental tax revenues received in Sub-Project Area G-1 under the IFD Law, not to exceed 45 years from the date the IFD actually received \$100,000 in incremental tax revenues from Sub-Project Area G-1; and

(C) a time limit on the issuance of new ERAF-secured debt to finance the Facilities, which (with certain exceptions described in the IFD Law) may not exceed 20 fiscal years from the fiscal year in which any Pier 70 district (which would include any Sub-Project Area) subject to a Pier 70 enhanced financing plan first issues debt.

For Sub-Project Area G-1, the following are the applicable time limits under the IFD Law:

Date on which the effectiveness of the infrastructure financing plan with respect to Sub-Project Area G-1 and all tax increment allocations to Sub-Project Area G-1 will end: **45 years from the date the IFD actually receives \$100,000 of Allocated Tax Increment from Sub-Project Area G-1.**

Date after which the IFD may no longer repay indebtedness with incremental tax revenues received under the IFD Law from Sub-Project Area G-1: **45 years from the date the IFD actually receives \$100,000 of Allocated Tax Increment from Sub-Project Area G-1.**

Date after which the IFD may not issue new ERAF-secured debt with respect to Sub-Project Area G-1: **June 30, 2036.** The IFD Law allows the IFD to issue ERAF-secured debt after this date in certain circumstances, and this Appendix incorporates those provisions by this reference as if they were fully incorporated herein.<sup>3</sup>

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<sup>3</sup> For purposes of this Appendix G-1, ERAF-secured debt includes the obligation of the IFD to use ERAF Tax Increment to pay directly for Facilities. This ERAF-secured debt shall be considered to be issued in the first fiscal year in which the IFD uses ERAF Tax Increment to pay directly for Facilities and shall be payable for the period ending 45 years from the date the IFD actually receives \$100,000 of Allocated Tax Increment from Sub-Project Area G-1.

## I. Description of Public Improvements and Facilities

The IFD Law requires an infrastructure financing plan to contain the following information with respect to Sub-Project Area G-1.

(1) Public improvements and facilities to be provided by the private sector.

Under the terms of the Lease Disposition and Development Agreement (the “LDDA”) between the Port and the Developer, the Developer is responsible for developing an outdoor plaza/venue and an indoor lobby/atrium in Building 113, both of which will be made accessible to the public. The plaza will be a multi-use space available for public plaza uses, special events, loading, and tenant yard uses.

These costs will not be repaid to the Developer from Allocated Tax Increment generated in Sub-Project Area G-1.

(2) Public improvements and facilities to be provided by governmental entities without assistance under the IFD Law.

The Port is currently in the process of designing Crane Cove Park and intends to construct the park in two phases. Phase I, with a budget of \$31.48 million, will consist of: the creation of a beach shoreline to the north, two new pier overlooks, a sediment cap to contain contamination, a new multi-purpose lawn area, a children’s play area, a sun deck, adaptive reuse of Building 49 for a human powered aquatic center, a dog play area, landscape beds, pathways, site interpretation including artifacts, site furnishings, and ship building slipway 4 and its components including two new cranes. The Port has secured funds for Phase 1 and does not anticipate seeking funding from the IFD for Phase 1.

(3) Facilities to be financed with assistance from Sub-Project Area G-1.

The Facilities that will be funded with Sub-Project Area G-1's Allocated Tax Increment are those authorized by Section 53395.8(d) and listed in Table 1. **The actual cost of the improvements to be funded by the IFD may vary from and are not limited in any way by the cost estimates contained in Exhibit G1-b, Table 1 and throughout Appendix G-1.** The Facilities can be grouped into three general categories:

- a) Improvements to adjacent streets and sidewalks that will serve Pier 70. The street and sidewalk improvements need to be completed in the near term to serve the new Pier 70 tenants.
- b) The relocation of electrical systems now in Building 102 that serve the BAE shipyard (located in Project Area G, north of Sub-Project Area G-1) that the Port is responsible to undertake pursuant to the terms of the LDDA.

- c) Phase 2 improvements to Crane Cove Park. Phase 2 will include the adaptive reuse of historic Building 109, shoreline clean-up on the eastern shoreline and a sediment cap, a new pier overlook, new native shoreline landscape areas, pathways, site interpretation and artifacts, and furnishings. These improvements will comply with the Port's Pier 70 Risk Management Plan, which the San Francisco Bay Regional Water Quality Control Board approved in 2014. The schedule for Phase 2 will be driven by the availability of funding. It is anticipated that the IFD will provide approximately \$13.9 million of the \$30 million budgeted for the Phase 2 improvements. Given that it is anticipated that the IFD will not generate sufficient funding for all of the Phase 2 improvements, the Port will need to secure other funding to complete Phase 2.

**Exhibit G-1b**

Facilities to be funded by IFD	Estimated Cost, 2015 Dollars	Target Completion Schedule
Street, sidewalk, traffic signal improvements	\$1,271,000	FY 2016/2017 – FY 2017/2018
Bldg. 102 Electrical Relocation/Improvements	\$3,090,000	FY 2016/2017
Phase 2 of Crane Cove Park	\$13,899,000 <sup>4</sup>	No set date – driven by availability of funding
<b>Total</b>	<b>\$18,260,000</b>	

(4) Public improvements and facilities to be provided jointly by the private sector and governmental entities

There are no improvements or facilities that will be jointly provided by the private and governmental entities.

**J. Projected Sources of Financing for the Public Facilities**

The financing section must include the projected sources of financing for the Facilities, including debt to be repaid with Allocated Tax Increment, projected revenues from future leases, sales, or other transfers of any interest in land within Sub-Project Area G-1, and any other legally available sources of funds.

The financing plan is presented in Table 2 and summarized in Exhibit G-1c. In order to maximize funding for the improvements, it is assumed that 100% of the City Share of Tax Increment and 100% of the ERAF Tax Increment will be allocated to the IFD throughout the 45-year term of Sub-Project Area G-1. Pursuant to IFD Law, the allocation of ERAF Tax Increment and City Share of Tax Increment will be evidenced by debt obligations and reflected

<sup>4</sup> This reflects the amount of funding anticipated to be available from Sub-Project Area G-1 for Crane Cove Park. Phase 2 costs are anticipated to total \$30 million, which exceeds the amount of available funding from Sub-Project Area G-1.

in each annual Statement of Indebtedness for Sub-Project Area G-1. It is anticipated that the Facilities will be financed with a combination of:

1. bridge financing to be advanced by the Developer (to be secured by and repaid by the IFD with Allocated Tax Increment from Sub-Project Area G-1);
2. bridge financing to be advanced by the Port (to be secured by and repaid by the IFD with Allocated Tax Increment from Sub-Project Area G-1);
3. bond proceeds (the bonds will be secured by and repaid by the IFD with Allocated Tax Increment from Sub-Project Area G-1); and
4. annual deposits of Allocated Tax Increment from Sub-Project Area G-1 beyond the amount needed to repay bridge financing and bond debt. The obligation of the IFD to use Allocated Tax Increment from Sub-Project Area G-1 to pay for the Facilities is secured by and payable from Allocated Tax Increment and will be reflected in the annual Statement of Indebtedness.

At this time, it is contemplated that either IFD bonds or CFD bonds will be issued; in both cases, Allocated Tax Increment will be used to pay debt service (in the case of CFD bonds, the IFD will execute a Pledge Agreement, in which it will pledge Allocated Tax Increment to payment of debt service on the CFD Bonds). The type of bond to be issued will be determined based on market conditions approaching the time of issuance.



### Exhibit G-1c

<b>Anticipated Sources and Uses of Funds</b>		
	<b>2015/16 Dollars</b>	<b>Nominal Dollars</b>
<b>Anticipated Sources of Funds</b>		
Developer Loan for Street Improvements	\$746,000	\$783,000
Port Loan for Bldg.102 and 20 <sup>th</sup> Street Sidewalk improvements	\$3,110,000	\$3,203,000
IFD or CFD Bond Proceeds	\$6,559,000	\$7,832,000
Port Loan for Street Improvements funded by Required Developer Reimbursements	\$504,000	\$526,000
Allocated Tax Increment <sup>5</sup>	\$23,412,000	\$49,220,000
<b>Total Sources</b>	<b>\$34,331,000</b>	<b>\$61,564,000</b>
<b>Uses of Funds (Facilities)</b>		
Phase 2 Crane Cove Park <sup>6</sup>	\$13,899,000	\$31,490,000
Streetscape Improvements	\$1,271,000	\$1,329,000
Bldg. 102 Electrical Improvements	\$3,090,000	\$3,183,000
Repay Developer Loan	\$806,000	\$887,000
Repay Port Loans	\$3,999,000	\$4,684,000
Bond Debt Service	\$11,267,000	\$19,991,000
<b>Total Uses</b>	<b>\$34,331,000</b>	<b>\$61,564,000</b>

Under the terms of the LDDA, the Port may ask the Developer to advance funds to pay for certain public improvements (the “**Other Tasks**”). Approximately \$746,000 of the streetscape improvements to be funded by the IFD are eligible Other Tasks for which the Port will request a Developer advance the “**Developer Loan**”<sup>7</sup>. The Developer Loan will accrue interest at the rate equal to the rate set forth in the most senior construction loan for the improvements to be undertaken by the Developer. The Developer’s most recent project pro forma estimates this rate at 4.5% per annum. It is anticipated that the Developer Loan will be fully repaid from Allocated Tax Increment by FY 2019-2020.

The Port will advance \$3.1 million to fund the Building 102 electrical improvements and construction of a sidewalk on the north side of 20<sup>th</sup> Street (the “**Port Loan**”). The Port Loan will be due and payable in 15 years and will accrue interest at the rate of 4.4%. The Port Loan will be repaid from a combination of annual deposits of Allocated Tax Increment and bond proceeds. It is anticipated that the Port Loan will be fully repaid after bond proceeds are available in FY 2021-2022.

<sup>5</sup> Includes an anticipated \$7.5 million of ERAF Tax Increment and \$19.3 million of City Share Tax Increment that will be allocated to the IFD to pay for Facilities on a pay-go basis pursuant to Government Code Section 53395.2. As described elsewhere in this Appendix G-1, the obligation of the IFD to use Allocated Tax Increment to pay for the Facilities under this IFD constitutes a debt and an ERAF-secured debt and shall be payable through the period ending 45 years from the date the IFD actually receives \$100,000 of Allocated Tax Increment from Sub-Project Area G-1.

<sup>6</sup> Includes the Allocated Tax Increment used to pay directly for Facilities.

<sup>7</sup> “Other Tasks” are listed on Table 7.

Under the terms of the LDDA, the Developer is also obligated to advance funds for all Required ODI Tasks (the “**Required Port Benefit Tasks**”). It is estimated that approximately \$504,000 of the streetscape improvements to be funded by the IFD are Required Port Benefit Tasks. Although the Port is obligated under the LDDA to reimburse the Developer for the advance, any such reimbursement will be reduced by 100% of the outstanding Deferred Port Transaction Costs, which are currently approximately \$800,000. The funding of the streetscape improvements will be credited against the Developer’s obligation to reimburse the Port for \$800,000 in outstanding Deferred Port Transaction Costs and the Developer will not be reimbursed for the advance. This advance of \$504,000 is a “Port Loan” and will be repaid by the IFD.

As shown in Table 2, in order to serve the Historic Core Pier 70 development, approximately \$3.8 million of Facilities will need to be constructed in FY 2016-2017 and \$708,000 in FY 2017-2018. While Allocated Tax Increment is anticipated to be allocated to the IFD from Sub-Project Area G-1 starting in FY 2016-2017 as a result of supplemental assessments, deposits through FY 2018-2019 will not be sufficient to pay the scheduled Facilities costs in a timely manner. The Developer Loan and the Port Loan will be repaid from Allocated Tax Increment and a portion of the net proceeds of the IFD or CFD bonds. It is anticipated that the bonds will be issued at the beginning of FY 2021-2022, after the assessed value of the taxable property in Sub-Project Area G-1 has reached stabilization. It is estimated that the bonds will yield approximately \$7.8 million of net proceeds, which will be sufficient to retire the outstanding balance on the Port Loan and contribute \$4.7 million towards the development of Phase 2 of Crane Cove Park. 100% of the debt service on the bonds will be secured by and paid with Allocated Tax Increment from Sub-Project Area G-1.

#### **K. Accounting Procedures**

The IFD will maintain accounting procedures for Sub-Project Area G-1 in accordance, and otherwise comply, with Section 6306 of the Public Resources Code for the term of this Appendix.

#### **L. Cost and Revenue Analysis**

The financing section must include an analysis of: (A) the costs to the City’s General Fund for providing facilities and services to Sub-Project Area G-1 while Sub-Project Area G-1 is being developed and after it is developed and (B) the taxes, fees, charges, and other revenues expected to be received by the City’s General Fund as a result of expected development in Sub-Project Area G-1.

- (1) Costs to the City’s General Fund for providing facilities and services to Sub-Project Area G-1 while it is being developed and after Sub-Project Area G-1 is developed.

Estimates of costs to the City's General Fund for providing facilities and services to Sub-Project Area G-1 while it is being developed and after it is developed are detailed in Attachment 1: "Fiscal and Economic Impact Analysis – Historic Core Pier 70" and summarized in the following Exhibit G-1d. As shown, the annual cost to the City's General Fund to provide services to the project will approximate \$91,000 upon anticipated build-out in FY 2018-2019. Service costs during the entire construction period are estimated at \$76,000. General Fund costs are costs to provide police, fire, and emergency medical services to the project. The cost of maintaining and operating Crane Cove Park and other spaces/facilities will not be funded by the General Fund. It is currently expected that 100% of these costs will be funded by a CFD maintenance special tax.

(2) Taxes, fees, charges and other revenues expected to be received by the City's General Fund as a result of expected development in Sub-Project Area G-1.

Taxes, fees, charges and other revenues expected to be received by the City's General Fund as a result of expected development in Sub-Project Area G-1 are detailed in Attachment 1: "Fiscal and Economic Impact Analysis – Historic Core Pier 70" and summarized in the following Exhibit G-1d. As shown, upon stabilization in FY 2018-2019, the project is anticipated to annually generate from \$264,000 to \$425,000 of revenue to the City's General Fund. The range of revenues reflects differing assumptions about the average level of gross receipts of the businesses to locate within the project, which impacts the calculation of gross receipts taxes.

As shown in Exhibit G-1d, it is estimated that the Historic Core Pier 70 development will annually generate a net fiscal surplus to the City's General Fund ranging from \$174,000 to \$334,000 per year, expressed in nominal dollars. After discounting the projection for inflation and the value of time, the present value of the annual General Fund surplus approximates \$142,000 to \$273,000.

**Exhibit G-1d**

Estimated General Fund Revenue / Expenditure	Lower Revenue Scenario - Gross Receipts Tax Does Not Apply			Higher Revenue Scenario - Gross Receipts Tax Applies to All		
	During Construction FY 15 - FY 17	Post Construction FY 2018/19	Total IFD Term	During Construction FY 15 - FY 17	Post Construction FY 2018/19	Total IFD Term
<b>Revenues</b>						
Possessory Interest Tax						
Not Deposited in IFD	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax	0	0	0	\$119,400	\$193,400	\$17,343,100
Sales Tax	\$78,300	\$68,300	\$6,156,700	\$78,300	\$68,300	\$6,156,700
Utility Users Tax	\$42,700	\$51,300	\$4,607,600	\$42,700	\$51,300	\$4,607,600
Prop. Tax In-Lieu of VLF	\$46,900	\$63,900	\$5,835,500	\$46,900	\$63,900	\$5,835,500
Business Registration Fee	\$48,900	\$58,100	\$5,225,400	\$21,000	\$24,900	\$2,239,500
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0
Other Taxes and Fees	\$114,500	\$22,800	\$2,144,200	\$114,500	\$22,800	\$2,144,200
<b>Total Revenues</b>	<b>\$331,300</b>	<b>\$264,400</b>	<b>\$23,969,400</b>	<b>\$422,800</b>	<b>\$424,600</b>	<b>\$38,326,600</b>
<b>Expenditures</b>						
Police	\$17,500	\$20,900	\$1,881,300	\$17,500	\$20,900	\$1,881,300
Fire and EMS	\$58,100	\$69,800	\$6,271,400	\$58,100	\$69,800	\$6,271,400
<b>Total Expenditures</b>	<b>\$75,600</b>	<b>\$90,700</b>	<b>\$8,152,700</b>	<b>\$75,600</b>	<b>\$90,700</b>	<b>\$8,152,700</b>
<b>Net General Fund Impact</b>						
<i>Nominal Dollars</i>	<b>\$256,000</b>	<b>\$174,000</b>	<b>\$15,817,000</b>	<b>\$347,000</b>	<b>\$334,000</b>	<b>\$30,174,000</b>
<i>\$2015 (3% discount)</i>	<b>\$234,000</b>	<b>\$159,000</b>	<b>\$7,392,000</b>	<b>\$318,000</b>	<b>\$306,000</b>	<b>\$13,929,000</b>
<i>NPV (7% discount)</i>	<b>\$209,000</b>	<b>\$142,000</b>	<b>\$5,117,000</b>	<b>\$283,000</b>	<b>\$273,000</b>	<b>\$8,041,000</b>

(1) The Assessor is currently determining the magnitude of transfer tax due as a result of the lease. Given that the amount has not yet been established, this analysis does not include any transfer tax revenue.

**Appendix G-1**

**Rider No 1**

**PROJECTION OF ALLOCATED TAX INCREMENT, PROJECT AREA G-1 (PIER 70 – HISTORIC CORE)**

FY 2015/16	Base Year - \$0
FY 2016/17	\$36,000
FY 2017/18	\$359,000
FY 2018/19	\$539,000
FY 2019/20	\$719,000
FY 2020/21	\$733,000
FY 2021/22	\$749,000
FY 2022/23	\$762,000
FY 2023/24	\$779,000
FY 2024/25	\$794,000
FY 2025/26	\$811,000
FY 2026/27	\$827,000
FY 2027/28	\$841,000
FY 2028/29	\$876,000
FY 2029/30	\$895,000
FY 2030/31	\$911,000
FY 2031/32	\$930,000
FY 2032/33	\$948,000
FY 2033/34	\$968,000
FY 2034/35	\$986,000
FY 2035/36	\$1,008,000
FY 2036/37	\$1,027,000
FY 2037/38	\$1,047,000
FY 2038/39	\$1,069,000
FY 2039/40	\$1,089,000
FY 2040/41	\$1,112,000
FY 2041/42	\$1,123,000

**Appendix G-1**  
**Rider No 1 Continued**

FY 2042/43	\$1,135,000
FY 2043/44	\$1,157,000
FY 2044/45	\$1,179,000
FY 2045/46	\$1,202,000
FY 2046/47	\$1,227,000
FY 2047/48	\$1,253,000
FY 2048/49	\$1,277,000
FY 2049/50	\$1,302,000
FY 2050/51	\$1,328,000
FY 2051/52	\$1,356,000
FY 2052/53	\$1,381,000
FY 2053/54	\$1,409,000
FY 2054/55	\$1,438,000
FY 2055/56	\$1,467,000
FY 2056/57	\$1,496,000
FY 2057/58	\$1,525,000
FY 2058/59	\$1,556,000
FY 2059/60	\$1,587,000
FY 2060/61	\$1,619,000
FY 2061/62	\$1,651,000
Cumulative Total, Rounded	\$49,220,000

**Table 1**  
**Appendix G-1**  
**Improvements to be Funded by IFD**  
**IFD Public Facility Improvement Schedule**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)**

<u>Location of Improvements</u>	<u>Description of Improvements</u>	<u>2015/16 Cost Est.</u>
Illinois St., in front of Bldgs. 101 and 40	East sidewalk - Upgrade curb ramps to meet ADA standards, replace historical fence, remove fence around Bldg. 101, remove asphalt	\$27,517 <sup>1</sup>
20th and Illinois	Upgrade traffic signal - 20% share of cost	\$70,643 <sup>2</sup>
20th St., north side (west of Georgia)	North sidewalk - Patch concrete segments, fix historical fence, remove chain link fence	\$31,165 <sup>1</sup>
20th St. at Georgia	North sidewalk - Install Ped/ADA path of travel improvements, install crosswalk and ADA-compliant ramps	\$31,937 <sup>1</sup>
20th, east of Georgia	North sidewalk - Overlay asphalt sidewalk, shoring of Bldg. 103, and remove chain-link fence	\$20,125 <sup>1</sup>
20th and Louisiana	Intersection - Add ADA-compliant curb ramps, remove SW corner of Bldg. 113 landing, rebuild concrete sidewalk, install bollards on the north side, add crosswalks (west and south), and add stop signs	\$54,477 <sup>1</sup>
Louisiana Street	Add overlay of new asphalt pavement, regrade parking area, install retaining wall, install asphalt sidewalk with curb on east side, install crosswalk and ADA-compliant curb cut, install ped/ADA path of travel, remove and install chain-link fence, modify electrical equipment at NE face of Bldg 113	\$340,809 <sup>1</sup>
20th St, south side	South sidewalk - Install ramp and stairs adjacent to west end of bldg. 113, patch sidewalk between Michigan and Bldg 113 entrance, patch sidewalk between bldg 113 and Louisiana, install ADA-compliant curb ramps at Bldg. 113 entry and at Michigan, add railing along edge, add crosswalk at west of Bldg 113	\$97,486 <sup>1</sup>
Michigan Street	Add ped/ADA path of travel on west side, add asphalt overlay, add crosswalk at south end and curb and gutter on east side	\$284,252 <sup>1</sup>
Louisiana, Georgia, Michigan, 20th	Install street lighting	\$312,142 <sup>1</sup>
Building 102	Remove PCBs and transformers from ODI option parcel, increase power reliability to BAE, purchase & install new transformers & switchgear, remove & dispose of old transformers, install new electric feeder lines east of ODI leasehold	\$3,090,000 <sup>3</sup>
Crane Cove Park	Phase 2. Construct public park and removal of bay fill. Work will include adaptive reuse of bldg. 109, shoreline cleanup, sediment cap, new pier overlook, new native shoreline landscape areas, pathways, site interpretation and artifacts, and furnishings. Improvements will comply with the Port's Remedial Action Plan.	Ph. 2 cost = \$30 million. IFD's funding capacity est. at \$13.9 mil. <sup>4</sup>
<b>Est. Improvement Costs to be Funded by IFD</b>		<b>\$18,259,676</b>

<sup>1</sup> Based on 2014 cost estimate prepared by CHS Consulting, provided as Table 3. 2015/16 cost estimate reflects 3% inflation adjustment.

<sup>2</sup> Required mitigation measure of the project. ODI will fund 20% of project to be reimbursed. Balance is being funded by SFMTA.

<sup>3</sup> Work is needed for the BAE shipyard. Port has already budgeted this task in its supplemental FY 2015/16 budget.

<sup>4</sup> Cost estimate prepared by Port staff. It is estimated that IFD will generate sufficient funds for approximately 46% of the costs of Phase 2. Funding for the balance will be secured from other sources.

**Table 2**  
**Appendix G-1**  
**Sources and Uses of Funds**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)**  
**Port of San Francisco**

		Total 2015/16 Dollars	Total Nominal Dollars	IFD Year <sup>1</sup> FY 16/17	Year 1 FY 17/18	Year 2 FY 18/19	Year 3 FY 19/20	Year 4 FY 20/21	Year 5 FY 21/22	Year 6 FY 22/23	Year 7 FY 23/24	Year 8 FY 24/25	Year 9 FY 25/26
<b>Available Property /Possessory Interest Tax Increment Revenue to IFD<sup>2</sup></b>													
City Share of Tax Increment	100%	\$16,815,978	\$35,354,000	\$26,000	\$258,000	\$387,000	\$516,000	\$526,000	\$538,000	\$547,000	\$560,000	\$570,000	\$583,000
ERAF Tax Increment	100%	\$6,595,934	\$13,866,000	\$10,000	\$101,000	\$152,000	\$203,000	\$207,000	\$211,000	\$215,000	\$219,000	\$224,000	\$228,000
Annual Total		\$23,411,912	\$49,220,000	\$36,000	\$359,000	\$539,000	\$719,000	\$733,000	\$749,000	\$762,000	\$779,000	\$794,000	\$811,000
<b>IFD Sources of Funds</b>													
Annual Tax Increment		\$23,411,912	\$49,220,000	\$36,000	\$359,000	\$539,000	\$719,000	\$733,000	\$749,000	\$762,000	\$779,000	\$794,000	\$811,000
Developer Loan - Not Required Tasks <sup>3</sup>		\$746,350	\$782,777	\$300,844	\$481,933	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan, Bldg. 102 + 20th St. Sidewalk <sup>3</sup>		\$3,110,125	\$3,203,429	\$3,203,429	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan of Required Dev. Rmbmts <sup>3</sup>		\$504,079	\$525,776	\$300,049	\$225,726	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Proceeds <sup>3</sup>		\$6,558,879	\$7,831,644	\$0	\$0	\$0	\$0	\$0	\$7,831,644	\$0	\$0	\$0	\$0
Prior Year Net Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Sources of Funds</b>		<b>\$34,331,344</b>	<b>\$61,563,625</b>	<b>\$3,840,322</b>	<b>\$1,066,659</b>	<b>\$539,000</b>	<b>\$719,000</b>	<b>\$733,000</b>	<b>\$8,580,644</b>	<b>\$762,000</b>	<b>\$779,000</b>	<b>\$794,000</b>	<b>\$811,000</b>
<b>IFD Uses of Funds</b>													
Bond Debt Service <sup>3</sup>		\$11,266,552	\$19,990,909	\$0	\$0	\$0	\$0	\$0	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364
Repay Developer Loan <sup>4</sup>		\$806,218	\$886,720	\$18,000	\$179,500	\$269,500	\$419,720	\$0	\$0	\$0	\$0	\$0	\$0
Repay Port Loan <sup>4</sup>		\$3,998,898	\$4,684,291	\$18,000	\$179,500	\$269,500	\$299,280	\$733,000	\$3,185,011	\$0	\$0	\$0	\$0
Crane Cove Park Improvements		\$13,899,123	\$31,489,724	\$0	\$0	\$0	\$0	\$0	\$4,729,269	\$95,636	\$112,636	\$127,636	\$144,636
Building 102 Electrical Improvements		\$3,090,000	\$3,182,700	\$3,182,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Streetscape Improvements		\$1,270,553	\$1,329,281	\$621,622	\$707,659	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Uses of Funds</b>		<b>\$34,331,344</b>	<b>\$61,563,625</b>	<b>\$3,840,322</b>	<b>\$1,066,659</b>	<b>\$539,000</b>	<b>\$719,000</b>	<b>\$733,000</b>	<b>\$8,580,644</b>	<b>\$762,000</b>	<b>\$779,000</b>	<b>\$794,000</b>	<b>\$811,000</b>
<b>Net IFD Fund Balance</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Cumulative Waterfront Expenditures as a % of</b>													
<b>Cumulative IFD Increment Deposits</b>				0%	0%	0%	0%	0%	151%	124%	106%	93%	83%

<sup>1</sup> Term is 45 years from the date that Project Area E1 receives one hundred thousand (\$100,000) in incremental property tax revenue.

<sup>2</sup> Projection of Assessed Value is provided in Table 4. Projection of possessory interest/property tax increment is provided in Table 5.

<sup>3</sup> Table 6.

<sup>4</sup> Table 7.



**Table 2**  
**Appendix G-1**  
**Sources and Uses of Funds**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, of the City and County of San Francisco**

	Year 10 FY 26/27	Year 11 FY 27/28	Year 12 FY 28/29	Year 13 FY 29/30	Year 14 FY 30/31	Year 15 FY 31/32	Year 16 FY 32/33	Year 17 FY 33/34	Year 18 FY 34/35	Year 19 FY 35/36	Year 20 FY 36/37	Year 21 FY 37/38
<b>Available Property /Possessory Interest Tax Inc</b>												
City Share of Tax Increment <i>100%</i>	\$594,000	\$604,000	\$618,000	\$629,000	\$643,000	\$654,000	\$668,000	\$681,000	\$695,000	\$708,000	\$724,000	\$738,000
ERAF Tax Increment <i>100%</i>	\$233,000	\$237,000	\$242,000	\$247,000	\$252,000	\$257,000	\$262,000	\$267,000	\$273,000	\$278,000	\$284,000	\$289,000
<b>Annual Total</b>	<b>\$827,000</b>	<b>\$841,000</b>	<b>\$860,000</b>	<b>\$876,000</b>	<b>\$895,000</b>	<b>\$911,000</b>	<b>\$930,000</b>	<b>\$948,000</b>	<b>\$968,000</b>	<b>\$986,000</b>	<b>\$1,008,000</b>	<b>\$1,027,000</b>
<b>IFD Sources of Funds</b>												
Annual Tax Increment	\$827,000	\$841,000	\$860,000	\$876,000	\$895,000	\$911,000	\$930,000	\$948,000	\$968,000	\$986,000	\$1,008,000	\$1,027,000
Developer Loan - Not Required Tasks <sup>3</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan, Bldg. 102 + 20th St. Sidewalk <sup>3</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan of Required Dev. Rmbmts <sup>3</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Proceeds <sup>3</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior Year Net Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Sources of Funds</b>	<b>\$827,000</b>	<b>\$841,000</b>	<b>\$860,000</b>	<b>\$876,000</b>	<b>\$895,000</b>	<b>\$911,000</b>	<b>\$930,000</b>	<b>\$948,000</b>	<b>\$968,000</b>	<b>\$986,000</b>	<b>\$1,008,000</b>	<b>\$1,027,000</b>
<b>IFD Uses of Funds</b>												
Bond Debt Service <sup>3</sup>	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364
Repay Developer Loan <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repay Port Loan <sup>4</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Crane Cove Park Improvements	\$160,636	\$174,636	\$193,636	\$209,636	\$228,636	\$244,636	\$263,636	\$281,636	\$301,636	\$319,636	\$341,636	\$360,636
Building 102 Electrical Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Streetscape Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Uses of Funds</b>	<b>\$827,000</b>	<b>\$841,000</b>	<b>\$860,000</b>	<b>\$876,000</b>	<b>\$895,000</b>	<b>\$911,000</b>	<b>\$930,000</b>	<b>\$948,000</b>	<b>\$968,000</b>	<b>\$986,000</b>	<b>\$1,008,000</b>	<b>\$1,027,000</b>
<b>Net IFD Fund Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Cumulative Waterfront Expenditures as a % of Cumulative IFD Increment Deposits	76%	70%	65%	61%	58%	56%	54%	52%	51%	50%	49%	48%

<sup>1</sup> Term is 45 years from the date that Project Area E1 receives one hundred thousand (\$100,000) in incremental property tax revenue.

<sup>2</sup> Projection of Assessed Value is provided in Table 4. Projection of possessory interest/property tax increment is provided in Table 5.

<sup>3</sup> Table 6.

<sup>4</sup> Table 7.

**Table 2**  
**Appendix G-1**  
**Sources and Uses of Funds**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, South of the Embarcadero, San Francisco**

	Year 22 FY 38/39	Year 23 FY 39/40	Year 24 FY 40/41	Year 25 FY 41/42	Year 26 FY 42/43	Year 27 FY 43/44	Year 28 FY 44/45	Year 29 FY 45/46	Year 30 FY 46/47	Year 31 FY 47/48	Year 32 FY 48/49	Year 33 FY 49/50	
<b>Available Property /Possessory Interest Tax Inc</b>													
City Share of Tax Increment	100%	\$752,000	\$768,000	\$782,000	\$799,000	\$816,000	\$831,000	\$847,000	\$863,000	\$881,000	\$900,000	\$917,000	\$935,000
ERAF Tax Increment	100%	\$295,000	\$301,000	\$307,000	\$313,000	\$319,000	\$326,000	\$332,000	\$339,000	\$346,000	\$353,000	\$360,000	\$367,000
<b>Annual Total</b>		<b>\$1,047,000</b>	<b>\$1,069,000</b>	<b>\$1,089,000</b>	<b>\$1,112,000</b>	<b>\$1,135,000</b>	<b>\$1,157,000</b>	<b>\$1,179,000</b>	<b>\$1,202,000</b>	<b>\$1,227,000</b>	<b>\$1,253,000</b>	<b>\$1,277,000</b>	<b>\$1,302,000</b>
<b>IFD Sources of Funds</b>													
Annual Tax Increment		\$1,047,000	\$1,069,000	\$1,089,000	\$1,112,000	\$1,135,000	\$1,157,000	\$1,179,000	\$1,202,000	\$1,227,000	\$1,253,000	\$1,277,000	\$1,302,000
Developer Loan - Not Required Tasks <sup>3</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan, Bldg. 102 + 20th St. Sidewalk <sup>3</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan of Required Dev. Rmbmts <sup>3</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Proceeds <sup>3</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior Year Net Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Sources of Funds</b>		<b>\$1,047,000</b>	<b>\$1,069,000</b>	<b>\$1,089,000</b>	<b>\$1,112,000</b>	<b>\$1,135,000</b>	<b>\$1,157,000</b>	<b>\$1,179,000</b>	<b>\$1,202,000</b>	<b>\$1,227,000</b>	<b>\$1,253,000</b>	<b>\$1,277,000</b>	<b>\$1,302,000</b>
<b>IFD Uses of Funds</b>													
Bond Debt Service <sup>3</sup>		\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364
Repay Developer Loan <sup>4</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repay Port Loan <sup>4</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Crane Cove Park Improvements		\$380,636	\$402,636	\$422,636	\$445,636	\$468,636	\$490,636	\$512,636	\$535,636	\$560,636	\$586,636	\$610,636	\$635,636
Building 102 Electrical Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Streetscape Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Uses of Funds</b>		<b>\$1,047,000</b>	<b>\$1,069,000</b>	<b>\$1,089,000</b>	<b>\$1,112,000</b>	<b>\$1,135,000</b>	<b>\$1,157,000</b>	<b>\$1,179,000</b>	<b>\$1,202,000</b>	<b>\$1,227,000</b>	<b>\$1,253,000</b>	<b>\$1,277,000</b>	<b>\$1,302,000</b>
<b>Net IFD Fund Balance</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Cumulative Waterfront Expenditures as a % of Cumulative IFD Increment Deposits		47%	47%	46%	46%	46%	45%	45%	45%	45%	45%	46%	46%

<sup>1</sup> Term is 45 years from the date that Project Area E1 receives one hundred thousand (\$100,000) in incremental property tax revenue.

<sup>2</sup> Projection of Assessed Value is provided in Table 4. Projection of possessory interest/property tax increment is provided in Table 5.

<sup>3</sup> Table 6.

<sup>4</sup> Table 7.

**Table 2**  
**Appendix G-1**  
**Sources and Uses of Funds**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, October 8, 2015**  
**Port of San Francisco**

	Year 34	Year 35	Year 36	Year 37	Year 38	Year 39	Year 40	Year 41	Year 42	Year 43	Year 44	Year 45	
	FY 50/51	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61	FY 61/62	
<b>Available Property /Possessory Interest Tax Inc</b>													
City Share of Tax Increment	100%	\$954,000	\$974,000	\$992,000	\$1,012,000	\$1,033,000	\$1,054,000	\$1,075,000	\$1,095,000	\$1,118,000	\$1,140,000	\$1,163,000	\$1,186,000
ERAF Tax Increment	100%	\$374,000	\$382,000	\$389,000	\$397,000	\$405,000	\$413,000	\$421,000	\$430,000	\$438,000	\$447,000	\$456,000	\$465,000
<b>Annual Total</b>		<b>\$1,328,000</b>	<b>\$1,356,000</b>	<b>\$1,381,000</b>	<b>\$1,409,000</b>	<b>\$1,438,000</b>	<b>\$1,467,000</b>	<b>\$1,496,000</b>	<b>\$1,525,000</b>	<b>\$1,556,000</b>	<b>\$1,587,000</b>	<b>\$1,619,000</b>	<b>\$1,651,000</b>
<b>IFD Sources of Funds</b>													
Annual Tax Increment		\$1,328,000	\$1,356,000	\$1,381,000	\$1,409,000	\$1,438,000	\$1,467,000	\$1,496,000	\$1,525,000	\$1,556,000	\$1,587,000	\$1,619,000	\$1,651,000
Developer Loan - Not Required Tasks <sup>3</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan, Bldg. 102 + 20th St. Sidewalk <sup>3</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan of Required Dev. Rmbmts <sup>3</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Proceeds <sup>3</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior Year Net Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Sources of Funds</b>		<b>\$1,328,000</b>	<b>\$1,356,000</b>	<b>\$1,381,000</b>	<b>\$1,409,000</b>	<b>\$1,438,000</b>	<b>\$1,467,000</b>	<b>\$1,496,000</b>	<b>\$1,525,000</b>	<b>\$1,556,000</b>	<b>\$1,587,000</b>	<b>\$1,619,000</b>	<b>\$1,651,000</b>
<b>IFD Uses of Funds</b>													
Bond Debt Service <sup>3</sup>		\$666,364	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repay Developer Loan <sup>4</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repay Port Loan <sup>4</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Crane Cove Park Improvements		\$661,636	\$1,356,000	\$1,381,000	\$1,409,000	\$1,438,000	\$1,467,000	\$1,496,000	\$1,525,000	\$1,556,000	\$1,587,000	\$1,619,000	\$1,651,000
Building 102 Electrical Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Streetscape Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Uses of Funds</b>		<b>\$1,328,000</b>	<b>\$1,356,000</b>	<b>\$1,381,000</b>	<b>\$1,409,000</b>	<b>\$1,438,000</b>	<b>\$1,467,000</b>	<b>\$1,496,000</b>	<b>\$1,525,000</b>	<b>\$1,556,000</b>	<b>\$1,587,000</b>	<b>\$1,619,000</b>	<b>\$1,651,000</b>
<b>Net IFD Fund Balance</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Cumulative Waterfront Expenditures as a % of</b>													
Cumulative IFD Increment Deposits		46%	48%	50%	52%	54%	55%	57%	59%	60%	61%	63%	64%

<sup>1</sup> Term is 45 years from the date that Project Area E1 receives one hundred thousand (\$100,000) in incremental property tax revenue.

<sup>2</sup> Projection of Assessed Value is provided in Table 4. Projection of possessory interest/property tax increment is provided in Table 5.

<sup>3</sup> Table 6.

<sup>4</sup> Table 7.

**Table 3**  
**Appendix G-1**  
**Cost Estimate for Streetscape Improvements**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, Sub-Project Area G-1 (Historic Core, Pier 70)**  
**Port Of San Francisco**

ITEMS	QUANTITY	UNIT	PROJECT				TOTAL UNIT COST	AMOUNT
			BASE UNIT COST	DESIGN COST (10%)	MANAGEMENT (5%)	CONTINGENCY (30%)		
<b>Illinois St. East Sidewalk (in front of Bldgs 101 and 40)</b>								
Remove chain-link fence around Bldg 101	145	linear feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$2,103
Replace historic fence around Bldg 101	145	linear feet	\$20.00	\$2.00	\$1.00	\$6.00	\$29.00	\$4,205
Remove Asphalt	40	square feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$580
Upgrade curb ramps at the east side of Illinois at 20th to meet ADA standards	4	each	\$3,000.00	\$300.00	\$150.00	\$900.00	\$4,350.00	\$17,400
<b>Subtotal</b>								<b>\$24,288</b>
<b>Estimate Permit Costs</b>	10%							<b>\$2,429</b>
<b>Total Cost</b>								<b>\$26,716</b>
<b>20th St. North Side (West of Georgia)</b>								
Patch concrete segments and clean up debris (20% of total square feet)	1,120	square feet	\$11.00	\$1.10	\$0.55	\$3.30	\$15.95	\$17,864
Fix historical fence (Bldg 101)	170	linear feet	\$30.00	\$3.00	\$1.50	\$9.00	\$43.50	\$7,395
Remove chain link fence (Bldg 104)	155	linear feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$2,248
<b>Subtotal</b>								<b>\$27,507</b>
<b>Estimate Permit Costs</b>	10%							<b>\$2,751</b>
<b>Total Cost</b>								<b>\$30,257</b>
<b>20th St. at Georgia</b>								
Ped/ADA path of travel improvements leading north to the parking lot with bollards AND truncated domes (no curb and gutters)	90	linear feet	\$100.00	\$10.00	\$5.00	\$30.00	\$145.00	\$13,050
Install a continental style crosswalk (north) per Sherwood plan dated 3/6/14	35	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$914
Install a continental style crosswalk (west) per Sherwood plan dated 3/6/14	45	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$1,175
Install ADA-compliant curb ramps per Sherwood plan	3	each	\$3,000.00	\$300.00	\$150.00	\$900.00	\$4,350.00	\$13,050
<b>Subtotal</b>								<b>\$28,188</b>
<b>Estimate Permit Costs</b>	10%							<b>\$2,819</b>
<b>Total Cost</b>								<b>\$31,007</b>
<b>20th St. north Side (east of Georgia)</b>								
Remove chain-link fence	225	linear feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$3,263
Shoring of Bldg 103 to open sidewalk	215	linear feet	N/A					N/A
Overlay asphalt sidewalk and clean up debris (100%)	2,500	square feet	\$4.00	\$0.40	\$0.20	\$1.20	\$5.80	\$14,500
<b>Subtotal</b>								<b>\$17,763</b>
<b>Estimate Permit Costs</b>	10%							<b>\$1,776</b>
<b>Total Cost</b>								<b>\$19,539</b>
<b>20th and Louisiana Intersection</b>								
Add ADA-compliant curb ramps per Sherwood plan	4	each	\$3,000.00	\$300.00	\$150.00	\$900.00	\$4,350.00	\$17,400
Add crosswalk (west) per Sherwood plan	45	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$1,175
Install bollards on the north side (spaced 5' OC) to prevent parking	9	each	\$400.00	\$40.00	\$20.00	\$120.00	\$580.00	\$5,220
Add crosswalk (south) per Sherwood plan	50	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$1,305
Partial removal of Bldg 113 landing at the SW corner (approximately 23' from building corner), should align with gap between 1st and 2nd window	1,725 (25*23*3')	cubic feet	\$5.00	\$0.50	\$0.25	\$1.50	\$7.25	\$12,506
Rebuild concrete sidewalk at the SW corner	575	square feet	\$11.00	\$1.10	\$0.55	\$3.30	\$15.95	\$9,171
Add stop signs at 20th and Louisiana	3	each	\$300.00	\$30.00	\$15.00	\$90.00	\$435.00	\$1,305
<b>Subtotal</b>								<b>\$48,082</b>
<b>Estimate Permit Costs</b>	10%							<b>\$4,808</b>
<b>Total Cost</b>								<b>\$52,890</b>

<b>Louisiana St.</b>								
Regrade parking area	8,700 (290*20*1.5')	cubic feet	\$3.50	\$0.35	\$0.18	\$1.05	\$5.08	\$44,153
Install retaining wall	260	linear feet	\$60.00	\$6.00	\$3.00	\$18.00	\$87.00	\$22,620
Install 10' wide asphalt sidewalk with a 6" curb on the east side only	3,000	square feet	\$4.00	\$0.40	\$0.20	\$1.20	\$5.80	\$17,400
Modify electrical equipment at the NE face of Bldg 113	1	each	\$1,000.00	\$100.00	\$50.00	\$300.00	\$1,450.00	\$1,450
Add an overlay new asphalt pavement	10,000	square feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$145,000
Remove chain-link fence	350	linear feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$5,075
Install chain-link fence	300	linear feet	\$20.00	\$2.00	\$1.00	\$6.00	\$29.00	\$8,700
Install crosswalk at south side of Bldg 14	50	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$1,305
Install ADA-compliant curb cut at southeast of Bldg 14	1	each	\$3,000.00	\$300.00	\$150.00	\$900.00	\$4,350.00	\$4,350
Install ped/ADA path of travel toward courtyard (bollards and truncated domes)	350	linear feet	\$100.00	\$10.00	\$5.00	\$30.00	\$145.00	\$50,750
<b>Subtotal</b>								<b>\$300,803</b>
<b>Estimate Permit Costs</b>	10%							<b>\$30,080</b>
<b>Total Cost</b>								<b>\$330,883</b>
<b>20th St. South Side</b>								
Patch concrete sidewalk between Michigan and Bldg 113 entrance (50%)	1,500	square feet	\$11.00	\$1.10	\$0.55	\$3.30	\$15.95	\$23,925
Patch asphalt sidewalk between Bldg 113 and Louisiana (100%)	3,000	square feet	\$4.00	\$0.40	\$0.20	\$1.20	\$5.80	\$17,400
Install ADA-compliant curb ramps at Bldg 113 entry	2	each	\$3,000.00	\$300.00	\$150.00	\$900.00	\$4,350.00	\$8,700
Install a 2-5% ramp adjacent to street at west end of Bldg 113	800	cubic feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$20,880
Install stairs adjacent to West end of Bldg 113	50	cubic feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$1,305
Add railing along edge where drop off exceeds 18"	60	linear feet	\$50.00	\$5.00	\$2.50	\$15.00	\$72.50	\$4,350
Add ADA-compliant curb ramps at Michigan	2	each	\$3,000.00	\$300.00	\$150.00	\$900.00	\$4,350.00	\$8,700
Add a crosswalk at west of Bldg 113	30	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$783
<b>Subtotal</b>				\$0.00	\$0.00	\$0.00	\$0.00	<b>\$86,043</b>
<b>Estimate Permit Costs</b>	10%							<b>\$8,604</b>
<b>Total Cost</b>								<b>\$94,647</b>
<b>Michigan St.</b>								
Add a ped/ADA path of travel on west side of street	360	linear feet	\$100.00	\$10.00	\$5.00	\$30.00	\$145.00	\$52,200
Add asphalt overlay	12,500	square feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$181,250
Add a crosswalk at south end of Michigan	28	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$731
Curb and gutter for the east side of Michigan	360	linear feet	\$32.00	\$3.20	\$1.60	\$9.60	\$46.40	\$16,704
<b>Subtotal</b>								<b>\$250,885</b>
<b>Estimate Permit Costs</b>	10%							<b>\$25,088</b>
<b>Total Cost</b>								<b>\$275,973</b>
<b>Install Street Lighting (spaced 140' OC)</b>								
Louisiana	3	each	\$10,000.00	\$1,000.00	\$500.00	\$3,000.00	\$14,500.00	\$43,500
Georgia	1	each	\$10,000.00	\$1,000.00	\$500.00	\$3,000.00	\$14,500.00	\$14,500
Michigan	3	each	\$10,000.00	\$1,000.00	\$500.00	\$3,000.00	\$14,500.00	\$43,500
20th	12	each	\$10,000.00	\$1,000.00	\$500.00	\$3,000.00	\$14,500.00	\$174,000
<b>Subtotal</b>								<b>\$275,500</b>
<b>Estimate Permit Costs</b>	10%							<b>\$27,550</b>
<b>Total Cost</b>								<b>\$303,050</b>
<b>Phase 1 Project Improvements Total</b>								<b>\$1,164,962</b>

## PIER 70 INFRASTRUCTURE FINANCING DISTRICT PHASE 2 IMPROVEMENTS

### COST ESTIMATES

ITEMS	QUANTITY	UNIT	PROJECT				TOTAL UNIT COST	AMOUNT
			BASE UNIT COST	DESIGN COST (10%)	MANAGEMENT (5%)	CONTINGENCY (30%)		
<b>Illinois St. East Sidewalk (in front of Bldgs 101 and 40)</b>								
Upgrade traffic signal at 20th/Illinois (new pole, signal head, and controller box), and remove abandoned equipment (poles, conduit, and utility boxes)	1	lump sum	\$215,000.00	\$21,500.00	\$10,750.00	\$64,500.00	\$311,750.00	\$311,750
<b>Subtotal</b>							<b>\$311,750</b>	
<b>Estimate Permit Costs</b>	10%						<b>\$31,175</b>	
<b>Total Cost</b>							<b>\$342,925</b>	
<b>Phase 2 Project Improvements Total</b>							<b>\$342,925</b>	
<b>Pier 70 Infrastructure Financing District Improvements Total</b>							<b>\$1,507,887</b>	

**Table 4**  
**Appendix G-1**  
**Assessed Value and Possessory Income Tax Projection - Capitalized Income Approach to Valuation**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)**  
**Port of San Francisco**

	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
<b>Total Revenue per 3/27/15 pro forma, 2018</b>														
Expenses														
Adjusted NOI														
Cap Rate														
Assessed Value (\$000)		\$3,998	\$39,980	\$59,970	\$79,960	\$81,559	\$83,191	\$84,854	\$86,552	\$88,283	\$90,048	\$91,849	\$93,686	\$95,560
Escalation factor		0.05	0.5	0.75	1	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Sale of Leasehold		0	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0
AV for projection		\$3,998	\$39,980	\$59,970	\$79,960	\$81,559	\$83,191	\$84,854	\$86,552	\$88,283	\$90,048	\$91,849	\$93,686	\$95,560

**Table 4**  
**Appendix G-1**  
**Assessed Value and Possessory Interest**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2**  
**Port of San Francisco**

	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	FY 36/37	FY 37/38	FY 38/39	FY 39/40	FY 40/41	FY 41/42	FY 42/43	FY 43/44	FY 44/45	FY 45/46
<b>Total Revenue per 3/27/15 pro forma,</b>																	
Expenses																	
Adjusted NOI																	
Cap Rate																	
Assessed Value (\$000)	\$97,471	\$99,421	\$101,409	\$103,437	\$105,506	\$107,616	\$109,768	\$111,964	\$114,203	\$116,487	\$118,817	\$121,193	\$123,617	\$126,089	\$128,611	\$131,183	\$133,807
Escalation factor	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Sale of Leasehold	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AV for projection	\$97,471	\$99,421	\$101,409	\$103,437	\$105,506	\$107,616	\$109,768	\$111,964	\$114,203	\$116,487	\$118,817	\$121,193	\$123,617	\$126,089	\$128,611	\$131,183	\$133,807

**Table 4**  
**Appendix G-1**  
**Assessed Value and Possessory Interest**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 8**  
**Port of San Francisco**

	FY 46/47	FY 47/48	FY 48/49	FY 49/50	FY 50/51	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61	FY 61/62
<b>Total Revenue per 3/27/15 pro forma,</b>																
Expenses																
Adjusted NOI																
Cap Rate																
Assessed Value (\$000)	\$136,483	\$139,213	\$141,997	\$144,837	\$147,734	\$150,688	\$153,702	\$156,776	\$159,912	\$163,110	\$166,372	\$169,700	\$173,094	\$176,555	\$180,087	\$183,688
Escalation factor	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Sale of Leasehold	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AV for projection	\$136,483	\$139,213	\$141,997	\$144,837	\$147,734	\$150,688	\$153,702	\$156,776	\$159,912	\$163,110	\$166,372	\$169,700	\$173,094	\$176,555	\$180,087	\$183,688



**Table 5**  
**Appendix G-1**  
**Assessed Value and Property Tax Projection**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)**  
**Port of San Francisco**

<b>Property Tax Projection</b>	<b>NPV <sup>2</sup></b>	<b>FY 16/17</b>	<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>	<b>FY 24/25</b>	<b>FY 25/26</b>	<b>FY 26/27</b>	<b>FY 27/28</b>
Incremental AV on Tax Roll (\$1,000s) <sup>1</sup>		\$3,998	\$39,980	\$59,970	\$79,960	\$81,559	\$83,191	\$84,854	\$86,552	\$88,283	\$90,048	\$91,849	\$93,686
Property Tax Increment at 1% <b>1.00%</b>	\$26,036,766	\$39,980	\$399,801	\$599,702	\$799,603	\$815,595	\$831,907	\$848,545	\$865,516	\$882,826	\$900,482	\$918,492	\$936,862
<b>Property Tax Distributed to IFD</b>													
<b>General Fund</b> <b>64.59%</b>	\$16,815,784	\$25,800	\$258,000	\$387,000	\$516,000	\$526,000	\$538,000	\$547,000	\$560,000	\$570,000	\$583,000	\$594,000	\$604,000
<b>ERAF</b> <b>25.33%</b>	\$6,596,031	<u>\$10,100</u>	<u>\$101,000</u>	<u>\$152,000</u>	<u>\$203,000</u>	<u>\$207,000</u>	<u>\$211,000</u>	<u>\$215,000</u>	<u>\$219,000</u>	<u>\$224,000</u>	<u>\$228,000</u>	<u>\$233,000</u>	<u>\$237,000</u>
<b>Total</b> <b>89.92%</b>	\$23,411,815	\$35,900	\$359,000	\$539,000	\$719,000	\$733,000	\$749,000	\$762,000	\$779,000	\$794,000	\$811,000	\$827,000	\$841,000

<sup>1</sup> Table 4

**Table 5**  
**Appendix G-1**  
**Assessed Value and Property Tax Projection**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, Sub-Project Area 8**    h    =    #  
**Port of San Francisco**

<b>Property Tax Projection</b>	<b>NPV<sup>2</sup></b>	<b>FY 28/29</b>	<b>FY 29/30</b>	<b>FY 30/31</b>	<b>FY 31/32</b>	<b>FY 32/33</b>	<b>FY 33/34</b>	<b>FY 34/35</b>	<b>FY 35/36</b>	<b>FY 36/37</b>	<b>FY 37/38</b>	<b>FY 38/39</b>	<b>FY 39/40</b>
Incremental AV on Tax Roll (\$1,000s) <sup>1</sup>		\$95,560	\$97,471	\$99,421	\$101,409	\$103,437	\$105,506	\$107,616	\$109,768	\$111,964	\$114,203	\$116,487	\$118,817
Property Tax Increment at 1%    1.00%	\$26,036,766	\$955,599	\$974,711	\$994,205	\$1,014,089	\$1,034,371	\$1,055,059	\$1,076,160	\$1,097,683	\$1,119,637	\$1,142,029	\$1,164,870	\$1,188,167
<b>Property Tax Distributed to IFD</b>													
<b>General Fund</b> 64.59%	\$16,815,784	\$618,000	\$629,000	\$643,000	\$654,000	\$668,000	\$681,000	\$695,000	\$708,000	\$724,000	\$738,000	\$752,000	\$768,000
<b>ERAF</b> 25.33%	\$6,596,031	<u>\$242,000</u>	<u>\$247,000</u>	<u>\$252,000</u>	<u>\$257,000</u>	<u>\$262,000</u>	<u>\$267,000</u>	<u>\$273,000</u>	<u>\$278,000</u>	<u>\$284,000</u>	<u>\$289,000</u>	<u>\$295,000</u>	<u>\$301,000</u>
<b>Total</b> 89.92%	\$23,411,815	\$860,000	\$876,000	\$895,000	\$911,000	\$930,000	\$948,000	\$968,000	\$986,000	\$1,008,000	\$1,027,000	\$1,047,000	\$1,069,000

<sup>1</sup> Table 4

**Table 5**  
**Appendix G-1**  
**Assessed Value and Property Tax Projection**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, Sub-Project Area 8**    h    =    #  
**Port of San Francisco**

<b>Property Tax Projection</b>	<b>NPV<sup>2</sup></b>	<b>FY 40/41</b>	<b>FY 41/42</b>	<b>FY 42/43</b>	<b>FY 43/44</b>	<b>FY 44/45</b>	<b>FY 45/46</b>	<b>FY 46/47</b>	<b>FY 47/48</b>	<b>FY 48/49</b>	<b>FY 49/50</b>	<b>FY 50/51</b>	<b>FY 51/52</b>
Incremental AV on Tax Roll (\$1,000s) <sup>1</sup>		\$121,193	\$123,617	\$126,089	\$128,611	\$131,183	\$133,807	\$136,483	\$139,213	\$141,997	\$144,837	\$147,734	\$150,688
Property Tax Increment at 1%    1.00%	\$26,036,766	\$1,211,931	\$1,236,169	\$1,260,893	\$1,286,111	\$1,311,833	\$1,338,069	\$1,364,831	\$1,392,127	\$1,419,970	\$1,448,369	\$1,477,337	\$1,506,884
<b>Property Tax Distributed to IFD</b>													
<b>General Fund</b> 64.59%	\$16,815,784	\$782,000	\$799,000	\$816,000	\$831,000	\$847,000	\$863,000	\$881,000	\$900,000	\$917,000	\$935,000	\$954,000	\$974,000
<b>ERAF</b> 25.33%	\$6,596,031	<u>\$307,000</u>	<u>\$313,000</u>	<u>\$319,000</u>	<u>\$326,000</u>	<u>\$332,000</u>	<u>\$339,000</u>	<u>\$346,000</u>	<u>\$353,000</u>	<u>\$360,000</u>	<u>\$367,000</u>	<u>\$374,000</u>	<u>\$382,000</u>
<b>Total</b> 89.92%	\$23,411,815	\$1,089,000	\$1,112,000	\$1,135,000	\$1,157,000	\$1,179,000	\$1,202,000	\$1,227,000	\$1,253,000	\$1,277,000	\$1,302,000	\$1,328,000	\$1,356,000

<sup>1</sup> Table 4

**Table 5**  
**Appendix G-1**  
**Assessed Value and Property Tax Projection**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, Sub-Project Area 8**    h    =    #  
**Port of San Francisco**

<b>Property Tax Projection</b>	<b>NPV<sup>2</sup></b>	<b>FY 52/53</b>	<b>FY 53/54</b>	<b>FY 54/55</b>	<b>FY 55/56</b>	<b>FY 56/57</b>	<b>FY 57/58</b>	<b>FY 58/59</b>	<b>FY 59/60</b>	<b>FY 60/61</b>	<b>FY 61/62</b>
Incremental AV on Tax Roll (\$1,000s) <sup>1</sup>		\$153,702	\$156,776	\$159,912	\$163,110	\$166,372	\$169,700	\$173,094	\$176,555	\$180,087	\$183,688
Property Tax Increment at 1%    1.00%	\$26,036,766	\$1,537,021	\$1,567,762	\$1,599,117	\$1,631,099	\$1,663,721	\$1,696,996	\$1,730,935	\$1,765,554	\$1,800,865	\$1,836,883
<b>Property Tax Distributed to IFD</b>											
<b>General Fund</b> 64.59%	\$16,815,784	\$992,000	\$1,012,000	\$1,033,000	\$1,054,000	\$1,075,000	\$1,095,000	\$1,118,000	\$1,140,000	\$1,163,000	\$1,186,000
<b>ERAF</b> 25.33%	\$6,596,031	<u>\$389,000</u>	<u>\$397,000</u>	<u>\$405,000</u>	<u>\$413,000</u>	<u>\$421,000</u>	<u>\$430,000</u>	<u>\$438,000</u>	<u>\$447,000</u>	<u>\$456,000</u>	<u>\$465,000</u>
<b>Total</b> 89.92%	\$23,411,815	\$1,381,000	\$1,409,000	\$1,438,000	\$1,467,000	\$1,496,000	\$1,525,000	\$1,556,000	\$1,587,000	\$1,619,000	\$1,651,000

<sup>1</sup> Table 4

**Table 6**  
**Appendix G-1**  
**Loan Advances to be Repaid by IFD**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)**  
**Port of San Francisco**

Loan Terms	Interest Rate	Term	DCR	Issuance
				Costs
Port Loan	4.41%	15		
Developer Loan	<sup>1</sup> 4.50%	15		1%
IFD or CFD Bond	6.50%	30	110%	10%

Interest rate shall be rate set forth in the most senior construction loan for the initial improvements. ODI pro forma dated 3/27/15 reflects a construction loan rate of 4.5%.

	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	Total
<b>Gross Loan Amounts</b>							
Port Loan for Bldg. 102	\$3,203,429	\$0	\$0	\$0	\$0	\$0	\$3,203,429
Developer Required Reimbursements to Port (Amounts to be credited against outstanding Deferred Port Transaction Costs. Effectively a Port Loan to IFD)	\$300,049	\$225,726	\$0	\$0	\$0	\$0	\$525,776
Developer Loan for "Not Required/Other Tasks"	\$303,883	\$486,801	\$0	\$0	\$0	\$0	\$790,684
IFD or CFD Bonds				\$0	\$0	\$8,701,827	\$8,701,827
<b>Net Loan Proceeds</b>							
Port Loan for Bldg. 102	\$3,203,429	\$0	\$0	\$0	\$0	\$0	\$3,203,429
Developer Required Reimbursements to Port (Effectively a Port Loan to IFD)	\$300,049	\$225,726	\$0	\$0	\$0	\$0	\$525,776
Developer Loan for "Not Required Tasks"	\$300,844	\$481,933	\$0	\$0			\$782,777
IFD or CFD Bonds	\$0	\$0	\$0	\$0	\$0	\$7,831,644	\$7,831,644

**Table 7**  
**Appendix G-1**  
**Amortization of Developer and Port Loans**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)**  
**Port of San Francisco**

	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
<b>Developer Loan #1 - Other Tasks</b>						
Beginning Balance	\$303,883	\$299,558	\$133,538	\$0	\$0	
Payments	\$18,000	\$179,500	\$139,547	\$0	\$0	
Interest	\$13,675	\$13,480	\$6,009	\$0	\$0	
Remaining Balance	\$299,558	\$133,538	\$0	\$0	\$0	
<b>Developer Loan #2 - Other Tasks</b>						
Beginning Balance		\$486,801	\$508,707	\$401,646	\$0	
Payments		\$0	\$129,953	\$419,720	\$0	
Interest		\$21,906	\$22,892	\$18,074	\$0	
Remaining Balance		\$508,707	\$401,646	\$0	\$0	
<b>Port Loan #1 - Bldg 102</b>						
Beginning Balance	\$3,203,429	\$3,326,700	\$3,293,907	\$3,169,669	\$3,010,171	\$2,409,920
Payments	\$18,000	\$179,500	\$269,500	\$299,280	\$733,000	\$2,516,197
Interest	\$141,271	\$146,707	\$145,261	\$139,782	\$132,749	\$106,277
Remaining Balance	\$3,326,700	\$3,293,907	\$3,169,669	\$3,010,171	\$2,409,920	\$0
<b>Port Loan #2 - Req'd Reimbursement , 2016/17</b>						
Beginning Balance	\$300,049	\$313,281	\$327,097	\$341,522	\$356,583	\$372,308
Payments	\$0	\$0	\$0	\$0	\$0	\$388,727
Interest	\$13,232	\$13,816	\$14,425	\$15,061	\$15,725	\$16,419
Remaining Balance	\$313,281	\$327,097	\$341,522	\$356,583	\$372,308	\$0
<b>Port Loan #3 - Req'd Reimbursement , 2017/18</b>						
Beginning Balance		\$225,726	\$235,681	\$246,075	\$256,926	\$268,257
Payments		\$0	\$0	\$0	\$0	\$280,087
Interest		\$9,955	\$10,394	\$10,852	\$11,330	\$11,830
Remaining Balance		\$235,681	\$246,075	\$256,926	\$268,257	\$0

**Table 8**  
**Appendix G-1**  
**IFD Public Facility Improvement Schedule**  
**Infrastructure Financing Plan**  
**Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)**  
**Port of San Francisco**

**Public Facilities to be Funded by IFD**

	<u>Total Cost</u>	<u>Est.</u>	<u>Party to</u>	<u>ODI Funding</u>	<u>Estimated Allocation</u>	
	<u>2015/16</u>	<u>Completion</u>	<u>Funds</u>	<u>Requirements per DDA<sup>1</sup></u>	<u>Required</u>	<u>Other</u>
Illinois St., East Sidewalk	\$27,517	FY 2016/17	ODI	Required/Other	\$13,759	\$13,759
Traffic Signal at 20th /Illinois <sup>2</sup>	\$70,643	FY 2017/18	ODI	Required	\$70,643	
20th St., north side (west of Georgia)	\$31,165	FY 2016/17	ODI	Required	\$31,165	
20th St. at Georgia	\$31,937	FY 2016/17	ODI	Other task		\$31,937
20th St., north side (east of Georgia)	\$20,125	FY 2016/17	Port			
20th and Louisiana Intersection	\$54,477	FY 2016/17	ODI	Required/Other	\$27,239	\$27,239
Louisiana Street	\$340,809	FY 2016/17	ODI	Required/Other	\$170,405	\$170,405
20th Street, south side	\$97,486	FY 2016/17	ODI	Required/Other	\$48,743	\$48,743
Michigan Street	\$284,252	FY 2017/18	ODI	Required/Other	\$142,126	\$142,126
Street Lighting	\$312,142	FY 2017/18	ODI	Other task	0	\$312,142
Bldg. 102 Electrical Improvements	\$3,090,000	FY 2016/17	Port		\$504,079	\$746,350
Total facilities, before Crane Cove Park	\$4,360,553					
Crane Cove Park Improvements	\$13,899,123					
<b>Total Public Facilities to be funded by IFD</b>	<b>\$18,259,676</b>					

<sup>1</sup> Under the DDA, Orton must advance funds to pay for all Required ODI Tasks (aka Required Port Benefit Tasks). Although Orton will be reimbursed for the Certified Port Benefit Costs, such costs will be reduced by 100% of the outstanding deferred Port Transaction Costs, if any, and the remaining balance of Certified Port Benefit Costs after application of any outstanding Deferred Port Transaction Costs ("Outstanding Port Benefit Cost") will accrue simple interest on a monthly basis at a rate equal to the monthly interest rate set forth in the most senior construction loan for the initial improvements. Port Transaction Costs total \$1 million. Given that Required Port Benefit Tasks total approximately \$504,000, it is assumed that ODI's advance of these funds will be credited against the Port Transaction Cost obligation.

**ATTACHMENT 1:  
FISCAL AND ECONOMIC IMPACT ANALYSIS  
PIER 70 – HISTORIC CORE**





# KEYSER MARSTON ASSOCIATES

## FISCAL AND ECONOMIC IMPACT ANALYSIS PIER 70 – HISTORIC CORE

*Prepared for*  
**Port of San Francisco**

*Prepared by:*  
**Keyser Marston Associates, Inc.**

**November 4, 2015**

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## I. EXECUTIVE SUMMARY

This report has been prepared to comply with Threshold Criteria 5 of the adopted and amended “Guidelines for the Establishment and Use of an Infrastructure Financing District (IFD) with Project Areas on Land under the Jurisdiction of the San Francisco Port Commission”. Pursuant to the Guidelines, the financing plan for each Port IFD must: 1) demonstrate that the Project will generate a net economic benefit; and 2) project the net fiscal impact to the City’s General Fund over the term of the IFD.<sup>1</sup>

The subject Project is the rehabilitation of the 20<sup>th</sup> Street historic buildings on Pier 70 to be undertaken by Historic Pier 70, LLC, which is a development entity formed by Orton Development, Inc. (ODI). A more detailed description of the Project is provided in Section IIA. The Port and ODI have executed a series of transaction documents, including a Lease Disposition and Development Agreement (LDDA) and Lease No. L-15814 to govern the construction and operation of the property over the 66-year lease term. This analysis reflects the terms of the governing agreements and the operating projections contained in the development pro forma submitted by ODI on March 27, 2015, which is the most recent available pro forma.

This analysis is an update of the fiscal and economic impact estimates contained in the “Fiscal Responsibility and Feasibility” report submitted by the Port for the Pier 70 – Historic Core Project, which was adopted by the Board of Supervisors in 2012.

- 1. Fiscal Benefits to the City of San Francisco.** The rehabilitated buildings are anticipated to generate a significant annual net surplus to the City’s General Fund. On-going revenues to the City directly generated by the Project include new gross receipts taxes, sales taxes, property taxes in-lieu of motor vehicle license fees, utility user taxes, and other taxes. General Fund expenses generated by the Project will be comprised of police, fire, and emergency medical services. It is estimated that the net present value of the surplus over the Infrastructure Financing District (IFD) term to the City’s General Fund will total from \$5.1 million to \$8.0 million, depending on the magnitude of gross receipts tax to be generated by the Project’s tenants. On an annual basis, it is estimated that upon stabilization, the Project will generate an annual net General Fund Surplus of \$142,000 to \$273,000 per year.
- 2. Direct, Indirect, and Induced Economic Benefits to the City.** It is estimated that the Project will create approximately 460 full-time jobs, with an average annual payroll of \$31 million and output of \$72 million. In addition to the direct benefits to be generated by the Project, the new businesses and employees will support other businesses in San Francisco and the region through expenditures on materials, retail goods, and services. Total direct,

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<sup>1</sup> Threshold Criteria 6,7, and 8 of the Guidelines, which relate to the share to tax increment allocated to the City and ERAF and ERAF’s excess share of tax increment are addressed in the Infrastructure Financing Plan for Pier 70 – Historic Core.

indirect, and induced impacts are anticipated to be 780 jobs with annual payroll of \$50 million and output of \$106 million. Project construction is expected to generate a total direct, indirect, and induced impact of 705 jobs, \$45 million of payroll, and \$115 million of output during the construction period.

- 3. *Long-Term Project Operating and Maintenance Costs.*** The Project will generate an additional demand for police, fire, and emergency medical services from the City of San Francisco. Fire department costs are estimated to total \$2.9 million and police department costs are estimated to total \$900,000 over the term of the IFD. The Project will not generate any new maintenance costs to be borne by the City. The cost to operate and maintain Crane Cover Park is estimated at \$400,000 per year but 100% of these costs will be funded through a Maintenance Community Facilities District. The cost of maintaining the public plaza within the Historic Core leasehold will be privately funded by the tenant.
- 4. *Debt Load to be Carried by the City or the Port.*** The public investment is \$24 million from the City through its Seismic Safety Loan program, which is funded via a general obligation bond, and \$1.5 million to be provided by the Port for Building 113 seismic improvements and \$3 million to be advanced by the Port for improvements to Building 102 to serve the BAE shipbuilding operation. The Port's contribution will be funded from available cash resources.

## II. INTRODUCTION

This report has been prepared to comply with Threshold Criteria 5 of the adopted and amended “Guidelines for the Establishment and Use of an Infrastructure Financing District (IFD) with Project Areas on Land under the Jurisdiction of the San Francisco Port Commission”. Pursuant to the Guidelines, the financing plan for each Port IFD must: 1) demonstrate that the Project will generate a net economic benefit; and 2) project the net fiscal impact to the City’s General Fund over the term of the IFD.

This report evaluates the anticipated performance of the proposed rehabilitation project of the 20<sup>th</sup> Street historic buildings on Pier 70 to be undertaken by Orton Development, Inc. (ODI) relative to these two criteria.

The Port and ODI have executed a series of transaction documents, including a Lease Disposition and Development Agreement (LDDA) and Lease No. L-15814 to govern the construction and operation of the property over the 66-year lease term. This analysis reflects the terms of the governing agreements and the operating projections contained in the development pro forma submitted by ODI on March 27, 2015, which is the most recent available pro forma.

### **Project Description**

The Project focuses on the rehabilitation and tenanting of eight historic structures on Pier 70. These buildings are in need of substantial investment. Several are “red-tagged” due to structural problems and unusable in their current state. Two are unreinforced masonry buildings. All need full system replacements to provide new electrical, fire safety, phone, data, water, sewer and gas utilities. The buildings need to be modernized to address current code requirements for structural stability, exiting, accessibility, and life safety. New roofs are required in most cases as well as remediation of asbestos, lead paint and other hazardous building conditions. A recent Port 10 year Capital Plan estimated that returning these buildings to their current use would cost \$109 million. Transferring this obligation to ODI and bringing these buildings back to productive use is the primary public, financial, and fiscal benefit of this project.

As detailed below, the buildings to be rehabilitated by ODI total 267,000 square feet. The Developer will return the buildings to profitable use while maintaining their historic fabric. As proposed, the Project will be occupied by a mix of light industrial, office, health care, and restaurant uses. Building 101 and 104, as former Bethlehem steel and Union Ironworks office buildings, will return to office use with the technological capabilities required for modern businesses. The former powerhouse (Building 102) will become a restaurant. The Union Ironworks Machine shop (Building 113) will be occupied by health care uses. Surrounding warehouses (Buildings 114/115/116 and Building 14) will return to industrial and educational use as food technology and artisanal production centers, mirroring the high-quality “maker” type

businesses currently thriving in the Dogpatch neighborhood. It is assumed that the tenant mix will be similar in nature to that occupying the neighboring American Industrial Center.

**Exhibit 1**

<b>Proposed Development Program Rehabilitation of 20th Street Historic Buildings at Pier 70</b>			
<b>Building</b>	<b>Land Use</b>	<b>Gross SF</b>	<b>Net SF</b>
Building 101	Office / Light Industrial	61,311	58,245
Building 102	Restaurant	11,266	10,703
Building 104	Office	45,759	43,471
Building 113	Healthcare	77,530	60,743
Building 114	Light Industrial	16,088	15,444
Building 115	Light Industrial	13,078	12,555
Building 116	Light Industrial	25,270	24,259
Building 14	Light Industrial	16,315	15,662
<b>Total</b>		<b>266,617</b>	<b>241,082</b>

### III. FINANCIAL BENEFITS

#### A. Fiscal Benefits to the General Fund of the City of San Francisco

##### 1. Net General Fund Fiscal Impacts

While the primary objective of the Project is to rehabilitate the historic buildings and make them a vibrant part of the surrounding community, the Project is also anticipated to generate a significant amount of annual net revenue to the General Fund of the City and County of San Francisco. As summarized below, it is estimated that in the first year of stabilization (FY 2018/19), the Project will generate approximately \$174,000 in a lower revenue scenario and \$304,000 in a higher revenue scenario, to the General Fund. The net present value of the General Fund surplus over the term of the IFD is estimated to range from \$5.1 million to \$8.04 million.

**Exhibit 2**

Estimated General Fund Revenue / Expenditure	Lower Revenue Scenario - Gross Receipts Tax Does Not Apply			Higher Revenue Scenario - Gross Receipts Tax Applies to All		
	During Construction FY 15 - FY 17	Post Construction FY 2018/19	Total IFD Term	During Construction FY 15 - FY 17	Post Construction FY 2018/19	Total IFD Term
<b>Revenues</b>						
Possessory Interest Tax						
Not Deposited in IFD	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax	0	0	0	\$119,400	\$193,400	\$17,343,100
Sales Tax	\$78,300	\$68,300	\$6,156,700	\$78,300	\$68,300	\$6,156,700
Utility Users Tax	\$42,700	\$51,300	\$4,607,600	\$42,700	\$51,300	\$4,607,600
Prop. Tax In-Lieu of VLF	\$46,900	\$63,900	\$5,835,500	\$46,900	\$63,900	\$5,835,500
Business Registration Fee	\$48,900	\$58,100	\$5,225,400	\$21,000	\$24,900	\$2,239,500
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0
Other Taxes and Fees	\$114,500	\$22,800	\$2,144,200	\$114,500	\$22,800	\$2,144,200
<b>Total Revenues</b>	<b>\$331,300</b>	<b>\$264,400</b>	<b>\$23,969,400</b>	<b>\$422,800</b>	<b>\$424,600</b>	<b>\$38,326,600</b>
<b>Expenditures</b>						
Police	\$17,500	\$20,900	\$1,881,300	\$17,500	\$20,900	\$1,881,300
Fire and EMS	\$58,100	\$69,800	\$6,271,400	\$58,100	\$69,800	\$6,271,400
<b>Total Expenditures</b>	<b>\$75,600</b>	<b>\$90,700</b>	<b>\$8,152,700</b>	<b>\$75,600</b>	<b>\$90,700</b>	<b>\$8,152,700</b>
<b>Net General Fund Impact</b>						
<i>Nominal Dollars</i>	<b>\$256,000</b>	<b>\$174,000</b>	<b>\$15,817,000</b>	<b>\$347,000</b>	<b>\$334,000</b>	<b>\$30,174,000</b>
<i>\$2015 (3% discount)</i>	<b>\$234,000</b>	<b>\$159,000</b>	<b>\$7,392,000</b>	<b>\$318,000</b>	<b>\$306,000</b>	<b>\$13,929,000</b>
<i>NPV (7% discount)</i>	<b>\$209,000</b>	<b>\$142,000</b>	<b>\$5,117,000</b>	<b>\$283,000</b>	<b>\$273,000</b>	<b>\$8,041,000</b>

\* Parking tax; payroll tax; license, permit, and franchise fees; and fines, forfeitures, and penalties.

The greatest of the anticipated General Fund revenue sources is gross receipts taxes, which could potentially account for 45% of expected revenues. Since businesses generating less than

\$1 million of gross receipts are exempt from the tax and the exact nature of future Project businesses is not known, KMA has analyzed a lower revenue scenario in which the Project businesses are exempt from the gross receipts tax and a higher revenue scenario in which all businesses generate sufficient receipts to be subject to the tax.

The net revenues are made up of Project-generated gross receipts taxes, sales taxes, property taxes in-lieu of motor vehicle license fees, utility users taxes, business registration taxes, parking taxes, and other taxes less anticipated Project service costs attributed to Police, Fire and Emergency Medical Services, as further described below.

## **2. General Fund Revenues**

The Project is estimated to generate approximately \$264,000 to \$425,000 of General Fund revenues in the first stabilized year (FY 2018/19). Over the term of the IFD, General Fund revenues are estimated to total \$11 million to \$18 million, expressed in 2015 dollars. Gross receipts taxes (in the higher revenue scenario), followed by sales taxes, property tax in-lieu of motor vehicle license fees, utility users taxes, and business registration fees, are expected to be the leading categories of General Fund revenue to be generated by the Project. One hundred percent (100%) of General Fund property tax revenues will be dedicated to the Project's IFD, and will not be available to the General Fund until FY 2062/63.

- **Gross Receipts Tax Revenues** – In November 2012, San Francisco voters approved Proposition E instituting a gross receipts tax on businesses operating in the City and County and changing business registration fees. The gross receipts tax replaces the City and County's payroll tax, and phases in from 2014 to 2018.

Businesses generating less than \$1 million each year in gross receipts are exempt from the tax. Since exact information on the operations of businesses to occupy Pier 70 is not available at this time, KMA has estimated General Fund revenues under two scenarios. In the lower revenue scenario the Project businesses are exempt from the tax, and in the higher revenue scenario they are not.

The gross receipts tax is a share of total gross receipts. KMA estimates gross receipts of \$76 million at 100% occupancy based on the relationship between gross receipts and employees determined by the Minnesota IMPLAN Group for San Francisco County. The Minnesota IMPLAN Group produces economic flow models that track inputs and outputs within given geographic areas. KMA then adjusts estimated total gross receipts to reflect Project occupancy in each year of the projection, as outlined in Orton Development Inc.'s 20th Street Historic Buildings Pro Forma. Gross receipts are further adjusted by a 75% factor to reflect certain tax exclusions, such as for receipts generated outside San Francisco, and for bio-tech and clean-tech activities in the first years the tax is in place. The gross receipts phase-in rate is then applied, starting at 25% in 2015 and increasing to 100% in 2018. The gross receipts tax is calculated based on an estimated rate of 0.341% of gross receipts. Per the San



Francisco Business and Tax Regulations Code, Article 12-A-1: Gross Receipts Tax, the tax rate varies by business type and by the amount of gross receipts generated. The 0.341% rate is an average of the rates for business types that we believe are representative of those expected to occupy the Project (retail, wholesale, and services; manufacturing / transportation / warehousing, information, biotechnology, clean technology, and food services; private education / health, administrative, and miscellaneous; and financial / insurance, professional, scientific, and technical services). The average is taken at the most conservative tax rate tier, for gross receipts between \$1 million and \$2.5 million.

Gross receipts taxes are estimated to total \$7.9 million throughout the IFD term (expressed in uninflated dollars), with approximately \$193,000 of gross receipts taxes accruing to the General Fund in FY 2018/19.

- **Sales Tax Revenues** – Sales tax revenues will be generated from Project employee expenditures and restaurant sales. Employee expenditures have been estimated based on weekly urban worker spending in the vicinity of office employment centers as reported in ICSC’s 2012 report, “Office-Worker Retail Spending in a Digital Age.” Restaurant sales have been estimated using an assumed sales productivity level of \$500 per square foot of rentable area. Total employee food spending has been adjusted to eliminate overlap with the projection of gross restaurant sales. The City General Fund portion of sales tax is 1% of taxable sales. This is estimated to generate \$68,000 in FY 2018/19.
- **Property Tax In-Lieu of Motor Vehicle License Fees** – The Project is estimated to generate approximately \$64,000 of property taxes in-lieu of motor vehicle license fees for the General Fund in the first year of stabilization. In accordance with SB 1096 and data from the California State Controller’s Office, revenue from the Project is based on the marginal growth of assessed value.
- **Assessed Value, Tax Increment and Possessory Interest** – The property’s assessed value in FY 2015/16 is zero (\$0). Future assessed value has been estimated based on the capitalized value of the Project’s net operating income upon stabilization, as projected in the Developer’s pro forma. This approach to valuation is based on discussions with representatives of the County’s tax assessor’s office. Given that the property is publicly owned, the private tenant will be responsible for paying possessory interest tax on the property. Because the lease term is longer than 35 years, it has been assumed that the leasehold interest will be valued as equivalent to fee interest for purposes of determining the possessory interest tax obligation. Based on this approach, it is estimated that the property’s assessed value will approximate \$80 million in FY 2019/20 and increase thereafter at the Prop. 13 statutory rate of 2% per year. It is assumed that 100% of the General Fund’s and ERAF’s share of annual possessory interest (tax increment) will be allocated to the IFD for the entire term of the IFD. Table 2a.

- **Utility Users Tax Revenues** – The City and County of San Francisco imposes a 7.5% tax on charges for certain utilities services. These include non-residential telephone, electricity, natural gas, steam, and water services, and both residential and non-residential cellular telephone services. For purposes of this analysis, the utility user’s tax has been estimated based on City and County of San Francisco budget factors for FY 2015/16. The budget factors have been calculated on a per employee basis for electricity, natural gas, steam, and water taxes, and on a per service population basis for telephone services. It is estimated that utility users taxes will generate \$51,000 in the first year of stabilization.
  
- **Business Registration Fee Revenues** – Per the San Francisco Business and Tax Regulations Code, Article 12: Business Registration, the fee per business is charged by tier based on the level of gross receipts generated. The number of businesses in the Project is calculated using the number of employees per business at the American Industrial Center, which has a similar tenant mix to that proposed by Orton Development Inc. The American Industrial Center is adjacent to the Project and includes 800,000 square feet of a mix of office and light industrial uses. Dun and Bradstreet data indicate that this complex houses approximately 200 businesses with 1,200 employees, or 6 employees per business. Business registration fees are expected to total \$25,000 to \$58,000 in FY 2018/19.
  
- **Property Transfer Tax Revenues** – The assessor’s office is currently in the process of determining the transfer tax obligation resulting from the execution of the lease. A future sale of the leasehold interest would also generate property transfer tax revenue. Transfer tax revenues have not been included in this analysis given that the obligation has not yet been established.
  
- **Other Tax Revenues** – The San Francisco City and County General Fund receives a 20% share of the 25% parking tax paid on parking fees per San Francisco Business and Tax Regulations Code Article 9: Tax on Occupancy of Parking in Parking Stations, and 2007’s Proposition A. Monthly fees per parking space are estimated at \$100 for 285 parking spaces. Business and Tax Regulations Code Article 12-A: Payroll Expense Tax specifies that the payroll tax is based on business payroll generated in San Francisco and will be phased out by 2018 as the gross receipts tax is phased in. Licenses, permits, and franchise fees, and fines, forfeitures, and penalties are estimated based on an extrapolation of the current per service population amount generated by San Francisco’s residents and employment base.
  
- **Escalation** – Gross receipts, employee spending and restaurant sales, utility user spending, parking fees, payroll, licenses, permits, and franchise fees, and fines, forfeitures, and penalties are estimated to increase at an annual rate of 3% per year. The San Francisco Business and Tax Regulations Code specifies that business registration fees are to be adjusted annually according to the increase in the Consumer Price Index for All Urban Consumers in San Francisco / Oakland / San Jose, and this is estimated to be a 3% annual

increase as well. Assessed property values for the purposes of estimating property taxes in lieu of motor vehicle license fees are based on IFD assessed value projections. Assessed values are limited to a maximum increase of 2% per year under Proposition 13.

- ***Inflation Adjustments and Net Present Value*** – In order to measure the revenue projection on a comparable basis across revenue sources, each annual revenue estimate has been converted to 2015 dollars based on a discount rate of 3% per year. To account for the impact of time, net revenues have also been discounted at a rate of 7%.
- ***Employment and Service Population*** – The number of jobs in the Project is estimated based on an average density of two employees per 1,000 square feet. For purposes of estimating Project service population, the analysis assumes that an employee is equivalent to approximately one third of a resident in terms of revenue and expenditure generation. Employment and service population are calculated on Appendix Table A-2.

### ***3. General Fund Expenditures***

In the first stabilized year, the Project is estimated to generate \$70,000 of Fire and EMS costs that will impact the City and County General Fund. The Project is also anticipated to generate Police service costs of \$21,000 per year. The cost of maintaining the Project's open space will be funded by the tenant. The cost to operate and maintain Crane Cove Park is estimated to total \$400,000 per year, but this cost will be funded through the establishment of a Maintenance Community Facilities District, which is funded by private tenants. The General Fund will not be responsible for funding the operation/maintenance of Crane Cove Park or public spaces within the Project.

Fire and EMS, and Police expenditures have been estimated from factors based on the cost and service population analysis contained in Economic & Planning Systems, Inc.'s Findings of Fiscal Responsibility and Feasibility - Pier 70 Waterfront Site and Illinois Street Parcel Report from May 21, 2013.

- ***Fire and EMS Expenditures*** – According to the EPS report, the allocation of costs for the new Public Safety Building in Mission Bay (Station 4) to the Pier 70 Waterfront and Illinois Street parcels is \$2.4 million per year. Based on the service population estimated from the EPS analysis, KMA's analysis uses a factor of \$394 per unit of service population to calculate Fire and EMS costs.
- ***Police Expenditures*** – The factor for Police expenditures is \$118 per unit of service population, based on the cost of one patrol unit needed to serve the Pier 70 Waterfront and Illinois Street parcels in EPS's report.

- **Public Open Space** – The Project’s tenant will be responsible for maintaining the Project’s open space. Crane Cove Park will be maintained through the establishment of a Maintenance CFD to be funded by private tenants.
- **Employment and Service Population** – As for the Project revenue estimates, the number of jobs is estimated based on two employees per 1,000 square feet, and the service population assumes one employee is equivalent to one third of a resident.

**B. Economic Benefits to the City and County of San Francisco**

It is estimated that the Project will create approximately 460 direct full-time jobs, with an average annual payroll of \$31 million and output of \$72 million, on an on-going basis once it is complete. In addition to the direct benefits, the new businesses and the employees will support other businesses in San Francisco and the region through expenditures on materials, retail goods, and services. Including these indirect and induced economic impacts, the Project is anticipated to result in a total of 780 jobs, \$50 million of annual payroll, and \$106 million of output city- and county-wide.

The construction of the Project is estimated to create 471 direct jobs, \$32 million of direct payroll, and \$79 million of direct output over the 3-year period during which building takes place. Total direct, indirect, and induced construction period impacts are expected to be approximately 707 jobs, \$45 million of payroll, and \$115 million of output.

Direct jobs are calculated based on project size, occupancy, and a density of 2 employees per 1,000 square feet. Direct payroll combines employment with the average Employment Development Department wages for occupations likely to be represented in the Project. Annual direct output is based on the relationship between jobs and output in San Francisco County according to the Minnesota IMPLAN Group.

Indirect and induced employment impacts are estimated using IMPLAN multipliers for San Francisco County which have been developed by the Minnesota IMPLAN Group. IMPLAN multipliers are applied to estimated direct economic impacts to arrive at the total direct, indirect, and induced impacts to be produced by the Project.

**Exhibit 3**

Economic Benefits to the City and County of San Francisco	On-Going			Construction Period		
	Jobs	Payroll (\$M)	Output (\$M)	Jobs	Payroll (\$M)	Output (\$M)
Direct	458	\$31.4	\$71.8	471	\$31.6	\$79.0
Indirect and Induced	321	\$19.0	\$34.7	236	\$13.4	\$36.4
<b>Total Direct, Indirect, and Induced</b>	<b>779</b>	<b>\$50.4</b>	<b>\$106.5</b>	<b>707</b>	<b>\$45.0</b>	<b>\$115.4</b>

**Table 1**  
**Recurring City General Fund Revenues and Expenditures**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

*November 4, 2015*

Revenue / Expenditure	\$2015 <sup>4</sup>	Total IFD Term	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27
<b>General Fund Revenues <sup>1</sup></b>														
Property Tax Not Deposited to IFD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$2,775,600	\$5,835,500	\$0	\$4,300	\$42,600	\$63,900	\$85,200	\$86,900	\$88,700	\$90,500	\$92,300	\$94,100	\$96,000	\$97,900
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax	\$2,822,800	\$6,156,700	\$0	\$14,700	\$63,600	\$68,300	\$70,300	\$72,400	\$74,600	\$76,800	\$79,100	\$81,500	\$84,000	\$86,500
Parking Tax	\$735,400	\$1,602,400	\$0	\$4,400	\$17,200	\$17,800	\$18,300	\$18,800	\$19,400	\$20,000	\$20,600	\$21,200	\$21,800	\$22,500
Payroll Tax	\$83,900	\$88,600	\$0	\$13,700	\$74,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax	\$7,901,000	\$17,343,100	\$0	\$6,900	\$112,500	\$193,400	\$199,200	\$205,200	\$211,400	\$217,700	\$224,200	\$231,000	\$237,900	\$245,000
Business Registration Fee	\$0	\$0												
If Gr Receipts < \$1 M	\$2,387,000	\$5,225,400	\$0	\$4,300	\$44,600	\$58,100	\$59,900	\$61,700	\$63,500	\$65,400	\$67,400	\$69,400	\$71,500	\$73,600
If Gr Receipts > \$1 M	\$1,023,000	\$2,239,500	\$0	\$1,900	\$19,100	\$24,900	\$25,700	\$26,400	\$27,200	\$28,000	\$28,900	\$29,700	\$30,600	\$31,600
Utility Users Tax	\$2,104,500	\$4,607,600	\$0	\$3,600	\$39,100	\$51,300	\$52,800	\$54,400	\$56,000	\$57,700	\$59,400	\$61,200	\$63,000	\$64,900
License, Permit, Franchise Fees	\$177,200	\$387,900	\$0	\$300	\$3,300	\$4,300	\$4,400	\$4,600	\$4,700	\$4,900	\$5,000	\$5,200	\$5,300	\$5,500
Fines, Forfeitures, Penalties	\$29,800	\$65,300	\$0	\$100	\$600	\$700	\$700	\$800	\$800	\$800	\$800	\$900	\$900	\$900
	\$0	\$0												
<b>Total if Avg Gr Receipts &lt; \$1 M</b>	<b>\$11,116,200</b>	<b>\$23,969,400</b>	<b>\$0</b>	<b>\$45,400</b>	<b>\$285,900</b>	<b>\$264,400</b>	<b>\$291,600</b>	<b>\$299,600</b>	<b>\$307,700</b>	<b>\$316,100</b>	<b>\$324,600</b>	<b>\$333,500</b>	<b>\$342,500</b>	<b>\$351,800</b>
<b>Total if Avg Gr Receipts &gt; \$1 M</b>	<b>\$17,653,200</b>	<b>\$38,326,600</b>	<b>\$0</b>	<b>\$49,900</b>	<b>\$372,900</b>	<b>\$424,600</b>	<b>\$456,600</b>	<b>\$469,500</b>	<b>\$482,800</b>	<b>\$496,400</b>	<b>\$510,300</b>	<b>\$524,800</b>	<b>\$539,500</b>	<b>\$554,800</b>
<b>General Fund Expenditures <sup>2</sup></b>														
Police	\$859,300	\$1,881,300	\$0	\$1,500	\$16,000	\$20,900	\$21,600	\$22,200	\$22,900	\$23,600	\$24,300	\$25,000	\$25,700	\$26,500
Fire and EMS	\$2,864,400	\$6,271,400	\$0	\$4,900	\$53,200	\$69,800	\$71,900	\$74,000	\$76,200	\$78,500	\$80,900	\$83,300	\$85,800	\$88,400
Portion of Crane Cove Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0												
<b>Total General Fund Expend.</b>	<b>\$3,723,800</b>	<b>\$8,152,700</b>	<b>\$0</b>	<b>\$6,400</b>	<b>\$69,200</b>	<b>\$90,700</b>	<b>\$93,500</b>	<b>\$96,200</b>	<b>\$99,100</b>	<b>\$102,100</b>	<b>\$105,200</b>	<b>\$108,300</b>	<b>\$111,500</b>	<b>\$114,900</b>
<b>Net General Fund Impact</b>														
<b>If Average Gr Receipts &lt; \$1 M</b>	<b>\$7,392,400</b>	<b>\$15,816,700</b>	<b>\$0</b>	<b>\$39,000</b>	<b>\$216,700</b>	<b>\$173,700</b>	<b>\$198,100</b>	<b>\$203,400</b>	<b>\$208,600</b>	<b>\$214,000</b>	<b>\$219,400</b>	<b>\$225,200</b>	<b>\$231,000</b>	<b>\$236,900</b>
<b>If Average Gr Receipts &gt; \$1 M</b>	<b>\$13,929,400</b>	<b>\$30,173,900</b>	<b>\$0</b>	<b>\$43,500</b>	<b>\$303,700</b>	<b>\$333,900</b>	<b>\$363,100</b>	<b>\$373,300</b>	<b>\$383,700</b>	<b>\$394,300</b>	<b>\$405,100</b>	<b>\$416,500</b>	<b>\$428,000</b>	<b>\$439,900</b>

<sup>1</sup> Table 4a.

<sup>2</sup> Table 6. Police and Fire protection services are the project's major service impacts. The project's public plaza will be privately maintained by the lessee. Crane Cove Park will be maintained through a CFD maintenance district. The project is not creating any new public infrastructure that is to be maintained by the General Fund. It is assumed that City service costs including Community Health, Human Welfare, and Culture and Recreation services are generated by residents and do not apply to the project.

<sup>4</sup> Discounted at 3%.

**Table 1**  
**Recurring City General Fund Revenues and Expenditures**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

Revenue / Expenditure	\$2015 <sup>4</sup>	Total IFD Term	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	FY 36/37	FY 37/38	FY 38/39
<b>General Fund Revenues <sup>1</sup></b>														
Property Tax Not Deposited to IFD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$2,775,600	\$5,835,500	\$99,900	\$101,900	\$103,900	\$106,000	\$108,100	\$110,300	\$112,500	\$114,700	\$117,000	\$119,400	\$121,700	\$124,200
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax	\$2,822,800	\$6,156,700	\$89,100	\$91,700	\$94,500	\$97,300	\$100,200	\$103,200	\$106,300	\$109,500	\$112,800	\$116,200	\$119,700	\$123,300
Parking Tax	\$735,400	\$1,602,400	\$23,200	\$23,900	\$24,600	\$25,300	\$26,100	\$26,900	\$27,700	\$28,500	\$29,300	\$30,200	\$31,100	\$32,100
Payroll Tax	\$83,900	\$88,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax	\$7,901,000	\$17,343,100	\$252,400	\$259,900	\$267,700	\$275,800	\$284,000	\$292,600	\$301,300	\$310,400	\$319,700	\$329,300	\$339,200	\$349,300
Business Registration Fee	\$0	\$0												
If Gr Receipts < \$1 M	\$2,387,000	\$5,225,400	\$75,900	\$78,100	\$80,500	\$82,900	\$85,400	\$87,900	\$90,600	\$93,300	\$96,100	\$99,000	\$101,900	\$105,000
If Gr Receipts > \$1 M	\$1,023,000	\$2,239,500	\$32,500	\$33,500	\$34,500	\$35,500	\$36,600	\$37,700	\$38,800	\$40,000	\$41,200	\$42,400	\$43,700	\$45,000
Utility Users Tax	\$2,104,500	\$4,607,600	\$66,900	\$68,900	\$71,000	\$73,100	\$75,300	\$77,500	\$79,900	\$82,300	\$84,700	\$87,300	\$89,900	\$92,600
License, Permit, Franchise Fees	\$177,200	\$387,900	\$5,600	\$5,800	\$6,000	\$6,200	\$6,300	\$6,500	\$6,700	\$6,900	\$7,100	\$7,300	\$7,600	\$7,800
Fines, Forfeitures, Penalties	\$29,800	\$65,300	\$900	\$1,000	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300
	\$0	\$0												
<b>Total If Avg Gr Receipts &lt; \$1 M</b>	<b>\$11,116,200</b>	<b>\$23,969,400</b>	<b>\$361,500</b>	<b>\$371,300</b>	<b>\$381,500</b>	<b>\$391,800</b>	<b>\$402,500</b>	<b>\$413,400</b>	<b>\$424,800</b>	<b>\$436,400</b>	<b>\$448,200</b>	<b>\$460,600</b>	<b>\$473,200</b>	<b>\$486,300</b>
<b>Total If Avg Gr Receipts &gt; \$1 M</b>	<b>\$17,653,200</b>	<b>\$38,326,600</b>	<b>\$570,500</b>	<b>\$586,600</b>	<b>\$603,200</b>	<b>\$620,200</b>	<b>\$637,700</b>	<b>\$655,800</b>	<b>\$674,300</b>	<b>\$693,500</b>	<b>\$713,000</b>	<b>\$733,300</b>	<b>\$754,200</b>	<b>\$775,600</b>
<b>General Fund Expenditures <sup>2</sup></b>														
Police	\$859,300	\$1,881,300	\$27,300	\$28,100	\$29,000	\$29,800	\$30,700	\$31,700	\$32,600	\$33,600	\$34,600	\$35,600	\$36,700	\$37,800
Fire and EMS	\$2,864,400	\$6,271,400	\$91,000	\$93,800	\$96,600	\$99,500	\$102,500	\$105,500	\$108,700	\$112,000	\$115,300	\$118,800	\$122,400	\$126,000
Portion of Crane Cove Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0												
<b>Total General Fund Expend.</b>	<b>\$3,723,800</b>	<b>\$8,152,700</b>	<b>\$118,300</b>	<b>\$121,900</b>	<b>\$125,600</b>	<b>\$129,300</b>	<b>\$133,200</b>	<b>\$137,200</b>	<b>\$141,300</b>	<b>\$145,600</b>	<b>\$149,900</b>	<b>\$154,400</b>	<b>\$159,100</b>	<b>\$163,800</b>
<b>Net General Fund Impact</b>														
<b>If Average Gr Receipts &lt; \$1 M</b>	<b>\$7,392,400</b>	<b>\$15,816,700</b>	<b>\$243,200</b>	<b>\$249,400</b>	<b>\$255,900</b>	<b>\$262,500</b>	<b>\$269,300</b>	<b>\$276,200</b>	<b>\$283,500</b>	<b>\$290,800</b>	<b>\$298,300</b>	<b>\$306,200</b>	<b>\$314,100</b>	<b>\$322,500</b>
<b>If Average Gr Receipts &gt; \$1 M</b>	<b>\$13,929,400</b>	<b>\$30,173,900</b>	<b>\$452,200</b>	<b>\$464,700</b>	<b>\$477,600</b>	<b>\$490,900</b>	<b>\$504,500</b>	<b>\$518,600</b>	<b>\$533,000</b>	<b>\$547,900</b>	<b>\$563,100</b>	<b>\$578,900</b>	<b>\$595,100</b>	<b>\$611,800</b>

<sup>1</sup> Table 4a.

<sup>2</sup> Table 6. Police and Fire protection services are the project's major service impacts. The project's public plaza will be privately maintained by the lessee. Crane Cove Park will be maintained through a CFD maintenance district. The project is not creating any new public infrastructure that is to be maintained by the General Fund. It is assumed that City service costs including Community Health, Human Welfare, and Culture and Recreation services are generated by residents and do not apply to the project.

<sup>4</sup> Discounted at 3%.

**Table 1**  
**Recurring City General Fund Revenues and Expenditures**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

Revenue / Expenditure	\$2015 <sup>4</sup>	Total IFD Term	FY 39/40	FY 40/41	FY 41/42	FY 42/43	FY 43/44	FY 44/45	FY 45/46	FY 46/47	FY 47/48	FY 48/49	FY 49/50	FY 50/51
<b>General Fund Revenues <sup>1</sup></b>														
Property Tax Not Deposited to IFD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$2,775,600	\$5,835,500	\$126,700	\$129,200	\$131,800	\$134,400	\$137,100	\$139,800	\$142,600	\$145,500	\$148,400	\$151,400	\$154,400	\$157,500
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax	\$2,822,800	\$6,156,700	\$127,000	\$130,800	\$134,700	\$138,800	\$142,900	\$147,200	\$151,600	\$156,200	\$160,900	\$165,700	\$170,700	\$175,800
Parking Tax	\$735,400	\$1,602,400	\$33,000	\$34,000	\$35,000	\$36,100	\$37,200	\$38,300	\$39,400	\$40,600	\$41,800	\$43,100	\$44,400	\$45,700
Payroll Tax	\$83,900	\$88,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax	\$7,901,000	\$17,343,100	\$359,800	\$370,600	\$381,700	\$393,200	\$405,000	\$417,100	\$429,600	\$442,500	\$455,800	\$469,500	\$483,600	\$498,100
Business Registration Fee	\$0	\$0												
If Gr Receipts < \$1 M	\$2,387,000	\$5,225,400	\$108,100	\$111,400	\$114,700	\$118,200	\$121,700	\$125,400	\$129,100	\$133,000	\$137,000	\$141,100	\$145,300	\$149,700
If Gr Receipts > \$1 M	\$1,023,000	\$2,239,500	\$46,300	\$47,700	\$49,200	\$50,600	\$52,200	\$53,700	\$55,300	\$57,000	\$58,700	\$60,500	\$62,300	\$64,200
Utility Users Tax	\$2,104,500	\$4,607,600	\$95,400	\$98,200	\$101,200	\$104,200	\$107,300	\$110,600	\$113,900	\$117,300	\$120,800	\$124,400	\$128,200	\$132,000
License, Permit, Franchise Fees	\$177,200	\$387,900	\$8,000	\$8,300	\$8,500	\$8,800	\$9,000	\$9,300	\$9,600	\$9,900	\$10,200	\$10,500	\$10,800	\$11,100
Fines, Forfeitures, Penalties	\$29,800	\$65,300	\$1,400	\$1,400	\$1,400	\$1,500	\$1,500	\$1,600	\$1,600	\$1,700	\$1,700	\$1,800	\$1,800	\$1,900
	\$0	\$0												
<b>Total If Avg Gr Receipts &lt; \$1 M</b>	<b>\$11,116,200</b>	<b>\$23,969,400</b>	<b>\$499,600</b>	<b>\$513,300</b>	<b>\$527,300</b>	<b>\$542,000</b>	<b>\$556,700</b>	<b>\$572,200</b>	<b>\$587,800</b>	<b>\$604,200</b>	<b>\$620,800</b>	<b>\$638,000</b>	<b>\$655,600</b>	<b>\$673,700</b>
<b>Total If Avg Gr Receipts &gt; \$1 M</b>	<b>\$17,653,200</b>	<b>\$38,326,600</b>	<b>\$797,600</b>	<b>\$820,200</b>	<b>\$843,500</b>	<b>\$867,600</b>	<b>\$892,200</b>	<b>\$917,600</b>	<b>\$943,600</b>	<b>\$970,700</b>	<b>\$998,300</b>	<b>\$1,026,900</b>	<b>\$1,056,200</b>	<b>\$1,086,300</b>
<b>General Fund Expenditures <sup>2</sup></b>														
Police	\$859,300	\$1,881,300	\$38,900	\$40,100	\$41,300	\$42,600	\$43,800	\$45,100	\$46,500	\$47,900	\$49,300	\$50,800	\$52,300	\$53,900
Fire and EMS	\$2,864,400	\$6,271,400	\$129,800	\$133,700	\$137,700	\$141,800	\$146,100	\$150,500	\$155,000	\$159,600	\$164,400	\$169,400	\$174,400	\$179,700
Portion of Crane Cove Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0												
<b>Total General Fund Expend.</b>	<b>\$3,723,800</b>	<b>\$8,152,700</b>	<b>\$168,700</b>	<b>\$173,800</b>	<b>\$179,000</b>	<b>\$184,400</b>	<b>\$189,900</b>	<b>\$195,600</b>	<b>\$201,500</b>	<b>\$207,500</b>	<b>\$213,700</b>	<b>\$220,200</b>	<b>\$226,700</b>	<b>\$233,600</b>
<b>Net General Fund Impact</b>														
<b>If Average Gr Receipts &lt; \$1 M</b>	<b>\$7,392,400</b>	<b>\$15,816,700</b>	<b>\$330,900</b>	<b>\$339,500</b>	<b>\$348,300</b>	<b>\$357,600</b>	<b>\$366,800</b>	<b>\$376,600</b>	<b>\$386,300</b>	<b>\$396,700</b>	<b>\$407,100</b>	<b>\$417,800</b>	<b>\$428,900</b>	<b>\$440,100</b>
<b>If Average Gr Receipts &gt; \$1 M</b>	<b>\$13,929,400</b>	<b>\$30,173,900</b>	<b>\$628,900</b>	<b>\$646,400</b>	<b>\$664,500</b>	<b>\$683,200</b>	<b>\$702,300</b>	<b>\$722,000</b>	<b>\$742,100</b>	<b>\$763,200</b>	<b>\$784,600</b>	<b>\$806,700</b>	<b>\$829,500</b>	<b>\$852,700</b>

<sup>1</sup> Table 4a.

<sup>2</sup> Table 6. Police and Fire protection services are the project's major service impacts. The project's public plaza will be privately maintained by the lessee. Crane Cove Park will be maintained through a CFD maintenance district. The project is not creating any new public infrastructure that is to be maintained by the General Fund. It is assumed that City service costs including Community Health, Human Welfare, and Culture and Recreation services are generated by residents and do not apply to the project.

<sup>4</sup> Discounted at 3%.

**Table 1**  
**Recurring City General Fund Revenues and Expenditures**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

Revenue / Expenditure	\$2015 <sup>4</sup>	Total IFD Term	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61	FY 61/62
<b>General Fund Revenues <sup>1</sup></b>													
Property Tax Not Deposited to IFD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$2,775,600	\$5,835,500	\$160,600	\$163,800	\$167,100	\$170,500	\$173,900	\$177,400	\$180,900	\$184,500	\$188,200	\$192,000	\$195,800
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax	\$2,822,800	\$6,156,700	\$181,000	\$186,500	\$192,100	\$197,800	\$203,800	\$209,900	\$216,200	\$222,700	\$229,300	\$236,200	\$243,300
Parking Tax	\$735,400	\$1,602,400	\$47,100	\$48,500	\$49,900	\$51,400	\$53,000	\$54,600	\$56,200	\$57,900	\$59,600	\$61,400	\$63,300
Payroll Tax	\$83,900	\$88,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax	\$7,901,000	\$17,343,100	\$513,000	\$528,400	\$544,300	\$560,600	\$577,400	\$594,700	\$612,600	\$630,900	\$649,900	\$669,400	\$689,400
Business Registration Fee	\$0	\$0											
If Gr Receipts < \$1 M	\$2,387,000	\$5,225,400	\$154,200	\$158,800	\$163,600	\$168,500	\$173,500	\$178,700	\$184,100	\$189,600	\$195,300	\$201,200	\$207,200
If Gr Receipts > \$1 M	\$1,023,000	\$2,239,500	\$66,100	\$68,100	\$70,100	\$72,200	\$74,400	\$76,600	\$78,900	\$81,300	\$83,700	\$86,200	\$88,800
Utility Users Tax	\$2,104,500	\$4,607,600	\$136,000	\$140,000	\$144,200	\$148,600	\$153,000	\$157,600	\$162,400	\$167,200	\$172,200	\$177,400	\$182,700
License, Permit, Franchise Fees	\$177,200	\$387,900	\$11,400	\$11,800	\$12,100	\$12,500	\$12,900	\$13,300	\$13,700	\$14,100	\$14,500	\$14,900	\$15,400
Fines, Forfeitures, Penalties	\$29,800	\$65,300	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,400	\$2,400	\$2,500	\$2,600
	\$0	\$0											
<b>Total If Avg Gr Receipts &lt; \$1 M</b>	<b>\$11,116,200</b>	<b>\$23,969,400</b>	<b>\$692,200</b>	<b>\$711,400</b>	<b>\$731,000</b>	<b>\$751,400</b>	<b>\$772,300</b>	<b>\$793,700</b>	<b>\$815,800</b>	<b>\$838,400</b>	<b>\$861,500</b>	<b>\$885,600</b>	<b>\$910,300</b>
<b>Total If Avg Gr Receipts &gt; \$1 M</b>	<b>\$17,653,200</b>	<b>\$38,326,600</b>	<b>\$1,117,100</b>	<b>\$1,149,100</b>	<b>\$1,181,800</b>	<b>\$1,215,700</b>	<b>\$1,250,600</b>	<b>\$1,286,300</b>	<b>\$1,323,200</b>	<b>\$1,361,000</b>	<b>\$1,399,800</b>	<b>\$1,440,000</b>	<b>\$1,481,300</b>
<b>General Fund Expenditures <sup>2</sup></b>													
Police	\$859,300	\$1,881,300	\$55,500	\$57,200	\$58,900	\$60,700	\$62,500	\$64,400	\$66,300	\$68,300	\$70,300	\$72,400	\$74,600
Fire and EMS	\$2,864,400	\$6,271,400	\$185,100	\$190,600	\$196,300	\$202,200	\$208,300	\$214,600	\$221,000	\$227,600	\$234,400	\$241,500	\$248,700
Portion of Crane Cove Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0											
<b>Total General Fund Expend.</b>	<b>\$3,723,800</b>	<b>\$8,152,700</b>	<b>\$240,600</b>	<b>\$247,800</b>	<b>\$255,200</b>	<b>\$262,900</b>	<b>\$270,800</b>	<b>\$279,000</b>	<b>\$287,300</b>	<b>\$295,900</b>	<b>\$304,700</b>	<b>\$313,900</b>	<b>\$323,300</b>
<b>Net General Fund Impact</b>													
<b>If Average Gr Receipts &lt; \$1 M</b>	<b>\$7,392,400</b>	<b>\$15,816,700</b>	<b>\$451,600</b>	<b>\$463,600</b>	<b>\$475,800</b>	<b>\$488,500</b>	<b>\$501,500</b>	<b>\$514,700</b>	<b>\$528,500</b>	<b>\$542,500</b>	<b>\$556,800</b>	<b>\$571,700</b>	<b>\$587,000</b>
<b>If Average Gr Receipts &gt; \$1 M</b>	<b>\$13,929,400</b>	<b>\$30,173,900</b>	<b>\$876,500</b>	<b>\$901,300</b>	<b>\$926,600</b>	<b>\$952,800</b>	<b>\$979,800</b>	<b>\$1,007,300</b>	<b>\$1,035,900</b>	<b>\$1,065,100</b>	<b>\$1,095,100</b>	<b>\$1,126,100</b>	<b>\$1,158,000</b>

<sup>1</sup> Table 4a.

<sup>2</sup> Table 6. Police and Fire protection services are the project's major service impacts. The project's public plaza will be privately maintained by the lessee. Crane Cove Park will be maintained through a CFD maintenance district. The project is not creating any new public infrastructure that is to be maintained by the General Fund. It is assumed that City service costs including Community Health, Human Welfare, and Culture and Recreation services are generated by residents and do not apply to the project.

<sup>4</sup> Discounted at 3%.



**Table 2**  
**Development Program and Employment Estimate**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

**November 4, 2015**

Source: 20th Street Historic Bldgs Proforma 03/27/15 (Orton Development Inc.)

Project Program	Land Use	Building Size		Taxable Net SF		% Occupancy <sup>1</sup>				Occupied Net Square Feet			
		Gross SF	Net SF	%	SF	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Building 101	Office / Light Industrial	61,311	58,245	100.0%	58,245	0%	25%	70%	95%	0	14,561	40,772	55,333
Building 102	Restaurant	11,266	10,703	100.0%	10,703	0%	25%	95%	95%	0	2,676	10,168	10,168
Building 104	Office - Non Profit	45,759	43,471	100.0%	43,471	0%	0%	75%	95%	0	0	32,603	41,297
Building 113	Healthcare - Non Profit	77,530	60,743	100.0%	60,743	0%	0%	75%	95%	0	0	45,557	57,706
Building 114	Light Industrial	16,088	15,444	100.0%	15,444	0%	0%	75%	95%	0	0	11,583	14,672
Building 115	Light Industrial	13,078	12,555	100.0%	12,555	0%	0%	75%	95%	0	0	9,416	11,927
Building 116	Light Industrial	25,270	24,259	100.0%	24,259	0%	0%	75%	95%	0	0	18,194	23,046
Building 14	Light Industrial - Non Profit	16,315	15,662	100.0%	15,662	0%	0%	75%	95%	0	0	11,747	14,879
		266,617	241,082	100.0%	241,082					0	17,237	180,040	229,028
Piazza / Parking / Site	Parking Spaces (ODI = 75; Port = 210)		285							-	75	210	0
<b>Cumulative Employment</b>										<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 17/18</b>	<b>FY 18/19</b>
Employees / Jobs	2.00 per 1,000 net sf									-	34	360	458
Service Population	0.33 per employee									-	11	120	153

<sup>1</sup> Based on ODI proforma; KMA adjusted to match construction completion to fiscal years.

**Table 3**  
**Revenue Assumptions**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

**November 04, 2015**

**Global Escalation Assumptions**

Assessed Value Annual Growth	2%
Other Revenues Annual Growth	3%

**2015 City/County Service Population Estimate for Averages**

Resident Population <sup>1</sup>	845,602
Employment Base <sup>2</sup>	613,200
Service Population <sup>3</sup>	1,050,002

**City and County General Fund**

**Possessory Interest Tax <sup>4</sup>** 0% share remaining after IFD

**Property Tax in Lieu of VLF <sup>5</sup>**

Property Tax Based Revenue 2004-05 <sup>6</sup>	\$109,881,177
2004-05 City of San Francisco Gross Assessed Value <sup>6</sup>	\$103,076,295,556
Property Tax in Lieu of VLF per \$1,000 in AV Growth	\$1.07

**Property Transfer Tax**

Year of Sale <sup>7</sup>	9
Sale Value in Year of Sale <sup>7</sup>	\$87,000,000
Tax Rate per \$500 of value <sup>8</sup>	\$12.50

**Sales Tax**

Sales Tax Rate <sup>9</sup>	1.00%
<b>Employee Spending</b>	
Potential Non-Restaurant Weekly Spending <sup>10</sup>	\$45.52
Weeks at Work per Year <sup>11</sup>	50
Potential Annual Non-Restaurant Spending	\$2,276
San Francisco Capture <sup>11</sup>	100%
Potential Annual Non-Restaurant Spending per Employee	\$2,276
Potential Restaurant Weekly Spending <sup>10</sup>	\$26.29
Weeks at Work per Year <sup>11</sup>	50
Potential Annual Restaurant Spending	\$1,315
San Francisco Capture <sup>11</sup>	100.00%
Employee Spending at Project Restaurant <sup>11</sup>	80%
Potential Annual Non-Project Rest. Spending per Employee	\$263
<b>Taxable Sales by Project Restaurant</b>	
Rentable Square Feet	10,703
Sales per Rentable SF <sup>11</sup>	\$500

**Table 3**  
**Revenue Assumptions**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

November 04, 2015

**City and County General Fund (continued)**

**Parking Tax**

Revenue per Space per Month <sup>7</sup>	\$100
Parking Occupancy Rate <sup>7</sup>	95%
San Francisco Parking Tax Rate <sup>12</sup>	25%
Parking Tax Revenue Allocation to General Fund <sup>13</sup>	20%

**Payroll Expense and Gross Receipts Tax <sup>14</sup>**

**Eligibility**

Project Rentable Square Feet <sup>15</sup>	241,082
Project Occupied Rentable Square Feet at 5% Vacancy	229,028
Average Number of Employees per Business <sup>16</sup>	6
Employees per 1,000 Square Feet	2
Square Foot per Business	3,000
Occupied Businesses in Project	76
Estimated Total Project Payroll at 95% Occupancy <sup>17</sup>	\$31,406,000
Estimated Total Project Payroll at 100% Occupancy <sup>18</sup>	\$33,058,947
Payroll > \$260,000 per Business for Payroll Tax <sup>19</sup>	\$411,382 (eligible)
Estimated Total Project Gross Receipts at 95% Occupancy <sup>17</sup>	\$71,789,000
Estimated Total Project Gross Receipts at 100% Occupancy <sup>18</sup>	\$75,567,368
Gross Receipts > \$1,000,000 per Gross Receipts Tax <sup>20</sup>	\$940,353 (not eligible)

**Payroll Expense Tax**

Exemptions and Adjustment for San Francisco-based Payroll <sup>21</sup>	75%
2015 Rate <sup>19</sup>	1.125%
2016 Rate <sup>19</sup>	0.750%
2017 Rate <sup>19</sup>	0.375%
2018 Rate <sup>19</sup>	0.000%

**Gross Receipts Tax**

Exemptions and Adjustment for San Francisco-based Receipts <sup>21</sup>	75%
Retail, Wholesale, and Services Rate for \$1 to \$2.5 M <sup>20</sup>	0.100%
Manufacturing / Transportation / Warehousing, Information,	0.205%
Biotech, Clean Tech, Food Services Rate for \$1 to \$2.5 M <sup>20</sup>	
Private Education / Health, Admin., Misc. Rate for \$1 to \$2.5 M <sup>20</sup>	0.550%
Finance, Insurance, Profssnl, Scientific, Tech Rate for \$1 to \$2.5 M <sup>20</sup>	<u>0.460%</u>
Estimated Average for Pier 70 Businesses	0.329%
2015 Phase-In <sup>20</sup>	25%
2016 Phase-In <sup>20</sup>	50%
2017 Phase-In <sup>20</sup>	75%
2018 Phase-In <sup>20</sup>	100%

**Table 3**  
**Revenue Assumptions**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

*November 04, 2015*

**City and County General Fund (continued)**

**Business Registration Fee**

Rate per business earning from \$750,000 to \$1 M <sup>22</sup>	\$700
Rate per business earning from \$1 M to \$2.5 M <sup>22</sup>	\$300

**Other General Fund Revenues <sup>23</sup>**

	<b>Amount FY</b>	<b>Avg.</b>	<b>Average Basis</b>
	<b>2015/16</b>	<b>Factor</b>	
Utility Users Tax <sup>24</sup>			
Water Users Tax	\$3,740,000	\$6.10	per employee
Gas Electric Steam Users Tax	\$40,620,000	\$66.24	per employee
Telephone Users Tax	\$49,190,000	\$46.85	per service populatio
Access Line Tax	\$45,594,000	\$43.42	per service populatio
Licenses, Permits, and Franchise Fees	\$27,162,891	\$25.87	per service populatio
Fines, Forfeitures	\$4,577,144	\$4.36	per service populatio

**Other City and County Funds**

**Sales Tax <sup>25</sup>**

Public Safety Sales Tax	0.50%
SF County Transportation Authority	0.50%
SF County Public Finance Authority	0.25%

**Parking Tax**

SF County Municipal Transportation Agency <sup>13</sup>	80%
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**Table 3**  
**Revenue Assumptions**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

**November 04, 2015**

Notes:

- <sup>1</sup> State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State — January 1, 2015.
- <sup>2</sup> California Department of Transportation San Francisco County Economic Forecast.
- <sup>3</sup> Resident population plus one-third the San Francisco employment base.
- <sup>4</sup> 100% of General Fund property tax will be deposited into the IFD to pay
- <sup>5</sup> Per SB 1096, growth of property tax in lieu of VLF is proportional to growth in AV since 2004/05.
- <sup>6</sup> Values for City and County of San Francisco. California State Controller's Office.
- <sup>7</sup> 20th Street Historic Bldgs Proforma 3/27/15(Orton Development Inc.).
- <sup>8</sup> San Francisco Business and Tax Regulations Code, Article 12-C: Real Property Transfer Tax. Rate for buildings valued above \$10 M.
- <sup>9</sup> San Francisco Business and Tax Regulations Code, Article 12-D: Uniform Local Sales and Use Tax.
- <sup>10</sup> Based on employee food and goods and services spending in the vicinity of the office, as reported in the ICSC report, "Office-Worker Retail Spending in a Digital Age" (2012), for urban workers.
- <sup>11</sup> KMA assumption.
- <sup>12</sup> San Francisco Business and Tax Regulations Code, Article 9: Tax on Occupancy of Parking Space in Parking Stations. Per the City and County of San Francisco Controller's Office, since the 25% parking tax is usually already included in the posted parking rate, this results in 20 percent of the patron's total parking charges being attributed to the parking tax. However, Orton pro forma assumes 25% tax on top of a \$100 per month parking fee.
- <sup>13</sup> Proposition A, passed in November 2007, specified that beginning in FY 2008-09, the Parking Tax be allocated between the General Fund (20%) and MTA (80%). City and County of San Francisco Controller's Office.
- <sup>14</sup> Starting in 2014, the payroll expense tax will be phased out and replaced with the gross receipts tax.
- <sup>15</sup> Table 2.
- <sup>16</sup> Based on information for the American Industrial Center, a comparable existing business facility.
- <sup>17</sup> Table 7.
- <sup>18</sup> Adjustment to 100% occupancy for payroll and gross receipts calculations, Table 4b.
- <sup>19</sup> San Francisco Business and Tax Regulations Code, Article 12-A: Payroll Expense Tax Ordinance.
- <sup>20</sup> San Francisco Business and Tax Regulations Code, Article 12-A-1: Gross Receipts Tax Ordinance.
- <sup>21</sup> The Payroll Expense and Gross Receipts Tax ordinances apply only to business activities performed in San Francisco. In addition, for a limited number of years the ordinances exclude certain bio-tech and clean-tech activities, as well as certain stock-based compensation. The adjustment factor is applied to the estimates to take into account these provisions.
- <sup>22</sup> San Francisco Business and Tax Regulations Code Article 12: Business Registration Fee.
- <sup>23</sup> These factors are based on the methodology used in the Infrastructure Financing Plan, Infrastructure Financing District No. 1 (Rincon Hill Area) updated with data from the Adopted 2015/16 budget.
- <sup>24</sup> Per San Francisco Business and Tax Regulations Code Article 10: Utility Users Tax, non-residential users pay telephone, water, gas, electric, and steam users utility taxes; residential and non-residential users pay cellular telephone and access line taxes. It has been assumed for purposes of these estimates that most residential users use cellular rather than land-line telephone service.
- <sup>25</sup> Per the report Pier 70 Waterfront Site and Illinois Street Parcel Development Projects: Findings of Fiscal Responsibility and Feasibility, by Economic Planning Systems in May 2013, and Board of Equalization.

**Table 4a  
General Fund Revenues Estimate  
Fiscal and Economic Impact Analysis  
Pier 70 - Historic Core  
Port of San Francisco**

**November 4, 2015**

Revenue Source	Measure <sup>1</sup>	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27
<i>AV on Tax Roll (\$1,000s)</i> <sup>2</sup>		\$0	\$3,998	\$39,980	\$59,970	\$79,960	\$81,559	\$83,191	\$84,854	\$86,552	\$88,283	\$90,048	\$91,849
<i>Non-AV Revenue Escalation</i> <sup>1</sup>	3.0%	100.0%	103.0%	106.1%	109.3%	112.6%	115.9%	119.4%	123.0%	126.7%	130.5%	134.4%	138.4%
Employees <sup>3</sup>		0	34	360	458	458	458	458	458	458	458	458	458
Restaurant SF <sup>3</sup>		0	2,676	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces <sup>3</sup>		0	75	285	285	285	285	285	285	285	285	285	285
Leasable SF <sup>3</sup>		0	17,237	180,040	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Service Population <sup>3</sup>		0	11	120	153	153	153	153	153	153	153	153	153
Possessory Interest Tax Not Deposited into IFD <sup>2</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	<i>\$1.07 /\$1,000 AV</i>	\$0	\$4,262	\$42,619	\$63,929	\$85,239	\$86,943	\$88,683	\$90,456	\$92,266	\$94,111	\$95,993	\$97,913
Property Transfer Tax	<i>\$12.50 /\$500 AV</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax													
Employee Non- Restaurant	<i>1.00% \$2,276/empl</i>	\$0	\$797	\$8,693	\$11,391	\$11,732	\$12,084	\$12,447	\$12,820	\$13,205	\$13,601	\$14,009	\$14,429
Employee Restaurant	<i>1.00% \$263/empl</i>	\$0	\$92	\$1,004	\$1,316	\$1,355	\$1,396	\$1,438	\$1,481	\$1,525	\$1,571	\$1,618	\$1,667
Project Restaurant	<i>1.00% \$500 psf</i>	<u>\$0</u>	<u>\$13,780</u>	<u>\$53,935</u>	<u>\$55,553</u>	<u>\$57,220</u>	<u>\$58,937</u>	<u>\$60,705</u>	<u>\$62,526</u>	<u>\$64,402</u>	<u>\$66,334</u>	<u>\$68,324</u>	<u>\$70,373</u>
		\$0	\$14,669	\$63,632	\$68,260	\$70,308	\$72,417	\$74,589	\$76,827	\$79,132	\$81,506	\$83,951	\$86,470
Parking Tax													
Total Revenues	<i>\$100/sp 95% occ</i>	<u>\$0</u>	<u>\$88,065</u>	<u>\$344,686</u>	<u>\$355,027</u>	<u>\$365,678</u>	<u>\$376,648</u>	<u>\$387,948</u>	<u>\$399,586</u>	<u>\$411,574</u>	<u>\$423,921</u>	<u>\$436,638</u>	<u>\$449,738</u>
General Fund Taxes	<i>25% 20% to GF</i>	\$0	\$4,403	\$17,234	\$17,751	\$18,284	\$18,832	\$19,397	\$19,979	\$20,579	\$21,196	\$21,832	\$22,487
Payroll Tax <sup>4</sup>		\$0	\$13,694	\$74,856	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax <sup>4</sup>		\$0	\$6,861	\$112,504	\$193,418	\$199,220	\$205,197	\$211,353	\$217,694	\$224,224	\$230,951	\$237,880	\$245,016
Business Registration Fee													
Businesses	<i>3,000 sf per bus.</i>	0	6	60	76	76	76	76	76	76	76	76	76
If Gross Receipts \$0.75 to \$1 M	<i>\$700 per business</i>	\$0	\$4,326	\$44,558	\$58,133	\$59,877	\$61,673	\$63,524	\$65,429	\$67,392	\$69,414	\$71,496	\$73,641
If Gross Receipts \$1 to \$2.5 M	<i>\$300 per business</i>	\$0	\$1,854	\$19,096	\$24,914	\$25,662	\$26,431	\$27,224	\$28,041	\$28,882	\$29,749	\$30,641	\$31,561
Utility Users Tax													
Water Users Tax	<i>\$6.10 per empl</i>	\$0	\$214	\$2,329	\$3,052	\$3,144	\$3,238	\$3,335	\$3,436	\$3,539	\$3,645	\$3,754	\$3,867
Gas Electric Steam Users Tax	<i>\$66.24 per empl</i>	\$0	\$2,320	\$25,300	\$33,152	\$34,147	\$35,171	\$36,227	\$37,313	\$38,433	\$39,586	\$40,773	\$41,996
Telephone Users Tax	<i>\$46.85 per svc popn</i>	\$0	\$547	\$5,964	\$7,815	\$8,050	\$8,291	\$8,540	\$8,796	\$9,060	\$9,332	\$9,612	\$9,900
Access Line Tax	<i>\$43.42 per svc popn</i>	<u>\$0</u>	<u>\$507</u>	<u>\$5,528</u>	<u>\$7,244</u>	<u>\$7,461</u>	<u>\$7,685</u>	<u>\$7,916</u>	<u>\$8,153</u>	<u>\$8,398</u>	<u>\$8,650</u>	<u>\$8,909</u>	<u>\$9,176</u>
		\$0	\$3,587	\$39,121	\$51,264	\$52,802	\$54,386	\$56,018	\$57,698	\$59,429	\$61,212	\$63,048	\$64,940
License, Permit, Franchise Fees	<i>\$25.87 per svc popn</i>	\$0	\$302	\$3,293	\$4,316	\$4,445	\$4,578	\$4,716	\$4,857	\$5,003	\$5,153	\$5,308	\$5,467
Fines, Forfeitures, Penalties	<i>\$4.36 per svc popn</i>	\$0	\$51	\$555	\$727	\$749	\$771	\$795	\$818	\$843	\$868	\$894	\$921
<b>Total General Fund Revenue if Avg. Gross Receipts &lt; \$1 M</b>		\$0	\$45,295	\$285,869	\$264,380	\$291,703	\$299,602	\$307,721	\$316,065	\$324,644	\$333,460	\$342,522	\$351,838
<b>Total General Fund Revenue if Avg. Gross Receipts &gt; \$1 M</b>		\$0	\$49,684	\$372,912	\$424,579	\$456,708	\$469,557	\$482,775	\$496,371	\$510,358	\$524,746	\$539,547	\$554,773

<sup>1</sup> Table 3.

<sup>3</sup> Table 2.

<sup>2</sup> Table 2a.

<sup>4</sup> Table 4b.

**Table 4a**  
**General Fund Revenues Estimate**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

Revenue Source	Measure <sup>1</sup>	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	FY 36/37	FY 37/38	FY 38/39
AV on Tax Roll (\$1,000s) <sup>2</sup>		\$93,686	\$95,560	\$97,471	\$99,420	\$101,409	\$103,437	\$105,506	\$107,616	\$109,768	\$111,963	\$114,203	\$116,487
Non-AV Revenue Escalation <sup>1</sup>	3.0%	142.6%	146.9%	151.3%	155.8%	160.5%	165.3%	170.2%	175.4%	180.6%	186.0%	191.6%	197.4%
Employees <sup>3</sup>		458	458	458	458	458	458	458	458	458	458	458	458
Restaurant SF <sup>3</sup>		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces <sup>3</sup>		285	285	285	285	285	285	285	285	285	285	285	285
Leasable SF <sup>3</sup>		229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Service Population <sup>3</sup>		153	153	153	153	153	153	153	153	153	153	153	153
Possessory Interest Tax Not Deposited into IFD <sup>2</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$1.07 /\$1,000 AV	\$99,871	\$101,868	\$103,906	\$105,984	\$108,103	\$110,266	\$112,471	\$114,720	\$117,015	\$119,355	\$121,742	\$124,177
Property Transfer Tax	\$12.50 /\$500 AV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax													
Employee Non- Restaurant	1.00% \$2,276/empl	\$14,862	\$15,308	\$15,767	\$16,240	\$16,728	\$17,229	\$17,746	\$18,279	\$18,827	\$19,392	\$19,974	\$20,573
Employee Restaurant	1.00% \$263/empl	\$1,717	\$1,768	\$1,821	\$1,876	\$1,932	\$1,990	\$2,050	\$2,111	\$2,175	\$2,240	\$2,307	\$2,376
Project Restaurant	1.00% \$500 psf	<u>\$72,485</u>	<u>\$74,659</u>	<u>\$76,899</u>	<u>\$79,206</u>	<u>\$81,582</u>	<u>\$84,030</u>	<u>\$86,550</u>	<u>\$89,147</u>	<u>\$91,821</u>	<u>\$94,576</u>	<u>\$97,413</u>	<u>\$100,336</u>
		\$89,064	\$91,736	\$94,488	\$97,322	\$100,242	\$103,249	\$106,347	\$109,537	\$112,823	\$116,208	\$119,694	\$123,285
Parking Tax													
Total Revenues	\$100/sp 95% occ	<u>\$463,230</u>	<u>\$477,127</u>	<u>\$491,440</u>	<u>\$506,184</u>	<u>\$521,369</u>	<u>\$537,010</u>	<u>\$553,121</u>	<u>\$569,714</u>	<u>\$586,806</u>	<u>\$604,410</u>	<u>\$622,542</u>	<u>\$641,218</u>
General Fund Taxes	25% 20% to GF	\$23,161	\$23,856	\$24,572	\$25,309	\$26,068	\$26,851	\$27,656	\$28,486	\$29,340	\$30,220	\$31,127	\$32,061
Payroll Tax <sup>4</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax <sup>4</sup>		\$252,366	\$259,937	\$267,736	\$275,768	\$284,041	\$292,562	\$301,339	\$310,379	\$319,690	\$329,281	\$339,159	\$349,334
Business Registration Fee													
Businesses	3,000 sf per bus.	76	76	76	76	76	76	76	76	76	76	76	76
If Gross Receipts \$0.75 to \$1 M	\$700 per business	\$75,850	\$78,126	\$80,470	\$82,884	\$85,370	\$87,931	\$90,569	\$93,287	\$96,085	\$98,968	\$101,937	\$104,995
If Gross Receipts \$1 to \$2.5 M	\$300 per business	\$32,507	\$33,483	\$34,487	\$35,522	\$36,587	\$37,685	\$38,815	\$39,980	\$41,179	\$42,415	\$43,687	\$44,998
Utility Users Tax													
Water Users Tax	\$6.10 per empl	\$3,983	\$4,102	\$4,225	\$4,352	\$4,483	\$4,617	\$4,756	\$4,898	\$5,045	\$5,197	\$5,352	\$5,513
Gas Electric Steam Users Tax	\$66.24 per empl	\$43,256	\$44,554	\$45,891	\$47,267	\$48,685	\$50,146	\$51,650	\$53,200	\$54,796	\$56,440	\$58,133	\$59,877
Telephone Users Tax	\$46.85 per svc popn	\$10,197	\$10,503	\$10,818	\$11,143	\$11,477	\$11,821	\$12,176	\$12,541	\$12,917	\$13,305	\$13,704	\$14,115
Access Line Tax	\$43.42 per svc popn	<u>\$9,452</u>	<u>\$9,735</u>	<u>\$10,027</u>	<u>\$10,328</u>	<u>\$10,638</u>	<u>\$10,957</u>	<u>\$11,286</u>	<u>\$11,624</u>	<u>\$11,973</u>	<u>\$12,332</u>	<u>\$12,702</u>	<u>\$13,083</u>
		\$66,888	\$68,895	\$70,961	\$73,090	\$75,283	\$77,541	\$79,868	\$82,264	\$84,732	\$87,274	\$89,892	\$92,588
License, Permit, Franchise Fees	\$25.87 per svc popn	\$5,631	\$5,800	\$5,974	\$6,153	\$6,338	\$6,528	\$6,724	\$6,925	\$7,133	\$7,347	\$7,567	\$7,794
Fines, Forfeitures, Penalties	\$4.36 per svc popn	\$949	\$977	\$1,007	\$1,037	\$1,068	\$1,100	\$1,133	\$1,167	\$1,202	\$1,238	\$1,275	\$1,313
<b>Total General Fund Revenue if Avg. Gross Receipts &lt; \$1 M</b>		\$361,414	\$371,258	\$381,377	\$391,779	\$402,473	\$413,466	\$424,767	\$436,385	\$448,330	\$460,609	\$473,234	\$486,214
<b>Total General Fund Revenue if Avg. Gross Receipts &gt; \$1 M</b>		\$570,437	\$586,552	\$603,130	\$620,185	\$637,730	\$655,781	\$674,352	\$693,458	\$713,114	\$733,338	\$754,144	\$775,551

<sup>1</sup> Table 3.

<sup>3</sup> Table 2.

<sup>2</sup> Table 2a.

<sup>4</sup> Table 4b.

**Table 4a**  
**General Fund Revenues Estimate**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

Revenue Source	Measure <sup>1</sup>	FY 39/40	FY 40/41	FY 41/42	FY 42/43	FY 43/44	FY 44/45	FY 45/46	FY 46/47	FY 47/48	FY 48/49	FY 49/50	FY 50/51
AV on Tax Roll (\$1,000s) <sup>2</sup>		\$118,816	\$121,193	\$123,617	\$126,089	\$128,611	\$131,183	\$133,807	\$136,483	\$139,212	\$141,997	\$144,837	\$147,733
Non-AV Revenue Escalation <sup>1</sup>	3.0%	203.3%	209.4%	215.7%	222.1%	228.8%	235.7%	242.7%	250.0%	257.5%	265.2%	273.2%	281.4%
Employees <sup>3</sup>		458	458	458	458	458	458	458	458	458	458	458	458
Restaurant SF <sup>3</sup>		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces <sup>3</sup>		285	285	285	285	285	285	285	285	285	285	285	285
Leasable SF <sup>3</sup>		229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Service Population <sup>3</sup>		153	153	153	153	153	153	153	153	153	153	153	153
Possessory Interest Tax Not Deposited into IFD <sup>2</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$1.07 /\$1,000 AV	\$126,660	\$129,194	\$131,778	\$134,413	\$137,101	\$139,843	\$142,640	\$145,493	\$148,403	\$151,371	\$154,398	\$157,486
Property Transfer Tax	\$12.50 /\$500 AV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax													
Employee Non- Restaurant	1.00% \$2,276/empl	\$21,190	\$21,826	\$22,480	\$23,155	\$23,850	\$24,565	\$25,302	\$26,061	\$26,843	\$27,648	\$28,478	\$29,332
Employee Restaurant	1.00% \$263/empl	\$2,448	\$2,521	\$2,597	\$2,675	\$2,755	\$2,837	\$2,923	\$3,010	\$3,101	\$3,194	\$3,289	\$3,388
Project Restaurant	1.00% \$500 psf	<u>\$103,346</u>	<u>\$106,446</u>	<u>\$109,639</u>	<u>\$112,929</u>	<u>\$116,317</u>	<u>\$119,806</u>	<u>\$123,400</u>	<u>\$127,102</u>	<u>\$130,915</u>	<u>\$134,843</u>	<u>\$138,888</u>	<u>\$143,055</u>
		\$126,983	\$130,793	\$134,717	\$138,758	\$142,921	\$147,209	\$151,625	\$156,174	\$160,859	\$165,685	\$170,655	\$175,775
Parking Tax													
Total Revenues	\$100/sp 95% occ	<u>\$660,455</u>	<u>\$680,268</u>	<u>\$700,677</u>	<u>\$721,697</u>	<u>\$743,348</u>	<u>\$765,648</u>	<u>\$788,618</u>	<u>\$812,276</u>	<u>\$836,644</u>	<u>\$861,744</u>	<u>\$887,596</u>	<u>\$914,224</u>
General Fund Taxes	25% 20% to GF	\$33,023	\$34,013	\$35,034	\$36,085	\$37,167	\$38,282	\$39,431	\$40,614	\$41,832	\$43,087	\$44,380	\$45,711
Payroll Tax <sup>4</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax <sup>4</sup>		\$359,814	\$370,609	\$381,727	\$393,179	\$404,974	\$417,123	\$429,637	\$442,526	\$455,802	\$469,476	\$483,560	\$498,067
Business Registration Fee													
Businesses	3,000 sf per bus.	76	76	76	76	76	76	76	76	76	76	76	76
If Gross Receipts \$0.75 to \$1 M	\$700 per business	\$108,145	\$111,389	\$114,731	\$118,173	\$121,718	\$125,369	\$129,130	\$133,004	\$136,994	\$141,104	\$145,337	\$149,697
If Gross Receipts \$1 to \$2.5 M	\$300 per business	\$46,348	\$47,738	\$49,170	\$50,645	\$52,165	\$53,730	\$55,342	\$57,002	\$58,712	\$60,473	\$62,287	\$64,156
Utility Users Tax													
Water Users Tax	\$6.10 per empl	\$5,678	\$5,849	\$6,024	\$6,205	\$6,391	\$6,583	\$6,780	\$6,984	\$7,193	\$7,409	\$7,631	\$7,860
Gas Electric Steam Users Tax	\$66.24 per empl	\$61,673	\$63,523	\$65,429	\$67,392	\$69,414	\$71,496	\$73,641	\$75,850	\$78,126	\$80,470	\$82,884	\$85,370
Telephone Users Tax	\$46.85 per svc popn	\$14,539	\$14,975	\$15,424	\$15,887	\$16,363	\$16,854	\$17,360	\$17,881	\$18,417	\$18,970	\$19,539	\$20,125
Access Line Tax	\$43.42 per svc popn	<u>\$13,476</u>	<u>\$13,880</u>	<u>\$14,296</u>	<u>\$14,725</u>	<u>\$15,167</u>	<u>\$15,622</u>	<u>\$16,091</u>	<u>\$16,574</u>	<u>\$17,071</u>	<u>\$17,583</u>	<u>\$18,110</u>	<u>\$18,654</u>
		\$95,366	\$98,227	\$101,174	\$104,209	\$107,335	\$110,555	\$113,872	\$117,288	\$120,807	\$124,431	\$128,164	\$132,009
License, Permit, Franchise Fees	\$25.87 per svc popn	\$8,028	\$8,269	\$8,517	\$8,773	\$9,036	\$9,307	\$9,586	\$9,874	\$10,170	\$10,475	\$10,789	\$11,113
Fines, Forfeitures, Penalties	\$4.36 per svc popn	\$1,353	\$1,393	\$1,435	\$1,478	\$1,523	\$1,568	\$1,615	\$1,664	\$1,714	\$1,765	\$1,818	\$1,873
<b>Total General Fund Revenue if Avg. Gross Receipts &lt; \$1 M</b>		\$499,558	\$513,279	\$527,385	\$541,889	\$556,801	\$572,134	\$587,900	\$604,111	\$620,779	\$637,918	\$655,542	\$673,664
<b>Total General Fund Revenue if Avg. Gross Receipts &gt; \$1 M</b>		\$797,576	\$820,236	\$843,552	\$867,540	\$892,222	\$917,618	\$943,748	\$970,634	\$998,298	\$1,026,763	\$1,056,052	\$1,086,190

<sup>1</sup> Table 3.

<sup>3</sup> Table 2.

<sup>2</sup> Table 2a.

<sup>4</sup> Table 4b.



**Table 4a**  
**General Fund Revenues Estimate**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

Revenue Source	Measure <sup>1</sup>	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61	FY 61/62
AV on Tax Roll (\$1,000s) <sup>2</sup>		\$150,688	\$153,702	\$156,776	\$159,911	\$163,109	\$166,372	\$169,699	\$173,093	\$176,555	\$180,086	\$183,688
Non-AV Revenue Escalation <sup>1</sup>	3.0%	289.8%	298.5%	307.5%	316.7%	326.2%	336.0%	346.1%	356.5%	367.1%	378.2%	389.5%
Employees <sup>3</sup>		458	458	458	458	458	458	458	458	458	458	458
Restaurant SF <sup>3</sup>		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces <sup>3</sup>		285	285	285	285	285	285	285	285	285	285	285
Leasable SF <sup>3</sup>		229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Service Population <sup>3</sup>		153	153	153	153	153	153	153	153	153	153	153
Possessory Interest Tax Not Deposited into IFD <sup>2</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$1.07 /\$1,000 AV	\$160,636	\$163,849	\$167,126	\$170,468	\$173,878	\$177,355	\$180,902	\$184,520	\$188,211	\$191,975	\$195,814
Property Transfer Tax	\$12.50 /\$500 AV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax												
Employee Non- Restaurant	1.00% \$2,276/empl	\$30,212	\$31,118	\$32,052	\$33,013	\$34,004	\$35,024	\$36,075	\$37,157	\$38,272	\$39,420	\$40,602
Employee Restaurant	1.00% \$263/empl	\$3,490	\$3,594	\$3,702	\$3,813	\$3,928	\$4,046	\$4,167	\$4,292	\$4,421	\$4,553	\$4,690
Project Restaurant	1.00% \$500 psf	<u>\$147,346</u>	<u>\$151,767</u>	<u>\$156,320</u>	<u>\$161,009</u>	<u>\$165,840</u>	<u>\$170,815</u>	<u>\$175,939</u>	<u>\$181,217</u>	<u>\$186,654</u>	<u>\$192,253</u>	<u>\$198,021</u>
		\$181,048	\$186,479	\$192,074	\$197,836	\$203,771	\$209,884	\$216,181	\$222,666	\$229,346	\$236,227	\$243,313
Parking Tax												
Total Revenues	\$100/sp 95% occ	<u>\$941,651</u>	<u>\$969,900</u>	<u>\$998,997</u>	<u>\$1,028,967</u>	<u>\$1,059,836</u>	<u>\$1,091,631</u>	<u>\$1,124,380</u>	<u>\$1,158,111</u>	<u>\$1,192,855</u>	<u>\$1,228,640</u>	<u>\$1,265,500</u>
General Fund Taxes	25% 20% to GF	\$47,083	\$48,495	\$49,950	\$51,448	\$52,992	\$54,582	\$56,219	\$57,906	\$59,643	\$61,432	\$63,275
Payroll Tax <sup>4</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax <sup>4</sup>		\$513,009	\$528,399	\$544,251	\$560,579	\$577,396	\$594,718	\$612,560	\$630,936	\$649,865	\$669,360	\$689,441
Business Registration Fee												
Businesses	3,000 sf per bus.	76	76	76	76	76	76	76	76	76	76	76
If Gross Receipts \$0.75 to \$1 M	\$700 per business	\$154,188	\$158,814	\$163,578	\$168,486	\$173,540	\$178,747	\$184,109	\$189,632	\$195,321	\$201,181	\$207,216
If Gross Receipts \$1 to \$2.5 M	\$300 per business	\$66,081	\$68,063	\$70,105	\$72,208	\$74,374	\$76,606	\$78,904	\$81,271	\$83,709	\$86,220	\$88,807
Utility Users Tax												
Water Users Tax	\$6.10 per empl	\$8,096	\$8,339	\$8,589	\$8,847	\$9,112	\$9,386	\$9,667	\$9,957	\$10,256	\$10,564	\$10,880
Gas Electric Steam Users Tax	\$66.24 per empl	\$87,931	\$90,569	\$93,286	\$96,085	\$98,967	\$101,936	\$104,995	\$108,144	\$111,389	\$114,730	\$118,172
Telephone Users Tax	\$46.85 per svc popn	\$20,729	\$21,351	\$21,991	\$22,651	\$23,330	\$24,030	\$24,751	\$25,494	\$26,258	\$27,046	\$27,858
Access Line Tax	\$43.42 per svc popn	<u>\$19,213</u>	<u>\$19,790</u>	<u>\$20,383</u>	<u>\$20,995</u>	<u>\$21,625</u>	<u>\$22,273</u>	<u>\$22,942</u>	<u>\$23,630</u>	<u>\$24,339</u>	<u>\$25,069</u>	<u>\$25,821</u>
		\$135,969	\$140,048	\$144,250	\$148,577	\$153,035	\$157,626	\$162,354	\$167,225	\$172,242	\$177,409	\$182,731
License, Permit, Franchise Fees	\$25.87 per svc popn	\$11,446	\$11,790	\$12,144	\$12,508	\$12,883	\$13,270	\$13,668	\$14,078	\$14,500	\$14,935	\$15,383
Fines, Forfeitures, Penalties	\$4.36 per svc popn	\$1,929	\$1,987	\$2,046	\$2,108	\$2,171	\$2,236	\$2,303	\$2,372	\$2,443	\$2,517	\$2,592
<b>Total General Fund Revenue if Avg. Gross Receipts &lt; \$1 M</b>		\$692,299	\$711,462	\$731,167	\$751,431	\$772,270	\$793,699	\$815,736	\$838,399	\$861,706	\$885,675	\$910,326
<b>Total General Fund Revenue if Avg. Gross Receipts &gt; \$1 M</b>		\$1,117,201	\$1,149,111	\$1,181,945	\$1,215,732	\$1,250,500	\$1,286,276	\$1,323,091	\$1,360,974	\$1,399,958	\$1,440,075	\$1,481,358

<sup>1</sup> Table 3.

<sup>3</sup> Table 2.

<sup>2</sup> Table 2a.

<sup>4</sup> Table 4b.

**Table 4b  
Payroll and Gross Receipts Taxes  
Fiscal and Economic Impact Analysis  
Pier 70 - Historic Core  
Port of San Francisco**

Payroll / Gross Receipts Tax Calculation			FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
<b>Occupancy <sup>1</sup></b>																		
Building 101			0%	25%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 102			0%	25%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 104			0%	0%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 113			0%	0%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 114			0%	0%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 115			0%	0%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 116			0%	0%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 14			0%	0%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
<b>Occupied Square Feet in Taxable Businesses</b>																		
	<i>taxable sf <sup>2</sup></i>																	
Building 101	58,245		0	14,561	43,684	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333
Building 102	10,703		0	2,676	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Building 104	43,471		0	0	32,603	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297
Building 113	60,743		0	0	45,557	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706
Building 114	15,444		0	0	11,583	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672
Building 115	12,555		0	0	9,416	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927
Building 116	24,259		0	0	18,194	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046
Building 14	15,662		0	0	11,747	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879
	241,082		0	17,237	182,952	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Taxable Occupied sf % of Total	241,082 total sf		0.0%	7.1%	75.9%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
<b>Payroll Tax</b>																		
Taxable Payroll (\$1,000s) <sup>3</sup>	\$33,059	3.0% escln	\$0	\$2,435	\$26,616	\$34,318	\$35,348	\$36,408	\$37,500	\$38,625	\$39,784	\$40,978	\$42,207	\$43,473	\$44,777	\$46,121	\$47,504	\$48,930
Taxable SF Payroll (\$1,000s) <sup>3</sup>		75%	\$0	\$1,826	\$19,962	\$25,739	\$26,511	\$27,306	\$28,125	\$28,969	\$29,838	\$30,733	\$31,655	\$32,605	\$33,583	\$34,591	\$35,628	\$36,697
Payroll Tax Rate			1.125%	0.750%	0.375%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Total Tax			\$0	\$13,694	\$74,856	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Gross Receipts Tax</b>																		
Taxable Gr. Receipts (\$1,000s) <sup>3</sup>	\$75,567	3.0% escln	\$0	\$5,565	\$60,839	\$78,446	\$80,799	\$83,223	\$85,720	\$88,291	\$90,940	\$93,668	\$96,478	\$99,373	\$102,354	\$105,425	\$108,587	\$111,845
Taxable SF Gr. Receipts (\$1,000s) <sup>3</sup>		75%	\$0	\$4,174	\$45,629	\$58,834	\$60,599	\$62,417	\$64,290	\$66,219	\$68,205	\$70,251	\$72,359	\$74,530	\$76,765	\$79,068	\$81,440	\$83,884
Gross Receipts Phase-In Rate <sup>3</sup>			25%	50%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Tax <sup>3</sup>		0.329%	\$0	\$6,861	\$112,504	\$193,418	\$199,220	\$205,197	\$211,353	\$217,694	\$224,224	\$230,951	\$237,880	\$245,016	\$252,366	\$259,937	\$267,736	\$275,768

<sup>1</sup> 20th Street Historic Bldgs Proforma 3/27/15 (Orton Development Inc.) with KMA adjustments to match construction completion to fiscal years from 2015 to 2017.

<sup>2</sup> Table 2.

<sup>3</sup> Table 3.

**Table 4b**  
**Payroll and Gross Receipts Taxes**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

Payroll / Gross Receipts Tax Calculation			FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	FY 36/37	FY 37/38	FY 38/39	FY 39/40	FY 40/41	FY 41/42	FY 42/43	FY 43/44	FY 44/45	FY 45/46	FY 46/47
<b>Occupancy</b> <sup>1</sup>																		
Building 101			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 102			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 104			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 113			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 114			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 115			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 116			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 14			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
<b>Occupied Square Feet in Taxable Businesses</b>																		
	<i>taxable sf</i> <sup>2</sup>																	
Building 101	58,245		55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333
Building 102	10,703		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Building 104	43,471		41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297
Building 113	60,743		57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706
Building 114	15,444		14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672
Building 115	12,555		11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927
Building 116	24,259		23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046
Building 14	15,662		14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879
	241,082		229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Taxable Occupied sf % of Total	241,082 total sf		95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
<b>Payroll Tax</b>																		
Taxable Payroll (\$1,000s) <sup>3</sup>	\$33,059	3.0% escln	\$50,397	\$51,909	\$53,467	\$55,071	\$56,723	\$58,424	\$60,177	\$61,982	\$63,842	\$65,757	\$67,730	\$69,762	\$71,855	\$74,010	\$76,231	\$78,518
Taxable SF Payroll (\$1,000s) <sup>3</sup>		75%	\$37,798	\$38,932	\$40,100	\$41,303	\$42,542	\$43,818	\$45,133	\$46,487	\$47,881	\$49,318	\$50,797	\$52,321	\$53,891	\$55,508	\$57,173	\$58,888
Payroll Tax Rate			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Total Tax			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Gross Receipts Tax</b>																		
Taxable Gr. Receipts (\$1,000s) <sup>3</sup>	\$75,567	3.0% escln	\$115,200	\$118,656	\$122,216	\$125,882	\$129,659	\$133,549	\$137,555	\$141,682	\$145,932	\$150,310	\$154,820	\$159,464	\$164,248	\$169,175	\$174,251	\$179,478
Taxable SF Gr. Receipts (\$1,000s) <sup>3</sup>		75%	\$86,400	\$88,992	\$91,662	\$94,412	\$97,244	\$100,162	\$103,166	\$106,261	\$109,449	\$112,733	\$116,115	\$119,598	\$123,186	\$126,882	\$130,688	\$134,609
Gross Receipts Phase-In Rate <sup>3</sup>			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Tax <sup>3</sup>		0.329%	\$284,041	\$292,562	\$301,339	\$310,379	\$319,690	\$329,281	\$339,159	\$349,334	\$359,814	\$370,609	\$381,727	\$393,179	\$404,974	\$417,123	\$429,637	\$442,526

<sup>1</sup> 20th Street Historic Bldgs Proforma 3/27/15 (Orton Development Inc.) with KMA adjustments to match construction completion to fiscal years from 2015 to 2017.

<sup>2</sup> Table 2.

<sup>3</sup> Table 3.

**Table 4b**  
**Payroll and Gross Receipts Taxes**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

Payroll / Gross Receipts Tax Calculation			FY 47/48	FY 48/49	FY 49/50	FY 50/51	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61
Occupancy <sup>1</sup>																
Building 101			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 102			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 104			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 113			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 114			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 115			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 116			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 14			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Occupied Square Feet in Taxable Businesses	<i>taxable sf <sup>2</sup></i>															
Building 101	58,245		55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333
Building 102	10,703		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Building 104	43,471		41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297
Building 113	60,743		57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706
Building 114	15,444		14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672
Building 115	12,555		11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927
Building 116	24,259		23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046
Building 14	15,662		14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879
	241,082		229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Taxable Occupied sf % of Total	241,082 total sf		95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
<b>Payroll Tax</b>																
Taxable Payroll (\$1,000s) <sup>3</sup>	\$33,059	3.0% escln	\$80,873	\$83,299	\$85,798	\$88,372	\$91,023	\$93,754	\$96,567	\$99,464	\$102,448	\$105,521	\$108,687	\$111,947	\$115,306	\$118,765
Taxable SF Payroll (\$1,000s) <sup>3</sup>		75%	\$60,655	\$62,474	\$64,349	\$66,279	\$68,267	\$70,316	\$72,425	\$74,598	\$76,836	\$79,141	\$81,515	\$83,960	\$86,479	\$89,074
Payroll Tax Rate			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Total Tax			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Gross Receipts Tax</b>																
Taxable Gr. Receipts (\$1,000s) <sup>3</sup>	\$75,567	3.0% escln	\$184,863	\$190,408	\$196,121	\$202,004	\$208,065	\$214,306	\$220,736	\$227,358	\$234,178	\$241,204	\$248,440	\$255,893	\$263,570	\$271,477
Taxable SF Gr. Receipts (\$1,000s) <sup>3</sup>		75%	\$138,647	\$142,806	\$147,091	\$151,503	\$156,048	\$160,730	\$165,552	\$170,518	\$175,634	\$180,903	\$186,330	\$191,920	\$197,677	\$203,608
Gross Receipts Phase-In Rate <sup>3</sup>			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Tax <sup>3</sup>		0.329%	\$455,802	\$469,476	\$483,560	\$498,067	\$513,009	\$528,399	\$544,251	\$560,579	\$577,396	\$594,718	\$612,560	\$630,936	\$649,865	\$669,360

<sup>1</sup> 20th Street Historic Bldgs Proforma 3/27/15 (Orton Development Inc.) with KMA adjustments to match construction completion to fiscal years from 2015 to 2017.

<sup>2</sup> Table 2.

<sup>3</sup> Table 3.

**Table 4c**  
**Other Fund Revenues Estimate**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

Revenue Source	Measure <sup>1</sup>	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27
Revenue Escalation <sup>1</sup>	3.0%	100.0%	103.0%	106.1%	109.3%	112.6%	115.9%	119.4%	123.0%	126.7%	130.5%	134.4%	138.4%
Employees <sup>2</sup>		0	34	360	458	458	458	458	458	458	458	458	458
Restaurant SF <sup>2</sup>		0	2,676	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces <sup>2</sup>		0	75	285	285	285	285	285	285	285	285	285	285

<b>Sales Tax</b>													
<b>Taxable Spending (\$1,000s)</b>													
Employee Non- Rest.	\$2,276 per empl	\$0	\$80	\$869	\$1,139	\$1,173	\$1,208	\$1,245	\$1,282	\$1,320	\$1,360	\$1,401	\$1,443
Employee Restaurant	\$263 per empl	\$0	\$9	\$100	\$132	\$136	\$140	\$144	\$148	\$153	\$157	\$162	\$167
Project Restaurant	\$500 per sf	<u>\$0</u>	<u>\$1,378</u>	<u>\$5,394</u>	<u>\$5,555</u>	<u>\$5,722</u>	<u>\$5,894</u>	<u>\$6,070</u>	<u>\$6,253</u>	<u>\$6,440</u>	<u>\$6,633</u>	<u>\$6,832</u>	<u>\$7,037</u>
		\$0	\$1,467	\$6,363	\$6,826	\$7,031	\$7,242	\$7,459	\$7,683	\$7,913	\$8,151	\$8,395	\$8,647
<b>Public Safety Sales Tax</b>	0.50%	\$0	\$7,335	\$31,816	\$34,130	\$35,154	\$36,208	\$37,295	\$38,414	\$39,566	\$40,753	\$41,975	\$43,235
<b>SF County Transportation</b>	0.50%	\$0	\$7,335	\$31,816	\$34,130	\$35,154	\$36,208	\$37,295	\$38,414	\$39,566	\$40,753	\$41,975	\$43,235
<b>SF County Public Finance</b>	0.25%	\$0	\$3,667	\$15,908	\$17,065	\$17,577	\$18,104	\$18,647	\$19,207	\$19,783	\$20,376	\$20,988	\$21,617
<b>MTA Parking Tax</b>													
Total Revenues	\$100/sp 95% occ	<u>\$0</u>	<u>\$88,065</u>	<u>\$344,686</u>	<u>\$355,027</u>	<u>\$365,678</u>	<u>\$376,648</u>	<u>\$387,948</u>	<u>\$399,586</u>	<u>\$411,574</u>	<u>\$423,921</u>	<u>\$436,638</u>	<u>\$449,738</u>
MTA Taxes	25% 80% MTA	\$0	\$17,613	\$68,937	\$71,005	\$73,136	\$75,330	\$77,590	\$79,917	\$82,315	\$84,784	\$87,328	\$89,948

<sup>1</sup> Table 3.

<sup>2</sup> Table 2.

**Table 4c**  
**Other Fund Revenues Estimate**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

Revenue Source	Measure <sup>1</sup>	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	FY 36/37	FY 37/38	FY 38/39
Revenue Escalation <sup>1</sup>	3.0%	142.6%	146.9%	151.3%	155.8%	160.5%	165.3%	170.2%	175.4%	180.6%	186.0%	191.6%	197.4%
Employees <sup>2</sup>		458	458	458	458	458	458	458	458	458	458	458	458
Restaurant SF <sup>2</sup>		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces <sup>2</sup>		285	285	285	285	285	285	285	285	285	285	285	285

<b>Sales Tax</b>													
Taxable Spending (\$1,000s)													
Employee Non- Rest.	\$2,276 per empl	\$1,486	\$1,531	\$1,577	\$1,624	\$1,673	\$1,723	\$1,775	\$1,828	\$1,883	\$1,939	\$1,997	\$2,057
Employee Restaurant	\$263 per empl	\$172	\$177	\$182	\$188	\$193	\$199	\$205	\$211	\$217	\$224	\$231	\$238
Project Restaurant	\$500 per sf	<u>\$7,248</u>	<u>\$7,466</u>	<u>\$7,690</u>	<u>\$7,921</u>	<u>\$8,158</u>	<u>\$8,403</u>	<u>\$8,655</u>	<u>\$8,915</u>	<u>\$9,182</u>	<u>\$9,458</u>	<u>\$9,741</u>	<u>\$10,034</u>
		\$8,906	\$9,174	\$9,449	\$9,732	\$10,024	\$10,325	\$10,635	\$10,954	\$11,282	\$11,621	\$11,969	\$12,328
<b>Public Safety Sales Tax</b>	0.50%	\$44,532	\$45,868	\$47,244	\$48,661	\$50,121	\$51,625	\$53,173	\$54,768	\$56,412	\$58,104	\$59,847	\$61,642
<b>SF County Transportation</b>	0.50%	\$44,532	\$45,868	\$47,244	\$48,661	\$50,121	\$51,625	\$53,173	\$54,768	\$56,412	\$58,104	\$59,847	\$61,642
<b>SF County Public Finance</b>	0.25%	\$22,266	\$22,934	\$23,622	\$24,331	\$25,060	\$25,812	\$26,587	\$27,384	\$28,206	\$29,052	\$29,924	\$30,821
<b>MTA Parking Tax</b>													
Total Revenues	\$100/sp 95% occ	<u>\$463,230</u>	<u>\$477,127</u>	<u>\$491,440</u>	<u>\$506,184</u>	<u>\$521,369</u>	<u>\$537,010</u>	<u>\$553,121</u>	<u>\$569,714</u>	<u>\$586,806</u>	<u>\$604,410</u>	<u>\$622,542</u>	<u>\$641,218</u>
MTA Taxes	25% 80% MTA	\$92,646	\$95,425	\$98,288	\$101,237	\$104,274	\$107,402	\$110,624	\$113,943	\$117,361	\$120,882	\$124,508	\$128,244

<sup>1</sup> Table 3.

<sup>2</sup> Table 2.

**Table 4c**  
**Other Fund Revenues Estimate**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

Revenue Source	Measure <sup>1</sup>	FY 39/40	FY 40/41	FY 41/42	FY 42/43	FY 43/44	FY 44/45	FY 45/46	FY 46/47	FY 47/48	FY 48/49	FY 49/50	FY 50/51
Revenue Escalation <sup>1</sup>	3.0%	203.3%	209.4%	215.7%	222.1%	228.8%	235.7%	242.7%	250.0%	257.5%	265.2%	273.2%	281.4%
Employees <sup>2</sup>		458	458	458	458	458	458	458	458	458	458	458	458
Restaurant SF <sup>2</sup>		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces <sup>2</sup>		285	285	285	285	285	285	285	285	285	285	285	285

<b>Sales Tax</b>													
Taxable Spending (\$1,000s)													
Employee Non- Rest.	\$2,276 per empl	\$2,119	\$2,183	\$2,248	\$2,315	\$2,385	\$2,457	\$2,530	\$2,606	\$2,684	\$2,765	\$2,848	\$2,933
Employee Restaurant	\$263 per empl	\$245	\$252	\$260	\$267	\$275	\$284	\$292	\$301	\$310	\$319	\$329	\$339
Project Restaurant	\$500 per sf	<u>\$10,335</u>	<u>\$10,645</u>	<u>\$10,964</u>	<u>\$11,293</u>	<u>\$11,632</u>	<u>\$11,981</u>	<u>\$12,340</u>	<u>\$12,710</u>	<u>\$13,092</u>	<u>\$13,484</u>	<u>\$13,889</u>	<u>\$14,305</u>
		\$12,698	\$13,079	\$13,472	\$13,876	\$14,292	\$14,721	\$15,162	\$15,617	\$16,086	\$16,568	\$17,066	\$17,577
<b>Public Safety Sales Tax</b>	0.50%	\$63,492	\$65,396	\$67,358	\$69,379	\$71,460	\$73,604	\$75,812	\$78,087	\$80,429	\$82,842	\$85,328	\$87,887
<b>SF County Transportation</b>	0.50%	\$63,492	\$65,396	\$67,358	\$69,379	\$71,460	\$73,604	\$75,812	\$78,087	\$80,429	\$82,842	\$85,328	\$87,887
<b>SF County Public Finance</b>	0.25%	\$31,746	\$32,698	\$33,679	\$34,690	\$35,730	\$36,802	\$37,906	\$39,043	\$40,215	\$41,421	\$42,664	\$43,944
<b>MTA Parking Tax</b>													
Total Revenues	\$100/sp 95% occ	<u>\$660,455</u>	<u>\$680,268</u>	<u>\$700,677</u>	<u>\$721,697</u>	<u>\$743,348</u>	<u>\$765,648</u>	<u>\$788,618</u>	<u>\$812,276</u>	<u>\$836,644</u>	<u>\$861,744</u>	<u>\$887,596</u>	<u>\$914,224</u>
MTA Taxes	25% 80% MTA	\$132,091	\$136,054	\$140,135	\$144,339	\$148,670	\$153,130	\$157,724	\$162,455	\$167,329	\$172,349	\$177,519	\$182,845

<sup>1</sup> Table 3.

<sup>2</sup> Table 2.

**Table 4c**  
**Other Fund Revenues Estimate**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

Revenue Source	Measure <sup>1</sup>	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61
Revenue Escalation <sup>1</sup>	3.0%	289.8%	298.5%	307.5%	316.7%	326.2%	336.0%	346.1%	356.5%	367.1%	378.2%
Employees <sup>2</sup>		458	458	458	458	458	458	458	458	458	458
Restaurant SF <sup>2</sup>		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces <sup>2</sup>		285	285	285	285	285	285	285	285	285	285

**Sales Tax**

Taxable Spending (\$1,000s)

Employee Non- Rest.	\$2,276 per empl	\$3,021	\$3,112	\$3,205	\$3,301	\$3,400	\$3,502	\$3,607	\$3,716	\$3,827	\$3,942
Employee Restaurant	\$263 per empl	\$349	\$359	\$370	\$381	\$393	\$405	\$417	\$429	\$442	\$455
Project Restaurant	\$500 per sf	<u>\$14,735</u>	<u>\$15,177</u>	<u>\$15,632</u>	<u>\$16,101</u>	<u>\$16,584</u>	<u>\$17,081</u>	<u>\$17,594</u>	<u>\$18,122</u>	<u>\$18,665</u>	<u>\$19,225</u>
		\$18,105	\$18,648	\$19,207	\$19,784	\$20,377	\$20,988	\$21,618	\$22,267	\$22,935	\$23,623
<b>Public Safety Sales Tax</b>	0.50%	\$90,524	\$93,240	\$96,037	\$98,918	\$101,886	\$104,942	\$108,090	\$111,333	\$114,673	\$118,113
<b>SF County Transportation</b>	0.50%	\$90,524	\$93,240	\$96,037	\$98,918	\$101,886	\$104,942	\$108,090	\$111,333	\$114,673	\$118,113
<b>SF County Public Finance</b>	0.25%	\$45,262	\$46,620	\$48,018	\$49,459	\$50,943	\$52,471	\$54,045	\$55,667	\$57,337	\$59,057

**MTA Parking Tax**

Total Revenues	\$100/sp 95% occ	<u>\$941,651</u>	<u>\$969,900</u>	<u>\$998,997</u>	<u>\$1,028,967</u>	<u>\$1,059,836</u>	<u>\$1,091,631</u>	<u>\$1,124,380</u>	<u>\$1,158,111</u>	<u>\$1,192,855</u>	<u>\$1,228,640</u>
MTA Taxes	25% 80% MTA	\$188,330	\$193,980	\$199,799	\$205,793	\$211,967	\$218,326	\$224,876	\$231,622	\$238,571	\$245,728

<sup>1</sup> Table 3.

<sup>2</sup> Table 2.



**Table 5**  
**Operating Expenditure Assumptions**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

*November 4, 2015*

<i>Global Escalation Assumption</i>		3%
<i>Pier 70 Waterfront Site and Illinois Street Parcel Population Factors</i> <sup>1</sup>		
<i>Population</i>		2,559
<i>Employees</i>		10,585
<i>Service Population</i>	0.33	6,087

**General Fund Expenditures**

Police	\$763,848	cost of one patrol unit <sup>1</sup>
	6,087	service population
	<u>\$125.48</u>	cost per service population
Fire and EMS	\$2,546,160	share of Mission Bay Public Safety Building <sup>1</sup>
	6,087	service population
	<u>\$418.27</u>	cost per service population
Public Open Space	The lessee will be responsible for maintaining the project's public plaza. It will not be an obligation of the General Fund.	
Crane Cove Park	The total annual cost to maintain the park is estimate to approximate \$400,000 per year. The park's maintenance cost will be funded through a CFD maintenance district.	
Public Works - Streets and Sidewalks	The project is not creating any new new public right of way improvements and therefore, it is assumed that the project is not creating any significant new new mainenance costs.	
Community Health, Public Protection (non Police and Fire), Human Welfare, and Culture and Recreation	Service costs are typically generated by residential uses, which are not included in the project program	

<sup>1</sup> Economic & Planning Systems, Inc.; Findings of Fiscal Responsibility and Feasibility - Pier 70 Waterfront Site and Illinois Street Parcel Report May 21, 2013. Expense has been adjusted for inflation.

**Table 6**  
**General Fund Expenditures Estimate**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

<b>Expenditure</b>	<b>Estimating Factor <sup>1</sup></b>	<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>	<b>FY 24/25</b>	<b>FY 25/26</b>	<b>FY 26/27</b>	<b>FY 27/28</b>	<b>FY 28/29</b>	<b>FY 29/30</b>	<b>FY 30/31</b>
<i>Non-AV Revenue Escln. <sup>1</sup></i>	3.0%	100.0%	103.0%	106.1%	109.3%	112.6%	115.9%	119.4%	123.0%	126.7%	130.5%	134.4%	138.4%	142.6%	146.9%	151.3%	155.8%
<i>Service Population <sup>2</sup></i>		0	11	120	153	153	153	153	153	153	153	153	153	153	153	153	153
Police <sup>3</sup>	\$125.48 per svc pop	\$0	\$1,465	\$15,975	\$20,933	\$21,561	\$22,208	\$22,874	\$23,561	\$24,267	\$24,995	\$25,745	\$26,518	\$27,313	\$28,132	\$28,976	\$29,846
Fire and EMS <sup>4</sup>	\$418.27 per svc pop	\$0	\$4,883	\$53,249	\$69,777	\$71,871	\$74,027	\$76,248	\$78,535	\$80,891	\$83,318	\$85,817	\$88,392	\$91,044	\$93,775	\$96,588	\$99,486
<b>Total Expenditures</b>		<b>\$0</b>	<b>\$6,347</b>	<b>\$69,224</b>	<b>\$90,711</b>	<b>\$93,432</b>	<b>\$96,235</b>	<b>\$99,122</b>	<b>\$102,096</b>	<b>\$105,158</b>	<b>\$108,313</b>	<b>\$111,563</b>	<b>\$114,909</b>	<b>\$118,357</b>	<b>\$121,907</b>	<b>\$125,565</b>	<b>\$129,332</b>

<sup>1</sup> Table 5.

<sup>2</sup> Table 2.

<sup>3</sup> Methodology described in Table 5. Cost factors based on police department's estimates of the cost to serve the Waterfront Pier 70 project.

<sup>4</sup> Methodology described in Table 5. Cost factors based on the per capita service costs for operating the Mission Bay Fire Station.

**Table 6**  
**General Fund Expenditures Estimate**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

<b>Expenditure</b>	<b>Estimating Factor <sup>1</sup></b>	<b>FY 31/32</b>	<b>FY 32/33</b>	<b>FY 33/34</b>	<b>FY 34/35</b>	<b>FY 35/36</b>	<b>FY 36/37</b>	<b>FY 37/38</b>	<b>FY 38/39</b>	<b>FY 39/40</b>	<b>FY 40/41</b>	<b>FY 41/42</b>	<b>FY 42/43</b>	<b>FY 43/44</b>	<b>FY 44/45</b>	<b>FY 45/46</b>	<b>FY 46/47</b>
<i>Non-AV Revenue Escln. <sup>1</sup></i>	3.0%	160.5%	165.3%	170.2%	175.4%	180.6%	186.0%	191.6%	197.4%	203.3%	209.4%	215.7%	222.1%	228.8%	235.7%	242.7%	250.0%
<i>Service Population <sup>2</sup></i>		153	153	153	153	153	153	153	153	153	153	153	153	153	153	153	153
Police <sup>3</sup>	\$125.48 per svc pop	\$30,741	\$31,663	\$32,613	\$33,592	\$34,599	\$35,637	\$36,707	\$37,808	\$38,942	\$40,110	\$41,313	\$42,553	\$43,829	\$45,144	\$46,499	\$47,894
Fire and EMS <sup>4</sup>	\$418.27 per svc pop	\$102,470	\$105,545	\$108,711	\$111,972	\$115,331	\$118,791	\$122,355	\$126,026	\$129,806	\$133,701	\$137,712	\$141,843	\$146,098	\$150,481	\$154,996	\$159,646
<b>Total Expenditures</b>		<b>\$133,212</b>	<b>\$137,208</b>	<b>\$141,324</b>	<b>\$145,564</b>	<b>\$149,931</b>	<b>\$154,429</b>	<b>\$159,062</b>	<b>\$163,833</b>	<b>\$168,748</b>	<b>\$173,811</b>	<b>\$179,025</b>	<b>\$184,396</b>	<b>\$189,928</b>	<b>\$195,626</b>	<b>\$201,494</b>	<b>\$207,539</b>

<sup>1</sup> Table 5.

<sup>2</sup> Table 2.

<sup>3</sup> Methodology described in Table 5. Cost factors based on police department's estimates of the cost to serve the Waterfront Pier 70 project.

<sup>4</sup> Methodology described in Table 5. Cost factors based on the per capita service costs for operating the Mission Bay Fire Station.

**Table 6**  
**General Fund Expenditures Estimate**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

<b>Expenditure</b>	<b>Estimating Factor <sup>1</sup></b>	<b>FY 47/48</b>	<b>FY 48/49</b>	<b>FY 49/50</b>	<b>FY 50/51</b>	<b>FY 51/52</b>	<b>FY 52/53</b>	<b>FY 53/54</b>	<b>FY 54/55</b>	<b>FY 55/56</b>	<b>FY 56/57</b>	<b>FY 57/58</b>	<b>FY 58/59</b>	<b>FY 59/60</b>	<b>FY 60/61</b>	<b>FY 61/62</b>
<i>Non-AV Revenue Escln. <sup>1</sup></i>	3.0%	257.5%	265.2%	273.2%	281.4%	289.8%	298.5%	307.5%	316.7%	326.2%	336.0%	346.1%	356.5%	367.1%	378.2%	389.5%
<i>Service Population <sup>2</sup></i>		153	153	153	153	153	153	153	153	153	153	153	153	153	153	153
Police <sup>3</sup>	\$125.48 per svc pop	\$49,330	\$50,810	\$52,335	\$53,905	\$55,522	\$57,188	\$58,903	\$60,670	\$62,490	\$64,365	\$66,296	\$68,285	\$70,333	\$72,443	\$74,617
Fire and EMS <sup>4</sup>	\$418.27 per svc pop	\$164,435	\$169,368	\$174,449	\$179,682	\$185,073	\$190,625	\$196,344	\$202,234	\$208,301	\$214,550	\$220,987	\$227,616	\$234,445	\$241,478	\$248,723
<b>Total Expenditures</b>		<b>\$213,765</b>	<b>\$220,178</b>	<b>\$226,784</b>	<b>\$233,587</b>	<b>\$240,595</b>	<b>\$247,813</b>	<b>\$255,247</b>	<b>\$262,904</b>	<b>\$270,792</b>	<b>\$278,915</b>	<b>\$287,283</b>	<b>\$295,901</b>	<b>\$304,778</b>	<b>\$313,922</b>	<b>\$323,339</b>

<sup>1</sup> Table 5.

<sup>2</sup> Table 2.

<sup>3</sup> Methodology described in Table 5. Cost factors based on police department's estimates of the cost to serve the Waterfront Pier 70 project.

<sup>4</sup> Methodology described in Table 5. Cost factors based on the per capita service costs for operating the Mission Bay Fire Station.

**Table 7**  
**Economic Benefits**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

*November 4, 2015*

<b>Project Direct, Indirect, and Induced Economic Benefits for the City and County of San Francisco</b>	<b>Direct Impact</b>	<b>Indirect and Induced Multiplier <sup>1</sup></b>	<b>Indirect and Induced Impact</b>	<b>Total Impact</b>
<b>On-Going Economic Impacts</b>				
Employment <sup>2</sup>	458	1.70158	321	779
Payroll <sup>3</sup>	<i>\$68,571 avg pay</i>			
	\$31,406,000	1.60617	\$19,037,000	\$50,443,000
Output <sup>1</sup>	<i>\$1 M / 6.38 empl</i>			
	\$71,789,000	1.48345	\$34,706,000	\$106,495,000
<b>Construction Period Economic Impacts</b>				
Construction Hard Costs <sup>4</sup>	\$78,960,000	1.46124	\$36,420,000	\$115,380,000
Construction Payroll <sup>5</sup>	<i>40% constr. cost</i>			
	\$31,584,000	1.42574	\$13,446,000	\$45,030,000
<b>Construction Employment</b>				
Total person years <sup>3,6</sup>	<i>\$67,000 avg pay</i>			
	471	1.50141	236	707
Full time equivalent jobs for 3-year period <sup>6</sup>	<i>3 years</i>			
	157	1.50141	79	236

<sup>1</sup> Minnesota IMPLAN Group model - 2012 County Level Data for San Francisco County. Average multiplier for the following industries: manufacturing; wholesaling and retail; warehousing and storage; media and software; information services; architecture, engineering, and design; computer programming and design; science, research, and development; and administrative services. On-going output estimate is based on the IMPLAN multiplier relating jobs to million dollars of output.

<sup>2</sup> Table 2.

<sup>3</sup> Table 8.

<sup>4</sup> Total hard costs per Orton Development Inc. proforma.

<sup>5</sup> Estimated ratio of payroll to total construction work.

<sup>6</sup> A person year of employment is equivalent to full time employment of one person for one year.

**Table 8**  
**Estimated Average Payroll per Employee**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

*November 4, 2015*

<b>Potential Occupation</b>	<b>OES Survey Occupation <sup>1</sup></b>	<b>Mean Annual Wage <sup>1</sup></b>
<b>On-Going Occupied Project <sup>2</sup></b>		
Engineer	Architecture and Engineering	\$106,000
Programmer	Computer and Mathematical	\$108,000
Designer	Arts, Design, Entertainment, Sports, Media	\$74,000
Builder/Manufacturer	Production	\$43,000
Warehousing/Shipping/Receiving	Transportation and Material Moving	\$43,000
Related Support/Administration	Office and Administrative Support	\$48,000
Related Support/Sales	Sales and Related	\$58,000
Average for all On-Going Occupations		<u>\$68,571</u>
<b>Construction Period</b>		
Construction Worker	Construction and Extraction	\$67,000

<sup>1</sup> California Employment Development Department Occupational Employment Statistics Survey, 1st QTR 2015.

<sup>2</sup> Based on sample list of occupations provided by Orton Development, Inc. in their Response to RFP for Pier 70: 20th Street Historic Buildings.

**Table 9**  
**Construction Period Revenues**  
**Fiscal and Economic Impact Analysis**  
**Pier 70 - Historic Core**  
**Port of San Francisco**

<b>Construction Period Revenues</b>			<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 16/17</b>	<b>Total</b>
<b>Payroll Tax</b>						
Taxable San Francisco Payroll	\$31,584,000 total <sup>1</sup>	75% SF adj. <sup>2</sup>	\$7,896,000	\$7,896,000	\$7,896,000	\$23,688,000
Payroll Tax Rate <sup>2</sup>			1.350%	1.125%	0.750%	
Total Payroll Tax			\$106,600	\$88,800	\$59,200	\$254,600
<b>Gross Receipts Tax</b>						
Taxable San Francisco Gr. Receipts	\$78,960,000 total <sup>1</sup>	75% SF adj. <sup>2</sup>	\$19,740,000	\$19,740,000	\$19,740,000	\$59,220,000
Gross Receipts Phase-In Rate <sup>2</sup>			10%	25%	50%	
Total Gross Receipts Tax <sup>2</sup>		0.329% avg rate <sup>2</sup>	\$6,500	\$16,200	\$32,400	\$55,100
<b>Sales Taxes</b>						
Material Costs	\$78,960,000 total <sup>1</sup>	60% materials <sup>3</sup>				\$47,376,000
Qualified Subcontractor Amount		50% qualified <sup>3</sup>				\$23,688,000
Base 1% Sales Tax		1.00% SF share <sup>2</sup>				\$237,000
Public Safety Sales Tax		0.50% tax rate <sup>2</sup>				\$118,000
SF County Transportation		0.50% tax rate <sup>2</sup>				\$118,000
SF County Public Finance		0.25% tax rate <sup>2</sup>				\$59,000

<sup>1</sup> Table 7.

<sup>2</sup> Table 3.

<sup>3</sup> KMA assumption.

**APPENDIX H FOR PROJECT AREA H**  
**(To be Attached.)**



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**INDENTURE OF TRUST**

Dated as of \_\_\_\_\_ 1, 20\_\_

by and between the

**CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE FINANCING  
DISTRICT NO. 2 (PORT OF SAN FRANCISCO)**

and

**[CORPORATE TRUSTEE],  
as Trustee**

Relating to

**[\$[Principal Amount]  
City and County of San Francisco Infrastructure Financing District No. 2 (Port of  
San Francisco)  
Sub-Project Area G-1 (Pier 70 - Historic Core)  
Tax Increment Revenue Bond, Series \_\_\_\_\_**

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EXHIBIT A	FORM OF BOND
EXHIBIT B	FORM OF PROJECT FUND DISBURSEMENT REQUEST

## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is made and entered into as of \_\_\_\_ 1, 20\_\_, by and between the CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE FINANCING DISTRICT NO. 2 (PORT OF SAN FRANCISCO), an infrastructure financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IFD"), and [CORPORATE TRUSTEE], a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee");

### WITNESSETH:

**WHEREAS**, the IFD is an infrastructure financing district and a legally constituted governmental entity established pursuant to the laws of the State of California, with the legal authority to exercise powers under and pursuant to the provisions of Chapter 2.8 of Division 2 of Part 1 of Title 5 of the California Government Code (the "Law"), including the power to issue bonds;

**WHEREAS**, an Infrastructure Financing Plan (as defined herein) for the IFD, including Appendix G-1 with respect to Sub-Project Area G-1 (Pier 70 - Historic Core), has been adopted in compliance with all requirements of the Law;

**WHEREAS**, the IFD wishes to issue bonds (the "Series 20\_\_ Bonds") for the purpose of financing [to come];

**WHEREAS**, the Bonds will be payable from Tax Revenues (as hereinafter defined);

**WHEREAS**, in order to provide for the authentication and delivery of the Series 20\_\_ Bonds, to establish and declare the terms and conditions upon which the Series 20\_\_ Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the IFD and the Trustee have duly authorized the execution and delivery of this Indenture; and

**WHEREAS**, the IFD has determined that all acts and proceedings required by law necessary to make the Series 20\_\_ Bonds when executed by the IFD, and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the IFD, and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

**NOW, THEREFORE, THIS INDENTURE WITNESSETH**, that in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Bonds, including the Series 20\_\_ Bonds, issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds, including the Series 20\_\_ Bonds, are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds, including the Series 20\_\_ Bonds, by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the IFD and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, including the Series 20\_\_ Bonds, as follows:

## ARTICLE I

### DETERMINATIONS; DEFINITIONS

**Section 1.01. Findings and Determinations.** The IFD has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Series 20\_\_ Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the IFD is now duly empowered, pursuant to each and every requirement of law, to issue the Series 20\_\_ Bonds in the manner and form provided in this Indenture.

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

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

For purposes of the calculation of Annual Debt Service, there shall be excluded the principal of and interest on any Parity Debt to the extent the proceeds thereof are then deposited in a fully self-supporting escrow fund (the fully self-supporting nature of which is evidenced by a report prepared by an Independent Financial Consultant and delivered to the Trustee) from which amounts may not be released to the IFD unless the amount of Tax Revenues, calculated as set forth in Section 3.06(b), and Additional Revenues are then calculated to be not less than the percentage of Maximum Annual Debt Service required by the terms of Section 3.06(b).

"Bonds" means the Series 20\_\_ Bonds and any Parity Debt issued as bonds pursuant to a Supplemental Indenture.

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

"Bond Year" means any twelve-month period beginning on September 2 in any year and ending on the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date with respect to the Series 20\_\_ Bonds and end on September 1, 2-\_\_.

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

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

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

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Series 20\_\_ Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Series 20\_\_ Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate with respect to the Series 20\_\_ Bonds executed by the IFD, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the IFD relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, bond insurance premiums, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, administrative costs of the IFD and City incurred in connection with the issuance of the Bonds, and any other cost, charge or fee in connection with the original issuance of the Bonds.

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

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

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

- (a) Cash;
- (b) Federal Securities;
- (c) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;
- (d) Pre-refunded municipal bonds rated "Aaa" by Moody's or "AAA" by S&P;
- (e) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the IFD itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal

Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and

(f) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the IFD itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System.

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

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

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

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

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

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

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

"IFD" means the City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), an infrastructure financing district and a legally constituted governmental entity established pursuant to the laws of the State of California.

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

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

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

"Independent Economic Consultant" means any consultant or firm of such consultants appointed by the IFD (who may be an underwriter of bonds of the IFD or the City), and who, or each of whom:

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

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system or such other information repositories identified by the Securities and Exchange Commission.

"Infrastructure Financing Plan" means the Infrastructure Financing Plan for the IFD and the Project Area, adopted and approved by the Board of Supervisors of the City and County of San Francisco by Ordinance No. \_\_\_\_, adopted on \_\_\_\_, 2015, as heretofore amended and as may hereafter be amended in accordance with the law.

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

"Interest Payment Date" means each March 1 and September 1, commencing March 1, 2-\_\_, for so long as any of the Bonds remain Outstanding hereunder.



"Law" means Chapter 2.8 of Division 2 of Part 1 of Title 5 of the California Government Code, and the acts amendatory thereof and supplemental thereto.

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

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

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

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

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the IFD pursuant hereto.

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

"Parity Debt" means any additional bonds, loans, advances or indebtedness issued or incurred by the IFD on a parity with the Bonds pursuant to Section 3.06.

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

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

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

- (a) Federal Securities;
- (b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, and Federal Housing Administration;

- (c) bonds, notes or other evidences of indebtedness rated AAA by S&P and Aaa by Moody's issued by Fannie Mae or Freddie Mac with remaining maturities not exceeding three years;
- (d) U.S. dollar denominated deposit accounts (including those with the Trustee or with any affiliate of the Trustee), federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody's, and maturing no more than 360 days after the date of purchase;
- (e) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody's and which matures not more than 270 days after the date of purchase;
- (f) investments in a money market fund rated AAAM or AAAM-G or better by S&P, which may include funds for which the Trustee or its affiliates provide investment advisory or other management services;
- (g) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on the escrow, in the highest rating category of S&P and Moody's or (ii)(A) which are fully secured as to principal and interest and redemption premium (if any) by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium (if any) in such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates under such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by an independent accountant, to pay principal of and interest and redemption premium (if any) on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (h) investment agreements with a provider that is rated in one of the two highest rating categories by S&P and Moody's;
- (i) the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee;
- (j) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Asset Management Program (CAMP).

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

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

"Principal Corporate Trust Office" means such principal corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the IFD, initially being \_\_\_\_\_ Attention: Corporate Trust Department.

"Project Area" means Sub-Project Area G-1 (Pier 70 - Historic Core).

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

"Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit, insurance policy surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) in the case of a commercial bank, the long-term credit rating of such bank is at least "AA" from S&P or "Aa" from Moody's and, in the case of an insurance company, the claims paying ability of such insurance company is "AAA" from S&P or "Aaa" Moody's or, if rated by A.M. Best & Company, is rated in the highest rating category by A.M. Best & Company; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture.

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

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

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

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

- (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Indenture to which such Report relates;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

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

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

"Reserve Requirement" means the lesser of (i) the amount of Maximum Annual Debt Service on the Bonds (excluding from the calculation thereof Parity Debt other than Bonds), (ii) ten percent (10%) of the total of the proceeds of the Bonds (excluding from the calculation thereof Parity Debt other than Bonds), and (iii) one hundred and twenty five percent (125%) of average Annual Debt Service on the Bonds (excluding from the calculation thereof Parity Debt other than Bonds).

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, and its successors.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the IFD may designate in a Written Request of the IFD delivered to the Trustee.

"Series 20 Bonds" means, collectively, the Series 20\_\_ Bonds.

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

"Special Fund" means the fund held by the IFD established pursuant to Section 4.02.

"State" means the State of California.

"Subordinate Debt" means any loans, advances or indebtedness issued or incurred by the IFD pursuant to Section 3.07, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is expressly subordinate to the pledge of and lien upon the Tax Revenues hereunder for the security of the Bonds.

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

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

"Tax Revenues" means all taxes annually allocated within the Plan Limit and paid to the IFD with respect to the Project Area pursuant to the Law, and as provided in the Infrastructure Financing Plan.

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

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

"Written Request of the IFD" or "Written Certificate of the IFD" means a request or certificate, in writing signed by the Treasurer of the IFD or her or his designee, or by any other officer of the IFD duly authorized by the IFD for that purpose.

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

**ARTICLE II**

**AUTHORIZATION AND TERMS**

**Section 2.01. Authorization of Series 20\_\_ Bonds.** The Bonds are hereby authorized to be issued by the IFD under and subject to the terms of this Indenture, and the Law. This Indenture constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums (if any) and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained.

An initial series of Bonds shall be designated the "City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) Sub-Project Area G-1 (Pier 70 - Historic Core) Tax Increment Revenue Bonds, Series 2-\_\_" and shall be in the initial aggregate principal amounts of \$[Principal Amount].

**Section 2.02. Terms of Series 20\_\_ Bonds.** The Series 20\_\_ Bonds shall be issued in fully registered form without coupons. The Series 20\_\_ Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof, so long as no Series 20\_\_ Bond shall have more than one maturity date. The Series 20\_\_ Bonds shall be dated as of their Closing Date. The Series 20\_\_ Bonds shall be lettered and numbered as the Trustee shall prescribe.

The Series 20\_\_ Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum as follows:

**Series 20\_\_ Bonds**

<u>Maturity Date</u> (September 1)	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
---------------------------------------	-----------------------------------	--------------------------------

Each Series 20\_\_ Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2007, in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any Series 20\_\_ Bond, interest thereon is in default, such Series 20\_\_ Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Series 20\_\_ Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of Series 20\_\_ Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Series 20\_\_ Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request. The principal of the Series 20\_\_ Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

### **Section 2.03. Redemption of Series 20\_\_ Bonds.**

(a) Optional Redemption – Series 20\_\_ Bonds. The Series 20\_\_ Bonds maturing on or before September 1, 2016 are not subject to optional redemption prior to their respective stated maturities. The Series 20\_\_ Bonds maturing on and after September 1, 2017, are subject to redemption, at the option of the IFD on any date on or after September 1, 2016, as a whole or in part, by such maturities as shall be determined by the IFD, and by lot within a maturity, from any available source of funds, at the principal amount of the Series 20\_\_ Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption without premium, without premium.

(b) Mandatory Sinking Fund Redemption – Series 20\_\_ Bonds. The Series 20\_\_ Bonds that are Term Bonds and maturing September 1, 2026, September 1, 2031 and September 1, \_\_, shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, \_\_, as set forth below, from sinking fund payments made by the IFD to the Principal Account pursuant to Section 4.03(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables; provided however, that (x) in lieu of redemption thereof such Term Bonds may be purchased by the IFD pursuant to Section 2.03(h) hereof, and (y) if some but not all of such Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the IFD (notice of which determination shall be given by the IFD to the Trustee).

#### Term Bonds of 20\_\_

September 1

Principal Amount

(c) Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the IFD shall mail (by first class mail, postage prepaid) notice of any redemption at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Written Request of the IFD filed with the Trustee; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state that such redemption is conditioned upon the timely delivery of the redemption price by the IFD to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price,

giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

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

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

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

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

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



**Section 2.04. Form of Series 20\_\_ Bonds.** The Series 20\_\_ Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit A, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

**Section 2.05. Execution of Bonds.** The Bonds shall be executed on behalf of the IFD by the signature of its Administrator or its Treasurer or a designee of either, and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the IFD by such persons as at the actual date of the execution of such Bond shall be the proper officers of the IFD although on the date of such Bond any such person shall not have been such officer of the IFD.

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

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

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

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

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

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

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

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

## **Section 2.11. Book-Entry System.**

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

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

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

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

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

#### **Section 2.12. Applicability of Provisions to Additional Bonds.**

Unless otherwise provided in a Supplemental Indenture, the provisions of Sections 2.03(c) through (g) and 2.05 through 2.11 shall apply to additional Bonds.

## ARTICLE III

### DEPOSIT AND APPLICATION OF PROCEEDS OF SERIES 20\_\_ BONDS; ISSUANCE OF PARITY DEBT

**Section 3.01. Issuance of Bonds.** Upon the execution and delivery of this Indenture, the IFD shall execute and deliver to the Trustee the Series 20\_\_ Bonds in the aggregate principal amount of \_\_\_\_\_ Dollars (\$[Principal Amount], and the and the Trustee shall authenticate and deliver the Series 20\_\_ Bonds upon the Written Request of the IFD.

#### **Section 3.02. Application of Proceeds of Sale and Certain Other Amounts.**

On the Closing Date, the proceeds of sale of the Series 20\_\_ Bonds, (being \$\_\_\_\_\_, representing the par amount of the Series 20\_\_ Bonds, plus original issue premium of \$\_\_\_\_\_, less an underwriters' discount of \$\_\_\_\_\_), shall be paid to the Trustee and applied as follows:

- (i) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Costs of Issuance Fund.
- (ii) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Project Fund.
- (iii) The Trustee shall deposit \$\_\_\_\_\_, being the remaining amount of proceeds of the Series 20\_\_ Bonds, in the Reserve Account.

**Section 3.03. Costs of Issuance Fund.** There is hereby established a separate fund to be known as the "Costs of Issuance Fund", which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the Series 20\_\_ Bonds upon submission of a Written Request of the IFD stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six (6) months following the Closing Date with respect to the Series 20\_\_ Bonds, or upon the earlier Written Request of the IFD, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Project Fund. At such time, the Costs of Issuance shall be closed, provided that it may be re-opened in connection with the issuance of an additional series of Bonds issued pursuant to a Supplemental Indenture.

#### **Section 3.04. Project Fund.**

(a) There shall be established with respect to the Project Area a separate and segregated fund to be known as the "Sub-Project Area G-1 (Pier 70 - Historic Core) Project Fund (the "Project Fund")," which the Trustee shall hold in trust for the benefit of the IFD. The moneys in the Project Fund shall be maintained separate and apart from other moneys of the IFD. The moneys on deposit in the Project Fund shall be used in the manner provided by the Law. The IFD covenants that no funds on deposit in the Project Fund shall be applied for any purpose not authorized by the Law.

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

disbursement request. Such requisition shall be executed by the Treasurer of the IFD or her or his designee.

**Section 3.05. Reserved.**

**Section 3.06. Issuance of Parity Debt.** In addition to the Series 20\_\_ Bonds, the IFD may, by Supplemental Indenture, issue additional bonds or incur other loans, advances or indebtedness payable from Tax Revenues on a parity with the Series 20\_\_ Bonds to finance and/or refinance activities that are permitted to be financed by the IFD with respect to the Project Area in such principal amount as shall be determined by the IFD. The IFD may issue and deliver any such Parity Debt subject to the following specific conditions all of which are hereby made conditions precedent to the issuance and delivery of such Parity Debt:

(a) No event of default hereunder, under any Parity Debt Instrument or under any Subordinate Debt Instrument shall have occurred and be continuing, unless the event of default shall be cured by the issuance of the Parity Debt, and the IFD shall otherwise be in compliance with all covenants set forth in this Indenture;

(b) Except as provided in (g) below, the Tax Revenues received or estimated to be received for the then current Fiscal Year (i) calculated using a tax rate of (1%) and (ii) based on the most recent taxable valuation of property in the Project Area as evidenced by the records of the IFD, plus an assumed increase in Tax Revenues of two percent (2%), shall be at least equal to one hundred twenty five percent (125%) of Maximum Annual Debt Service, including within such Maximum Annual Debt Service, the amount of annual debt service on the Parity Debt then proposed to be issued or incurred;

(c) In the case of Parity Debt issued as additional Bonds under a Supplemental Indenture, the amount on deposit in the Reserve Account (and any subaccounts therein) shall be increased to the Reserve Requirement taking into account the additional Bonds to be issued;

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

(e) The aggregate amount of the principal of and interest on all Outstanding Bonds, other outstanding Parity Debt and Subordinate Debt coming due and payable following the issuance of such Parity Debt shall not exceed the maximum amount of Tax Revenues, if any, permitted under the Plan Limit to be allocated and paid to the IFD following the issuance of such Parity Debt;

(f) The IFD shall deliver to the Trustee a Written Certificate of the IFD certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a), (b) and (e) above have been satisfied.

(g) Section 3.06(b) shall not apply to the issuance or incurrence of any Parity Debt the net proceeds of which will be used solely to refund all or any portion of the Series 20\_\_ Bonds or any other outstanding Parity Debt, provided that debt service payable in each year with respect to the proposed Parity Debt is less than the debt service otherwise payable in each year with respect to the Series 20\_\_ Bonds or Parity Debt, or portion thereof, proposed to be refunded.

**Section 3.07. Issuance of Subordinate Debt.** The IFD may issue or incur Subordinate Debt in such principal amount as shall be determined by the IFD. The IFD may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

(a) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the then existing limitation, if any, on the amount of Tax Revenues allocable and payable to the IFD under the Infrastructure Financing Plan, then the aggregate amount of the principal of and interest to accrue on all Outstanding Bonds, Parity Debt and Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the IFD following the issuance of such Subordinate Debt; and

(b) The IFD shall deliver to the Trustee a Written Certificate of the IFD certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in paragraph (a) above have been satisfied.

**Section 3.08. Validity of Bonds.** The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the uses to which the proceeds of the Bonds are put or upon the performance by any person of his obligation with respect to the IFD or the Project Area.

## ARTICLE IV

### SECURITY OF BONDS; FLOW OF FUNDS

**Section 4.01. Security of Bonds; Equal Security.** Except as provided in Section 6.06, the Series 20\_\_ Bonds and any Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues and the moneys in the Special Fund, and the Series 20\_\_ Bonds and, any additional Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account and the Redemption Account without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the IFD shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

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

**Section 4.02. Special Fund; Deposit of Tax Revenues.** There is hereby established a special fund which is to be held by the IFD and which shall be known as the "Special Fund". The IFD shall transfer all of the Tax Revenues received in any Bond Year to the Special Fund promptly upon receipt thereof by the IFD, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred for deposit in such Bond Year (i) for deposit into the Interest Account, the Principal Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to Section 4.03 hereof and, if applicable, (ii) with respect to any Parity Debt other than additional Bonds pursuant to the applicable Parity Debt Instrument.

All Tax Revenues received by the IFD during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year pursuant to the preceding paragraph of this Section 4.02 shall be released from the pledge, security interest and lien hereunder for the security of the Bonds and any additional Parity Debt and may be applied by the IFD for any lawful purpose of the IFD, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to Article 5. Additionally, no later than January 5 of each year, the IFD shall release from the Special Fund amounts on deposit therein that are in excess of the amounts needed to pay interest on any outstanding Bonds or Parity Debt through the last Interest Payment Date prior to the date the IFD anticipates receiving its first installment of Tax Revenues for the current Fiscal Year. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indenture or Parity Debt Instrument, the IFD shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in this Indenture and in any Supplemental Indenture or Parity Debt Instrument.

**Section 4.03. Deposit of Amounts by Trustee.** There is hereby established a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee hereunder in trust.



Moneys in the Special Fund shall be transferred by the IFD to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Debt Service Fund, and in the following order of priority (provided further that, if on the fifth (5th) Business Day prior to the date the IFD is required to transfer amounts on deposit in the Special Fund to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Parity Debt other than Bonds, the IFD shall immediately notify the Trustee of the amount of any such insufficiency):

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

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

(c) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the IFD of such fact. Promptly upon receipt of any such notice, the IFD shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the IFD shall be obligated to continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the IFD is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before the fifth (5th) Business Days

preceding each March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03 or, (ii) if the IFD shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by this Section 4.03, then, at the Written Request of the IFD, to the Project Fund.

The IFD shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series 20\_\_ Bonds or any other Bond the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the IFD to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Project Fund and used for the purposes thereof. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the IFD shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Tax Revenues. If the Qualified Reserve Account Credit Instrument is in the form of a letter of credit and the IFD has not renewed or replaced such letter of credit two weeks prior to its expiration or termination, the Trustee shall draw on such letter of credit in full and deposit the proceeds of such draw in the Reserve Account. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture shall be pro-rata with respect to each such instrument.

In the event that a Qualified Reserve Account Credit Instrument is available to be drawn upon for only one or more particular series of Bonds, a separate subaccount in the Reserve Account may be established for such series and the calculation of the Reserve Requirement with respect to all other Bonds shall exclude the debt service on such series of Bonds.

There is hereby created such a Subaccount designated the "Series 20\_\_ Subaccount of the Reserve Account" to which proceeds of the Series \_\_ Bonds in an amount equal to the Reserve Requirement shall be deposited.

(d) Redemption Account. On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to Section 2.03(a), the Trustee shall

withdraw from the Debt Service Fund any amount transferred by the IFD pursuant to Section 2.03(a) for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Series 20\_\_ Bonds and on other Bonds to be redeemed on such date pursuant to Section 2.03(a) or a similar provision of a Supplemental Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 20\_\_ Bonds and on such other Bonds to be redeemed pursuant to Section 2.03(a) or a similar provision of a Supplemental Indenture on the date set for such redemption. Interest due on the Series 20\_\_ Bonds or such other Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such Series 20\_\_ Bonds or such other Bonds, the Trustee may, at the direction of the IFD, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of the Series 20\_\_ Bonds or such other Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on such Series 20\_\_ Bonds or such other Bonds, which is payable from the Interest Account) as shall be directed by the IFD.

## ARTICLE V

### OTHER COVENANTS OF THE IFD

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

**Section 5.02. Limitation on Additional Indebtedness; Against Encumbrances.** The IFD hereby covenants that, so long as the Bonds are Outstanding, the IFD shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only (i) the Series 20\_\_ Bonds, (ii) any Parity Debt and (iii) any Subordinate Debt. The IFD will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior or equal to the pledge and lien herein created for the benefit of the Bonds.

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

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

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

**Section 5.06. Protection of Security and Rights of Owners.** The IFD will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date with respect to the Series 20\_\_ Bonds, the Bonds shall be incontestable by the IFD.

**Section 5.07. Maintenance of Tax Revenues.** The IFD shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness and, in the case of amounts payable by the State, appropriate officials of the State. The IFD shall not undertake proceedings for amendment of the Infrastructure Financing Plan if such amendments will adversely impair the IFD's ability to pay debt service on the Bonds or, in and of itself, cause the amount of Tax Revenues available to the IFD for application hereunder in any succeeding Fiscal Year to fall below \_\_\_\_\_% of Maximum Annual Debt Service.

**Section 5.08. Maintenance of Tax-Exemption.** The IFD shall take all actions necessary to assure the exclusion of interest on the Series 20\_\_ Bonds from the gross income of the Owners of the Series 20\_\_ Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Series 20\_\_ Bonds.

**Section 5.09. Compliance with the Law.** The IFD shall ensure that all activities undertaken by the IFD with respect to the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Infrastructure Financing Plan and the Law.

**Section 5.10. Plan Limit.** The IFD shall manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limit in the amounts and at the times required to enable the IFD to pay the principal of and interest and premium (if any) on the outstanding Bonds and any outstanding Parity Debt when due.

**Section 5.11. Continuing Disclosure.** The IFD hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the IFD to comply with the Continuing Disclosure Certificate shall not be an Event of Default hereunder. However, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the IFD to comply with its obligations under this Section.

**Section 5.12. Further Assurances.** The IFD will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

## ARTICLE VI

### THE TRUSTEE

#### **Section 6.01. Duties, Immunities and Liabilities of Trustee.**

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

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

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

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

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

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

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

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

### **Section 6.03. Liability of Trustee.**

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

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

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

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

(e) The Trustee shall have no liability or obligation to the Bondowners with respect to the payment of debt service on the Bonds by the IFD or with respect to the observance or performance by the IFD of the other conditions, covenants and terms contained in this Indenture, or with respect to the investment of any moneys in any fund



or account established, held or maintained by the IFD pursuant to this Indenture or otherwise.

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

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

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

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

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

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

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

**Section 6.05. Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of and copying by the

IFD and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

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

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

**Section 6.07. Deposit and Investment of Moneys in Funds.** Moneys in the Project Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account, the Redemption Account and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the IFD in the Written Request of the IFD filed with the Trustee, except that moneys in the Reserve Account shall not be invested in Permitted Investments having a maturity of more than five (5) years, unless any such Permitted Investment is described in clause (h) of the definition thereof. In the absence of any such Written Request of the IFD, the Trustee shall invest any such moneys in Permitted Investments described in clause (f) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. The Trustee shall be entitled to rely conclusively upon the written instructions of the IFD directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the above list which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Trustee shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the IFD's expense. Moneys in the Special Fund may be invested by the IFD in any obligations in which the IFD is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account; *provided, however,* that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the IFD or otherwise made in

accordance with this Section. For investment purposes only, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

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

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

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

Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued by the IFD at their present value (within the meaning of section 148 of the Code). Investments on deposit in the Reserve Account shall be valued on June 30 of each year at their market value.

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

## ARTICLE VII

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

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

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

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

(c) to provide for the issuance of Parity Debt in accordance with Section 3.06;  
or

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

(e) to comply with the requirements of a provider of a Qualified Reserve Account Credit Instrument.

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

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

amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

**Section 7.03. Endorsement or Replacement of Bonds After Amendment.** After the effective date of any amendment or modification hereof pursuant to this Article VII, the IFD may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the IFD, as to such amendment or modification and in that case upon demand of the IFD the Owners of such Bonds shall present such Bonds for that purpose at the Principal Corporate Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the IFD may determine that new Bonds shall be prepared at the expense of the IFD and executed in exchange for any or all of the Bonds, and in that case, upon demand of the IFD, the Owners of the Bonds shall present such Bonds for exchange at the Principal Corporate Trust Office of the Trustee, without cost to such Owners.

**Section 7.04. Amendment by Mutual Consent.** The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

**Section 7.05. Opinion of Counsel.** Prior to executing any Supplemental Indenture, the Trustee shall be furnished an opinion of counsel, upon which it may conclusively rely to the effect that all conditions precedent to the execution of such Supplemental Indenture under this Indenture have been satisfied and such Supplemental Indenture is authorized and permitted under this Indenture and does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or adversely affect the exemption of interest on the Bonds from personal income taxation by the State.

**Section 7.06. Copy of Supplemental Indenture to S&P and Moody's.** The IFD shall provide to S&P and Moody's, for so long as S&P and Moody's, as the case may be, maintain a rating on any of the Bonds (without regard to any municipal bond or financial guaranty insurance), a copy of any Supplemental Indenture at least 15 days prior to its proposed effective date.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF OWNERS

**Section 8.01. Events of Default and Acceleration of Maturities.** The following events shall constitute Events of Default hereunder:

(a) if default shall be made by the IFD in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the IFD in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following receipt by the IFD of written notice from the Trustee, or written notice from any Owner (with a copy of said notice delivered to the Trustee) of the occurrence of such default, provided that if in the reasonable opinion of the IFD the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure will not constitute an event of default if corrective action is instituted by the IFD within such thirty (30) day period and the IFD thereafter diligently and in good faith cures such failure in a reasonable period of time; or

(c) If the IFD files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition by the IFD seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition by the IFD, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the IFD or of the whole or any substantial part of its property.

If an Event of Default has occurred under this Section and is continuing, the Trustee, may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the IFD by telephone promptly confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to

become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the IFD shall, with the written consent of a majority in aggregate principal amount of the Owners of the Bonds, deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law), and the reasonable fees and expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee shall promptly give written notice of the foregoing to the Owners of all Bonds then Outstanding, and with the prior written approval of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the IFD and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

**Section 8.02. Application of Funds Upon Acceleration.** All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees, expenses of the Trustee; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, as applicable, with interest on the overdue principal, and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority, ratably to the aggregate of such principal and interest.

**Section 8.03. Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with

respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

**Section 8.04. Limitation on Owner's Right to Sue.** No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the IFD and the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

**Section 8.05. Non-Waiver.** Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the IFD, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner or the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners and the Trustee by the Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the IFD, the Trustee and the



Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

**Section 8.06. Actions by Trustee as Attorney-in-Fact.** Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds or Parity Debt shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, *provided, however*, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel).

**Section 8.07. Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

**Section 8.08. Determination of Percentage of Bond Owners.** Whenever in this Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the Owners of an aggregate principal amount of Outstanding Bonds (including by the Owners of a majority in aggregate principal amount of the Outstanding Bonds), such percentage shall be calculated on the basis of the principal amount of the Outstanding Bonds determined as of the next succeeding Interest Payment Date.

## ARTICLE IX

### MISCELLANEOUS

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

**Section 9.02. Successor is Deemed Included in All References to Predecessor.** Whenever in this Indenture or any Supplemental Indenture either the IFD or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the IFD or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 9.03. Discharge of Indenture.** If the IFD shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or an escrow agent, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal, interest and redemption premiums, or;

(iii) by irrevocably depositing with the Trustee or an escrow agent, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion thereof (including all principal, interest and redemption premiums) at or before maturity;

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Section 2.03(b) or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the IFD, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the IFD under this Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (a) the covenants of the IFD hereunder with respect to the Code, (b) the obligation of the Trustee to transfer and exchange Bonds hereunder, (c) the obligations of the IFD under Section 6.06 hereof, and (d) the obligation of the IFD to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee, all fees, expenses and costs of the Trustee. In the event the IFD shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized

to take such actions and execute and deliver to the IFD all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the IFD has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to Section 6.06 shall be paid over to the IFD.

**Section 9.04. Execution of Documents and Proof of Ownership by Owners.** Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by such Owner's attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any demand, request, direction, consent, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the IFD or the Trustee and in accordance therewith, provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the IFD unless the IFD is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

**Section 9.05. Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the IFD or the City and County of San Francisco (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

**Section 9.06. Waiver of Personal Liability.** No member, officer, agent or employee of the IFD shall be individually or personally liable for the payment of the principal or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

**Section 9.07. Destruction of Cancelled Bonds.** Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and upon request of the IFD provide the IFD a certificate of destruction. The IFD shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

**Section 9.08. Notices.** Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or upon receipt when mailed by first class, registered or certified mail, postage prepaid, or sent by facsimile, addressed as follows:

If to the IFD:	[to come]
If to the Trustee:	[Corporate Trustee] [to come] Attention: Corporate Trust Department Facsimile

**Section 9.09. Partial Invalidity.** If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The IFD hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and vest in the Treasurer of the IFD in trust for the benefit of the Owners. The IFD covenants for the direct benefit of the Owners that its Finance Director in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

**Section 9.10. Unclaimed Moneys.** Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the IFD as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the IFD for the payment of the principal of and interest and redemption premium (if any) on of such Bonds.

**Section 9.11. Execution in Counterparts.** This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 9.12. Governing Law.** This Indenture shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE FINANCING DISTRICT NO. 2 (PORT OF SAN FRANCISCO), has caused this Indenture to be signed in its name by \_\_\_\_\_ and attested by the Clerk of the Board of Supervisors of the City and County of San Francisco, and [CORPORATE TRUSTEE], in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CITY AND COUNTY OF SAN FRANCISCO  
INFRASTRUCTURE FINANCING  
DISTRICT NO. 2 (PORT OF SAN  
FRANCISCO)

By: \_\_\_\_\_  
Authorized Officer

Attest:

\_\_\_\_\_  
Clerk  
Board of Supervisors  
City and County of San Francisco

[CORPORATE TRUSTEE], as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**  
**(FORM OF BOND)**  
**FORM OF BOND**

No. \_\_\_\_\_

\*\*\*\$ \_\_\_\_\_\*\*\*

**UNITED STATES OF AMERICA**  
**STATE OF CALIFORNIA**  
**CITY AND COUNTY OF SAN FRANCISCO**  
  
**CITY AND COUNTY OF SAN FRANCISCO**  
**Infrastructure Financing District No. 2**  
**(Port of San Francisco)**  
**Sub-Project Area G-1 (Pier 70 - Historic Core)**  
**Tax Increment Revenue Bond, Series \_\_\_\_\_**

**INTEREST RATE**

**MATURITY DATE**

**DATED DATE**

\_\_\_\_\_ %

\_\_\_\_\_ 1, \_\_\_\_\_

\_\_\_\_\_

REGISTERED OWNER:

PRINCIPAL AMOUNT:

\*\*\*\*\*DOLLARS

City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) (the "IFD") with respect to Sub-Project Area G-1 (Pier 70 - Historic Core), for value received, hereby promises to pay solely from the Tax Revenues (as hereinafter defined) to be received by the IFD or amounts in certain funds and accounts held under the Indenture of Trust (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount, semiannually on each September 1 and March 1 (each an "Interest Payment Date"), commencing as set forth in the Indenture of Trust, at the interest rate set forth above, until the principal amount hereof is paid or made available for payment provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

Principal of and interest on the Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Trustee (defined below) mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds delivered to the Trustee prior to the applicable Record Date. The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Trustee or such other place as designated by the Trustee.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$\_\_\_\_\_ approved by resolution of the Board of Supervisors of the City on \_\_\_\_\_, 20\_\_ (the "Resolution"), under California Government Code Section 53395 et seq. (the "IFD Law") for the purpose of funding certain facilities for the IFD, and is one of the series of bonds designated "City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) Sub-Project Area G-1 (Pier 70 - Historic Core) Tax Increment Revenue Bonds, Series \_\_\_\_\_" (the "Bonds"). The issuance of the Bonds and the terms and conditions thereof are provided for by an Indenture of Trust, dated as of \_\_\_\_\_ 1, 20\_\_ (the "Indenture of Trust"), between the IFD and the \_\_\_\_\_ (the "Trustee") and this reference incorporates the Indenture of Trust herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Indenture of Trust is authorized under, this Bond is issued under and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the IFD Law, the Resolution and the Indenture of Trust, the principal of and interest on this Bond are payable solely from certain funds held under the Indenture of Trust and the "Tax Revenues," as defined in the Indenture of Trust. Any revenues for the payment hereof shall be limited to the Tax Revenues, except to the extent that provision for payment has been made by the City, as may be permitted by law.

The Bonds are not a debt of the City or the State of California or of any of its political subdivisions, other than the IFD to the limited extent described herein, and none of those entities, other than the IFD to the limited extent described herein, shall be liable on the Bonds, and the Bonds shall be payable exclusively from the Tax Revenues and the specified funds held under the Indenture of Trust. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation.

Optional Redemption. All of the Bonds are subject to redemption prior to their stated maturities, on any Interest Payment Date, in whole or in part, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
[to come]	

Mandatory Sinking Fund Redemption. The Term Bond maturing on \_\_\_\_\_ 1, \_\_\_\_\_ is subject to mandatory redemption in part by lot, from sinking fund payments made by the IFD from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund Redemption Date	Principal Amount <u>Subject to Redemption</u>
( _____ )	

Provided, however, if some but not all of the Term Bonds of a given maturity have been redeemed as a result of an optional redemption or a mandatory redemption, the total amount of all future Sinking Fund Payments relating to such maturity shall be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as determined by the Trustee, notice of which determination shall be given by the Trustee to the City.

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Indenture of Trust.

This Bond shall be registered in the name of the owner hereof, as to both principal and interest. Each registration and transfer of registration of this Bond shall be entered by the Trustee in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Trustee shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date established by the Trustee for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

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

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.



IN WITNESS WHEREOF, City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), with respect to Sub-Project Area G-1 (Pier 70 - Historic Core), has caused this Bond to be to be signed by the facsimile signature of the \_\_\_\_\_ and countersigned by the facsimile signature of the Clerk of the Board of Supervisors with the seal of the City imprinted hereon.

[S E A L]

\_\_\_\_\_  
Clerk of the Board of Supervisors

\_\_\_\_\_  
[to come]

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the Indenture of Trust which has been authenticated on \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
*as Trustee*

By: \_\_\_\_\_  
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_, attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

**EXHIBIT B**

**FORM OF PROJECT FUND DISBURSEMENT REQUEST**

**DISBURSEMENT REQUEST NO.:** \_\_\_\_\_

[Corporate Trustee]  
[address to come]  
Attention: Corporate Trust Department

Re: \$[Principal Amount] City and County of San Francisco Infrastructure Financing  
District No. 2 (Port of San Francisco) Sub-Project Area G-1 (Pier 70 - Historic Core)  
Tax Increment Revenue Bonds, Series \_\_\_\_\_

Ladies and Gentlemen:

In accordance with the terms of an Indenture of Trust, by and between you and the undersigned, dated as of \_\_\_\_\_ 1, 20\_\_ (the "Indenture"), you are hereby authorized and requested to make immediate disbursement of funds held by you in the Project Fund pursuant to Section 3.04 of the Indenture.

You are hereby requested to pay to the person(s), corporation(s) or other entity(ies) designated on Schedule A attached hereto as Payee(s), the sum set forth on said Schedule.

All of the costs listed on Schedule A are authorized expenditures of the IFD with respect to the Project Area.

Capitalized terms used herein but not defined have the meaning given them in the Indenture.

Dated: \_\_\_\_\_, 20\_\_

CITY AND COUNTY OF SAN FRANCISCO  
INFRASTRUCTURE FINANCING  
DISTRICT NO. 2 (PORT OF SAN  
FRANCISCO)

By: \_\_\_\_\_  
Treasurer

**SCHEDULE A**  
**TO**  
**PROJECT FUND DISBURSEMENT REQUEST**

Payee

Amount

Purposes

---

**PLEDGE AGREEMENT**

**by and among**

**CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE FINANCING  
DISTRICT NO. 2 (PORT OF SAN FRANCISCO)**

**and**

**CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA**

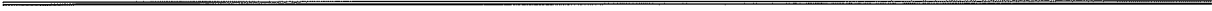
**and**

**[CORPORATE TRUSTEE],  
as Fiscal Agent**

**Dated as of \_\_\_\_ 1, 20\_\_**

**Relating to**

**\$ \_\_\_\_  
City and County of San Francisco  
Community Facilities District No. \_\_\_\_  
Special Tax Bonds, Series \_\_\_\_**



## PLEDGE AGREEMENT

This PLEDGE AGREEMENT, dated as of \_\_\_\_ 1, 20\_\_ (this "Pledge Agreement"), by and between the CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE FINANCING DISTRICT NO. 2 (PORT OF SAN FRANCISCO), an infrastructure financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IFD"), the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation and chartered city organized and existing under the Constitution and the laws of the State of California (the "City") and [CORPORATE TRUSTEE], a national banking association organized and existing under the laws of the United States, as fiscal agent (the "Fiscal Agent") under the Fiscal Agent Agreement (hereinafter defined);

### WITNESSETH:

WHEREAS, the IFD is an infrastructure financing district and a legally constituted governmental entity established pursuant to the laws of the State of California, with the legal authority to exercise powers under and pursuant to the provisions of Chapter 2.8 of Division 2 of Part 1 of Title 5 of the California Government Code (the "Law"), including the power to issue bonds;

WHEREAS, an Infrastructure Financing Plan (as defined herein) for the IFD, including Appendix G-1 with respect to Sub-Project Area G-1 (Pier 70 - Historic Core) (the "Project Area"), has been adopted in compliance with all requirements of the Law;

WHEREAS, pursuant to Section 53395.2 of the Law, the IFD is authorized to pledge revenues available from the Project Area to it pursuant to Article 3 of the Law (commencing with Section 53396) to pay the principal of, and interest on, bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 of Division 2 of Part 1 of Title 5 of the California Government Code, as amended (commencing with Section 53311)) (the "Mello-Roos Act"), the proceeds of which have been or will be used entirely for allowable purposes of the IFD;

WHEREAS, the City and County of San Francisco (the "City") formed the CFD to finance certain improvements (the "Facilities") described in Resolution \_\_\_\_, adopted by the Board of Supervisors of the City on \_\_\_\_, 20\_\_ (the "Resolution of Formation"), and each of those Facilities is a facility that may be financed by the IFD;

WHEREAS, concurrently herewith, the City is issuing for and on behalf of the CFD its City and County of San Francisco Community Facilities District No. \_\_ Special Tax Bonds, Series \_\_ (the "CFD Bonds") to finance acquisition and construction of the Facilities;

WHEREAS, the IFD and the CFD wish to enter into this Agreement to memorialize a pledge by the IFD of Tax Revenues (as defined herein) as security for and a source of payment of debt service on the CFD Bonds;

NOW, THEREFORE, in consideration of the mutual covenants herein contained it is agreed by and between the parties hereto, as follows:

*Section 1. Definitions.* Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Pledge Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified. Any capitalized term not defined herein shall have the meaning given to such term in the Fiscal Agent Agreement.

"Administrative Expenses" means any or all of the following: fees and expenses of the Fiscal Agent (including any fees and expenses of its counsel), the expenses of the City in carrying out its duties under the Fiscal Agent Agreement (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the liens of delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of City staff directly related thereto and a proportionate amount of City general administrative overhead related thereto, any amounts paid by the City from its general funds, and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the issuance and administration of the CFD Bonds and/or the discharge of their respective duties under the Fiscal Agent Agreement (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes, and the calculation of amounts subject to rebate to the United States) and, in the case of the City, in any way related to the administration of the CFD. Administrative Expenses shall include any such expenses incurred in prior years but not yet paid.

"Annual Debt Service" means, for each Bond Year, the sum of (i) interest due on the outstanding CFD Bonds and other Parity Debt in such Bond Year, assuming that the outstanding CFD Bonds and other Parity Debt are retired as scheduled, and (ii) the principal amount of the outstanding CFD Bonds and other Parity Debt due in such Bond Year.

"Bond Year" means the one-year period beginning on September 2 in each year and ending on September 1 in the following year, except that the first Bond Year shall begin on the closing date of the CFD Bonds and shall end on September 1, 20\_\_.

"CFD Bonds" means the City and County of San Francisco Community Facilities District No. \_\_ Special Tax Bonds, Series \_\_\_\_, issued and outstanding under the Fiscal Agent Agreement.

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

"Fiscal Agent" means [Corporate Trustee], or any successor as fiscal agent under the Fiscal Agent Agreement.

"Fiscal Agent Agreement" means the Fiscal Agent Agreement dated as of \_\_ 1, 20 \_\_, between the City and the Fiscal Agent, pursuant to which the CFD Bonds are being issued.



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

"IFD" means the City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), an infrastructure financing district and a legally constituted governmental entity established pursuant to the laws of the State of California.

"Infrastructure Financing Plan" means the Infrastructure Financing Plan for the IFD and the Project Area, adopted and approved by the Board of Supervisors of the City and County of San Francisco by Ordinance No. \_\_\_\_, adopted on \_\_\_\_, 2015, as heretofore amended and as may hereafter be amended in accordance with the law.

"Law" means Chapter 2.8 of Division 2 of Part 1 of Title 5 of the California Government Code and the acts amendatory thereof and in supplement thereto. Whenever reference is made in this Pledge Agreement to the Law, reference is made to the Law as in force on the date of the execution of this Pledge Agreement, unless the context otherwise requires.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year, as certified in writing by the IFD to the City and the Fiscal Agent.

"Ordinance" means any ordinance of the City Council of the City levying the Special Taxes, including but not limited to Ordinance No. \_\_\_\_ enacted by the Board of Supervisors of the City on \_\_\_\_, 20\_\_.

"Parity Debt" has the meaning given that term in Section 6 of this Pledge Agreement.

"Parity Debt Instrument" means any instrument providing for the issuance or incurrence of Parity Debt.

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

"Project Area" means Sub-Project Area G-1 (Pier 70 - Forest City).

"Special Taxes" means the special taxes levied by the City Council within the CFD under the Act, the Ordinance and this Agreement.

"Subordinate Debt" has the meaning given that term in Section 7 of this Pledge Agreement.

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

"Tax Revenues" means all taxes annually allocated within the Plan Limit and paid to the IFD with respect to the Project Area pursuant to the Law, and as provided in the Infrastructure Financing Plan

*Section 2. Payment of Tax Revenues.* The IFD and the City agree that the IFD shall pay to the Fiscal Agent, for deposit into the Special Tax Fund established and held by the Fiscal Agent under the Fiscal Agent Agreement, all Tax Revenues received during each Fiscal Year by no later than each January 1 (or as soon thereafter as the IFD receives its tax increment from the City) and June 20 (or as soon thereafter as the IFD receives its tax increment from the City) thereof until the amount so transferred to the Special Tax Fund established under the Fiscal Agent Agreement equals the sum of (i) Annual Debt Service, (ii) Administrative Expenses and (iii) amounts required to replenish the Reserve Fund (as provided in the Fiscal Agent Agreement), in each case for such Fiscal Year, less amounts on deposit in the Bond Fund and the Special Tax Fund and held under the Fiscal Agent Agreement. The IFD and the City agree that such Tax Revenues paid to the Fiscal Agent shall be pledged to the payment of debt service on, and other amounts payable with respect to, the CFD Bonds, and shall not be applied for any other purpose, except as permitted under the Fiscal Agent Agreement.

*Section 3. Pledge and Assignment.* Subject to the limitations regarding the use of tax increment to pay outstanding indebtedness as set forth in the Infrastructure Financing Plan (to the extent applicable), the IFD, for the security of the IFD's payment obligation hereunder, hereby pledges the Tax Revenues to the Fiscal Agent, and creates a lien thereon for the benefit of the Fiscal Agent, and such pledge and lien shall be subject to no prior pledge or liens except as provided in Section 6 below, and the pledge and lien created hereby shall attach and be binding and effective without the need for any physical delivery, recordation, filing, or further act.

*Section 4. Excess Tax Revenues.* Tax Revenues in excess of the amounts required for the IFD to meet its obligations hereunder (the "Excess Tax Revenues") shall be used by the IFD for authorized purposes under the Infrastructure Financing Plan.

*Section 5. Coverage Covenant; Plan Limit.*

(a) The IFD agrees that it will not issue or incur any additional obligations or take any action regarding the pledge of Tax Revenues such that the amount of Tax Revenues for the then current Fiscal Year, will be less than \_\_\_\_% of Maximum Annual Debt Service.

(b) The IFD shall manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limit in the amounts and at the times required to enable the IFD to pay meet its payment obligations under this Pledge Agreement and with respect to any outstanding Parity Debt when due.

*Section 6. Issuance of Parity Debt.* In addition to the pledge under this Agreement, the IFD may issue additional bonds or incur other loans, advances or indebtedness payable from Tax Revenues on a parity with the its obligations under this Pledge Agreement ("Parity Debt") to finance and/or refinance activities that are permitted to be financed by the IFD with respect to the Project Area in such principal amount as shall be determined by the IFD. The

IFD may issue and deliver any such Parity Debt subject to the following specific conditions all of which are hereby made conditions precedent to the issuance and delivery of such Parity Debt:

(a) No event of default hereunder, under any Parity Debt Instrument or under any Subordinate Debt Instrument shall have occurred and be continuing, unless such event of default shall be cured by the issuance of the Parity Debt, and the IFD shall otherwise be in compliance with all covenants set forth in this Indenture;

(b) Except as provided in (f) below, the Tax Revenues received or estimated to be received for the then current Fiscal Year (i) calculated using a tax rate of (1%) and (ii) based on the most recent taxable valuation of property in the Project Area as evidenced by the records of the IFD, plus an assumed increase in Tax Revenues of two percent (2%), shall be at least equal to \_\_\_\_\_ percent (\_\_\_%) of Maximum Annual Debt Service, including within such Maximum Annual Debt Service, the amount of annual debt service on the Parity Debt then proposed to be issued or incurred;

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

(d) The aggregate amount of the principal of and interest on the CFD Bonds, all outstanding Parity Debt and any Subordinate Debt coming due and payable following the issuance of such Parity Debt shall not exceed the maximum amount of Tax Revenues, if any, permitted under the Plan Limit to be allocated and paid to the IFD following the issuance of such Parity Debt;

(e) The IFD shall deliver to the City and the Fiscal Agent a written certificate certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a) - (d) of this Section have been satisfied.

(f) Paragraph (b) shall not apply to the issuance or incurrence of any Parity Debt the net proceeds of which will be used solely to refund all or any portion of the CFD Bonds or any outstanding Parity Debt, provided that debt service payable in each year with respect to the proposed Parity Debt is less than the debt service otherwise payable in each year with respect to the CFD Bonds or Parity Debt, or portion thereof, proposed to be refunded.

*Section 7. Issuance of Subordinate Debt.* In addition to the pledge under this Agreement, the IFD may issue additional bonds or incur other loans, advances or indebtedness payable from Tax Revenues on a subordinate basis to the its obligations under this Pledge Agreement ("Subordinate Debt") in such principal amount as shall be determined by the IFD. The IFD may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

(a) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the then existing limitation, if any, on the amount of Tax Revenues allocable and

payable to the IFD under the Infrastructure Financing Plan, then the aggregate amount of the principal of and interest to accrue on the CFD Bonds, Parity Debt and Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the IFD following the issuance of such Subordinate Debt; and

(b) The IFD shall deliver to the Trustee a Written Certificate of the IFD certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in paragraph (a) above have been satisfied.

*Section 8. Term.* The term of this Pledge Agreement shall commence on the date of issuance of the CFD Bonds, and shall end on the earlier of the date no CFD Bonds are outstanding or \_\_\_\_, 20\_\_, which date is the last day the IFD may repay indebtedness or receive property taxes under the Infrastructure Financing Plan; provided that such date shall be extended to the date on which no CFD Bonds are outstanding, if later than May \_\_\_\_, 20\_\_, if the IFD determines that payments of Tax Revenues hereunder may be made after \_\_\_\_, 20\_\_, without violating either the Infrastructure Financing Plan or the Law.

*Section 9. Amendment.* This Pledge Agreement may be amended only with the prior written consent of the parties thereto and if the City shall have received an opinion of nationally recognized bond counsel that such amendment does not adversely affect the tax-exempt nature of interest on the CFD Bonds.

IN WITNESS HEREOF, the parties hereto have executed this Pledge Agreement as of the day and year first above written.

CITY AND COUNTY OF SAN  
FRANCISCO INFRASTRUCTURE  
FINANCING DISTRICT NO. 2 (PORT  
OF SAN FRANCISCO)

By: \_\_\_\_\_  
Authorized Officer

CITY AND COUNTY OF SAN  
FRANCISCO

By: \_\_\_\_\_  
Authorized Officer

[CORPORATE TRUSTEE], as Fiscal  
Agent

By: \_\_\_\_\_  
Authorized Officer

---

**PLEDGE AGREEMENT**

by and among

**CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE FINANCING  
DISTRICT NO. 2 (PORT OF SAN FRANCISCO)**

and

**CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA**

and

**[CORPORATE TRUSTEE],  
as Fiscal Agent**

Dated as of \_\_\_\_ 1, 20\_\_

Relating to

\$ \_\_\_\_

**City and County of San Francisco  
Community Facilities District No. \_\_\_\_  
Special Tax Bonds, Series \_\_\_\_**



## PLEDGE AGREEMENT

This PLEDGE AGREEMENT, dated as of \_\_\_\_ 1, 20\_\_ (this "Pledge Agreement"), by and between the CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE FINANCING DISTRICT NO. 2 (PORT OF SAN FRANCISCO), an infrastructure financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IFD"), the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation and chartered city organized and existing under the Constitution and the laws of the State of California (the "City") and [CORPORATE TRUSTEE], a national banking association organized and existing under the laws of the United States, as fiscal agent (the "Fiscal Agent") under the Fiscal Agent Agreement (hereinafter defined);

### WITNESSETH:

WHEREAS, the IFD is an infrastructure financing district and a legally constituted governmental entity established pursuant to the laws of the State of California, with the legal authority to exercise powers under and pursuant to the provisions of Chapter 2.8 of Division 2 of Part 1 of Title 5 of the California Government Code (the "Law"), including the power to issue bonds;

WHEREAS, an Infrastructure Financing Plan (as defined herein) for the IFD, including Appendix G-1 with respect to Sub-Project Area G-1 (Pier 70 - Historic Core) (the "Project Area"), has been adopted in compliance with all requirements of the Law;

WHEREAS, pursuant to Section 53395.2 of the Law, the IFD is authorized to pledge revenues available from the Project Area to it pursuant to Article 3 of the Law (commencing with Section 53396) to pay the principal of, and interest on, bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 of Division 2 of Part 1 of Title 5 of the California Government Code, as amended (commencing with Section 53311)) (the "Mello-Roos Act"), the proceeds of which have been or will be used entirely for allowable purposes of the IFD;

WHEREAS, the City and County of San Francisco (the "City") formed the CFD to finance certain improvements (the "Facilities") described in Resolution \_\_\_\_, adopted by the Board of Supervisors of the City on \_\_\_\_, 20\_\_ (the "Resolution of Formation"), and each of those Facilities is a facility that may be financed by the IFD;

WHEREAS, concurrently herewith, the City is issuing for and on behalf of the CFD its City and County of San Francisco Community Facilities District No. \_\_ Special Tax Bonds, Series \_\_ (the "CFD Bonds") to finance acquisition and construction of the Facilities;

WHEREAS, the IFD and the CFD wish to enter into this Agreement to memorialize a pledge by the IFD of Tax Revenues (as defined herein) as security for and a source of payment of debt service on the CFD Bonds;



NOW, THEREFORE, in consideration of the mutual covenants herein contained it is agreed by and between the parties hereto, as follows:

*Section 1. Definitions.* Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Pledge Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified. Any capitalized term not defined herein shall have the meaning given to such term in the Fiscal Agent Agreement.

"Administrative Expenses" means any or all of the following: fees and expenses of the Fiscal Agent (including any fees and expenses of its counsel), the expenses of the City in carrying out its duties under the Fiscal Agent Agreement (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the liens of delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of City staff directly related thereto and a proportionate amount of City general administrative overhead related thereto, any amounts paid by the City from its general funds, and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the issuance and administration of the CFD Bonds and/or the discharge of their respective duties under the Fiscal Agent Agreement (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes, and the calculation of amounts subject to rebate to the United States) and, in the case of the City, in any way related to the administration of the CFD. Administrative Expenses shall include any such expenses incurred in prior years but not yet paid.

"Annual Debt Service" means, for each Bond Year, the sum of (i) interest due on the outstanding CFD Bonds and other Parity Debt in such Bond Year, assuming that the outstanding CFD Bonds and other Parity Debt are retired as scheduled, and (ii) the principal amount of the outstanding CFD Bonds and other Parity Debt due in such Bond Year.

"Bond Year" means the one-year period beginning on September 2 in each year and ending on September 1 in the following year, except that the first Bond Year shall begin on the closing date of the CFD Bonds and shall end on September 1, 20\_\_.

"CFD Bonds" means the City and County of San Francisco Community Facilities District No. \_\_ Special Tax Bonds, Series \_\_\_\_, issued and outstanding under the Fiscal Agent Agreement.

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

"Fiscal Agent" means [Corporate Trustee], or any successor as fiscal agent under the Fiscal Agent Agreement.

"Fiscal Agent Agreement" means the Fiscal Agent Agreement dated as of \_\_ 1, 20\_\_ between the City and the Fiscal Agent, pursuant to which the CFD Bonds are being issued.

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

"IFD" means the City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), an infrastructure financing district and a legally constituted governmental entity established pursuant to the laws of the State of California.

"Infrastructure Financing Plan" means the Infrastructure Financing Plan for the IFD and the Project Area, adopted and approved by the Board of Supervisors of the City and County of San Francisco by Ordinance No. \_\_\_\_, adopted on \_\_\_\_, 2015, as heretofore amended and as may hereafter be amended in accordance with the law.

"Law" means Chapter 2.8 of Division 2 of Part 1 of Title 5 of the California Government Code and the acts amendatory thereof and in supplement thereto. Whenever reference is made in this Pledge Agreement to the Law, reference is made to the Law as in force on the date of the execution of this Pledge Agreement, unless the context otherwise requires.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year, as certified in writing by the IFD to the City and the Fiscal Agent.

"Ordinance" means any ordinance of the City Council of the City levying the Special Taxes, including but not limited to Ordinance No. \_\_\_\_ enacted by the Board of Supervisors of the City on \_\_\_\_, 20\_\_.

"Parity Debt" has the meaning given that term in Section 6 of this Pledge Agreement.

"Parity Debt Instrument" means any instrument providing for the issuance or incurrence of Parity Debt.

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

"Project Area" means Sub-Project Area G-1 (Pier 70 - Forest City).

"Special Taxes" means the special taxes levied by the City Council within the CFD under the Act, the Ordinance and this Agreement.

"Subordinate Debt" has the meaning given that term in Section 7 of this Pledge Agreement.

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

"Tax Revenues" means all taxes annually allocated within the Plan Limit and paid to the IFD with respect to the Project Area pursuant to the Law, and as provided in the Infrastructure Financing Plan

*Section 2. Payment of Tax Revenues.* The IFD and the City agree that the IFD shall pay to the Fiscal Agent, for deposit into the Special Tax Fund established and held by the Fiscal Agent under the Fiscal Agent Agreement, all Tax Revenues received during each Fiscal Year by no later than each January 1 (or as soon thereafter as the IFD receives its tax increment from the City) and June 20 (or as soon thereafter as the IFD receives its tax increment from the City) thereof until the amount so transferred to the Special Tax Fund established under the Fiscal Agent Agreement equals the sum of (i) Annual Debt Service, (ii) Administrative Expenses and (iii) amounts required to replenish the Reserve Fund (as provided in the Fiscal Agent Agreement), in each case for such Fiscal Year, less amounts on deposit in the Bond Fund and the Special Tax Fund and held under the Fiscal Agent Agreement. The IFD and the City agree that such Tax Revenues paid to the Fiscal Agent shall be pledged to the payment of debt service on, and other amounts payable with respect to, the CFD Bonds, and shall not be applied for any other purpose, except as permitted under the Fiscal Agent Agreement.

*Section 3. Pledge and Assignment.* Subject to the limitations regarding the use of tax increment to pay outstanding indebtedness as set forth in the Infrastructure Financing Plan (to the extent applicable), the IFD, for the security of the IFD's payment obligation hereunder, hereby pledges the Tax Revenues to the Fiscal Agent, and creates a lien thereon for the benefit of the Fiscal Agent, and such pledge and lien shall be subject to no prior pledge or liens except as provided in Section 6 below, and the pledge and lien created hereby shall attach and be binding and effective without the need for any physical delivery, recordation, filing, or further act.

*Section 4. Excess Tax Revenues.* Tax Revenues in excess of the amounts required for the IFD to meet its obligations hereunder (the "Excess Tax Revenues") shall be used by the IFD for authorized purposes under the Infrastructure Financing Plan.

*Section 5. Coverage Covenant; Plan Limit.*

(a) The IFD agrees that it will not issue or incur any additional obligations or take any action regarding the pledge of Tax Revenues such that the amount of Tax Revenues for the then current Fiscal Year, will be less than \_\_\_\_% of Maximum Annual Debt Service.

(b) The IFD shall manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limit in the amounts and at the times required to enable the IFD to pay meet its payment obligations under this Pledge Agreement and with respect to any outstanding Parity Debt when due.

*Section 6. Issuance of Parity Debt.* In addition to the pledge under this Agreement, the IFD may issue additional bonds or incur other loans, advances or indebtedness payable from Tax Revenues on a parity with the its obligations under this Pledge Agreement ("Parity Debt") to finance and/or refinance activities that are permitted to be financed by the IFD with respect to the Project Area in such principal amount as shall be determined by the IFD. The

IFD may issue and deliver any such Parity Debt subject to the following specific conditions all of which are hereby made conditions precedent to the issuance and delivery of such Parity Debt:

(a) No event of default hereunder, under any Parity Debt Instrument or under any Subordinate Debt Instrument shall have occurred and be continuing, unless such event of default shall be cured by the issuance of the Parity Debt, and the IFD shall otherwise be in compliance with all covenants set forth in this Indenture;

(b) Except as provided in (f) below, the Tax Revenues received or estimated to be received for the then current Fiscal Year (i) calculated using a tax rate of (1%) and (ii) based on the most recent taxable valuation of property in the Project Area as evidenced by the records of the IFD, plus an assumed increase in Tax Revenues of two percent (2%), shall be at least equal to \_\_\_\_\_ percent (\_\_\_%) of Maximum Annual Debt Service, including within such Maximum Annual Debt Service, the amount of annual debt service on the Parity Debt then proposed to be issued or incurred;

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

(d) The aggregate amount of the principal of and interest on the CFD Bonds, all outstanding Parity Debt and any Subordinate Debt coming due and payable following the issuance of such Parity Debt shall not exceed the maximum amount of Tax Revenues, if any, permitted under the Plan Limit to be allocated and paid to the IFD following the issuance of such Parity Debt;

(e) The IFD shall deliver to the City and the Fiscal Agent a written certificate certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a) - (d) of this Section have been satisfied.

(f) Paragraph (b) shall not apply to the issuance or incurrence of any Parity Debt the net proceeds of which will be used solely to refund all or any portion of the CFD Bonds or any outstanding Parity Debt, provided that debt service payable in each year with respect to the proposed Parity Debt is less than the debt service otherwise payable in each year with respect to the CFD Bonds or Parity Debt, or portion thereof, proposed to be refunded.

*Section 7. Issuance of Subordinate Debt.* In addition to the pledge under this Agreement, the IFD may issue additional bonds or incur other loans, advances or indebtedness payable from Tax Revenues on a subordinate basis to the its obligations under this Pledge Agreement ("Subordinate Debt") in such principal amount as shall be determined by the IFD. The IFD may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

(a) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the then existing limitation, if any, on the amount of Tax Revenues allocable and

payable to the IFD under the Infrastructure Financing Plan, then the aggregate amount of the principal of and interest to accrue on the CFD Bonds, Parity Debt and Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the IFD following the issuance of such Subordinate Debt; and

(b) The IFD shall deliver to the Trustee a Written Certificate of the IFD certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in paragraph (a) above have been satisfied.

*Section 8. Term.* The term of this Pledge Agreement shall commence on the date of issuance of the CFD Bonds, and shall end on the earlier of the date no CFD Bonds are outstanding or \_\_\_\_, 20\_\_, which date is the last day the IFD may repay indebtedness or receive property taxes under the Infrastructure Financing Plan; provided that such date shall be extended to the date on which no CFD Bonds are outstanding, if later than May \_\_\_\_, 20\_\_, if the IFD determines that payments of Tax Revenues hereunder may be made after \_\_\_\_, 20\_\_, without violating either the Infrastructure Financing Plan or the Law.

*Section 9. Amendment.* This Pledge Agreement may be amended only with the prior written consent of the parties thereto and if the City shall have received an opinion of nationally recognized bond counsel that such amendment does not adversely affect the tax-exempt nature of interest on the CFD Bonds.

IN WITNESS HEREOF, the parties hereto have executed this Pledge Agreement as of the day and year first above written.

CITY AND COUNTY OF SAN  
FRANCISCO INFRASTRUCTURE  
FINANCING DISTRICT NO. 2 (PORT  
OF SAN FRANCISCO)

By: \_\_\_\_\_  
Authorized Officer

CITY AND COUNTY OF SAN  
FRANCISCO

By: \_\_\_\_\_  
Authorized Officer

[CORPORATE TRUSTEE], as Fiscal  
Agent

By: \_\_\_\_\_  
Authorized Officer

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## NOTICE OF PUBLIC HEARING

### BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

**Date:** Tuesday, January 26, 2016

**Time:** 3:00 p.m.

**Location:** Legislative Chamber, Room 250, located at City Hall  
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

**Subject:** File No. 151120. Hearing of persons interested in or objecting to a proposed Ordinance (File No. 151119) establishing an Infrastructure Financing District, an Infrastructure Financing Plan, a Tax Administration Agreement, and approving other matters in connection with establishing City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco); a proposed Resolution (File No. 151118) approving a Memorandum of Understanding Relating to Infrastructure Financing District No. 2 (Port of San Francisco), Sub-Project Area G-1 (Pier 70 – Historic Core), and approving other matters in connection therewith; and a proposed Resolution (File No. 151117) approving issuance of bonds in an amount not to exceed \$25,100,000 for City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), with respect to Sub-Project Area G-1 (Pier 70 - Historic Core), approving an Indenture of Trust and Pledge Agreement, and approving other matters in connection therewith.

The proposed City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) ("District") is described in the Infrastructure Financing Plan ("Plan") described above, which is on file with the Clerk of the Board of Supervisors in File No. 151119. The Plan describes the public facilities to be financed by the District and the proposed financial arrangements to be undertaken by the District, including the proposed commitment of incremental tax revenue by the City and County of San Francisco. The boundaries of the proposed District are described in the Plan.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, January 22, 2016.

  
f Angela Calvillo, Clerk of the Board

DATED: December 23, 2015

PUBLISHED/MAILED/POSTED: December 29, 2015 & January 5, 12, and 19, 2016



## NOTIFICACIÓN DE AUDIENCIA PÚBLICA

### JUNATA DE SUPERVISORES DE LA CIUDAD Y CONDADO DE SANFRANCISCO

- Fecha:** Martes, 26 de enero de 2016
- Hora:** 3:00 p.m.
- Lugar:** Cámara Legislativa, Sala 250 del Ayuntamiento  
1 Dr. Carlton B. Goodlett Place, San Francisco, CA
- Asunto:** Expediente Núm. 151120. Audiencia a las personas interesadas en, o que se oponen a, una Ordenanza propuesta (Expediente Núm. 151117) que establece un Distrito de Financiamiento de Infraestructura, un Plan de Financiamiento de Infraestructura, un Acuerdo de Administración Tributaria, y que aprueba otros asuntos relacionados con el establecimiento del Distrito Núm. 2 de Financiamiento de Infraestructura de la Ciudad y Condado de San Francisco (Puerto de San Francisco); una Resolución propuesta (Expediente Núm. 151118) que aprueba un Memorando de Entendimiento Relacionado con el Distrito Núm. 2 de Financiamiento de Infraestructura (Puerto de San Francisco), Área del Subproyecto G-1 (Muelle 70 - Centro Histórico), y que aprueba otros asuntos relacionados con el mismo; y una Resolución propuesta (Expediente Núm. 151119) que aprueba la emisión de bonos por un monto que no exceda en \$25,100,000 para el Distrito Núm. 2 de Financiamiento de Infraestructura de la Ciudad y Condado de San Francisco (Puerto de San Francisco), con respecto al Área del Subproyecto G-1 (Muelle 70 - Sitio Histórico), que aprueba una Escritura de Fideicomiso y Contrato de Pignoración, y aprueba otros asuntos relacionados con los mismos.

  
f Angela Calvillo, Secretaria de la Junta

FECHADO: 23 de diciembre de 2015

ANUNCIADO/PUBLICADO: 29 de diciembre de 2015, y 5, 12, y 19 de enero de 2016





公聽會通知

三藩市市及縣市參事委員會

- 日期: 2016年1月26日星期二
- 時間: 下午3時
- 地點: 市政廳，立法會議廳 250 室，1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102
- 議題: 檔案號碼 151120。聆訊感興趣或反對人士對建議條例 (File No. 151119) 的意見，此項條例確立基建金融區、基建金融計劃、稅務管理協議及批准設立三藩市市及縣基建金融區No.2 (三藩市港口) 的其它相關事項；建議決議 (File No. 151118) 批准與基建金融區No.2 (三藩市港口)、次計劃區G-1 (Pier 70 - 歷史核心) 有關的諒解備忘錄 (Memorandum of Understanding)，並通過其它與此相關的事宜；以及建議決議 (File No. 151117) 批准為三藩市市及縣基建金融區No.2 (三藩市港口) 發行債券，款額不超過\$25,100,000，至於對次計劃區G-1 (Pier 70 - 歷史核心)，則須批准信托契約 (Indenture of Trust) 及質押協議 (Pledge Agreement)，以及通過其它與此相關的事宜。

  
f Angela Calvillo  
市參事委員會書記

日期: December 23, 2015

公佈/郵寄/張貼: December 29, 2015 & January 5, 12, and 19, 2016

CALIFORNIA NEWSPAPER SERVICE BUREAU

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Alisa Somera
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1 DR CARLTON B GOODLETT PL #244
SAN FRANCISCO, CA 94102

COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE
Ad Description AS - 01.26.15 Board COW - Port IFD

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO EXAMINER. Thank you for using our newspaper. Please read this notice carefully and call us with ny corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

12/29/2015 , 01/05/2016 , 01/12/2016 , 01/19/2016

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an invoice.

Table with 2 columns: Description, Amount. Rows: Publication \$1665.00, Publication \$-166.50, Total \$1498.50

EXM# 2829579

NOTICE OF PUBLIC HEARING
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO
JANUARY 26, 2016 - 3:00 PM
LEGISLATIVE CHAMBER, ROOM 250, CITY HALL, 1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard: File No. 151120. Hearing of persons interested in or objecting to a proposed Ordinance (File No. 151119) establishing an Infrastructure Financing District, an Infrastructure Financing Plan, a Tax Administration Agreement, and approving other matters in connection with establishing City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco); a proposed Resolution (File No. 151118) approving a Memorandum of Understanding Relating to Infrastructure Financing District No. 2 (Port of San Francisco), Sub-Project Area G-1 (Pier 70 - Historic Core), and approving other matters in connection therewith; and a proposed Resolution (File No. 151117) approving issuance of bonds in an amount not to exceed \$25,100,000 for City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), with respect to Sub-Project Area G-1 (Pier 70 - Historic Core), approving an Indenture of Trust and Pledge Agreement, and approving other matters in connection therewith. The proposed City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) ("District") is described in the Infrastructure Financing Plan ("Plan") described above, which is on file with the Clerk of the Board of Supervisors in File No. 151119. The Plan describes the public facilities to be financed by the District and the proposed financial arrangements to be undertaken by the District, including the proposed commitment of incremental tax revenue by the City and County of San Francisco.

The boundaries of the proposed District are described in the Plan. In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, January 22, 2016. Angela Calvillo, Clerk of the Board



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Alisa Somera
CCSF BD OF SUPERVISORS (OFFICIAL NOTICES)
1 DR CARLTON B GOODLETT PL #244
SAN FRANCISCO, CA 94102

EXM# 2821388

BOARD OF SUPERVISORS
OF THE CITY AND
COUNTY

OF SAN FRANCISCO

NOTICE IS HEREBY GIVEN
THAT the following Resolu-
tion was adopted by the
Board of Supervisors on
November 3, 2015, and
approved by the Mayor on
November 10, 2015:

Resolution of Intention
to Issue Bonds in an amount
not to exceed \$25,100,000
for City and County of San
Francisco Infrastructure
Financing District No. 2
(Port of San Francisco).

WHEREAS, California
Statutes of 1968, Chapter
1333 (Burton Act) and the
San Francisco Charter,
Sections 4.114 and B3.581
empower the City and
County of San Francisco
(City), acting through the
San Francisco Port Commis-
sion, to use, conduct,
operate, maintain, manage,
regulate and control the
lands within Port Commis-
sion jurisdiction; and

WHEREAS, Under Govern-
ment Code, Sections 53395,
et seq. (IFD Law), this Board
of Supervisors is authorized
to establish an infrastructure
financing district and to act
as the legislative body for an
infrastructure financing
district; and

WHEREAS, Pursuant to
Section 53395.8
of the IFD Law, a waterfront
district may be divided into
project areas; and

WHEREAS, On March 27,
2012, by Resolution No. 110-
12 (Initial Resolution of
Intention to Establish IFD),
this Board of Supervisors
declared its intention to
establish a waterfront district
to be known as "City and
County of San Francisco
Infrastructure Financing
District No. 2 (Port of San
Francisco)" (IFD), and
designated initial proposed
project areas within the IFD,
including Project Area G
(Pier 70); and

WHEREAS, On June 12, 2012, by
Resolution No. 227-12 (First
Amending Resolution), this
Board of Supervisors
amended the Initial Resolu-
tion of Intention to Establish
IFD to propose, among other
things, an amended list of
project areas; and

WHEREAS, On November
17, 2015, this Board of
Supervisors amended the
Initial Resolution of intention
to Establish IFD as amended
by the First Amending
Resolution (Second
Amending Resolution) to
designate Sub-Project Area
G-1 (Pier 70-Historic Core)
(Sub-Project Area G-1) (the

Initial Resolution of Intention
to Establish IFD, as
amended by the First
Amending Resolution and
the Second Amending
Resolution, Resolution of
Intention to Establish IFD);
and WHEREAS, In the
Resolution of Intention to
Establish IFD, this Board of
Supervisors directed the
Executive Director of the
Port of San Francisco to
prepare an infrastructure
financing plan for the IFD
(Infrastructure Financing
Plan) that would comply with
the IFD Law, including an
infrastructure-financing plan
for Sub-Project Area G-1 as
an appendix to the Infra-
structure Financing Plan
(Appendix G-1); and

WHEREAS, Pursuant to
Section 53397.1 of the IFD
Law, this Board of Super-
visors may initiate proceedings
to issue bonds pursuant to
the IFD Law by adopting a
resolution by majority vote
stating its intention to issue
the bonds and

WHEREAS, WHEREAS,
United States Income Tax
Regulations, Section 1.150-2
generally requires this Board
of Supervisors to declare its
official intent to reimburse
with proceeds of tax-exempt
debt expenditures made by
the City prior to the date of
issuance of such debt; and

WHEREAS, It is in the public
interest and for the public
benefit that the City declares
its official intent to reimburse
the expenditures referenced
herein; now, therefore, be it
RESOLVED, By the Board of
Supervisors as follows:

Section 1. Purposes of
Bonds. This Board of
Supervisors proposes
issuing one or more series of
bonds (Bonds) payable from
and secured by a pledge of
available tax increment
allocated to the IFD with
respect to Sub-Project Area
G-1 and other sources
identified by this Board of
Supervisors for the purpose
of financing the costs of the
facilities specified in
Appendix G-1 (Facilities),
including acquisition and
improvement costs and all
costs incidental to or
connected with the accom-
plishment of said purposes
and of the financing thereof.

The Bonds may be issued by
this Board of Supervisors for
and on behalf of the IFD with
respect to Sub-Project Area
G-1 and they may be issued
by this Board of Supervisors
for and on behalf of a
community facilities district
related to the territory in Sub-
Project Area G-1, as
determined by this Board of

COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE
Ad Description AS - Port IFD ROI to Issue Bonds

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO EXAMINER. Thank you for using our newspaper. Please read this notice carefully and call us with ny corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

12/02/2015 , 12/03/2015 , 12/04/2015 , 12/06/2015 , 12/07/2015 ,
12/08/2015 , 12/09/2015

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an invoice.

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Supervisors in connection with its approval of the issuance of a series of Bonds. This Board of Supervisors hereby declares that it reasonably expects (i) to pay certain costs of the Facilities prior to the date of issuance of the Bonds and (ii) to use a portion of the proceeds of the Bonds for reimbursement of expenditures for the Facilities that are paid before the date of issuance of the Bonds.

Section 2. Estimated Cost. This Board of Supervisors hereby estimates that the cost of the Facilities will be approximately \$18.26 million (2015 dollars) and that the estimated costs of preparing and issuing each series of the Bonds (not including underwriter's discount) will be equal to approximately 2% of the principal amount of such series of Bonds. Prior to the issuance of any Bonds authorized hereby, this Board of Supervisors will approve the payment of the actual costs of preparing and issuing each series of Bonds, including the underwriter's discount.

Section 3. Terms of Bonds. This Board of Supervisors intends to authorize the issuance and sale of the Bonds in one or more series in the maximum aggregate principal amount of not to exceed \$25,100,000; provided however, the maximum aggregate principal amount does not include the principal amount of (i) any bonds issued for the sole purpose of refinancing the Bonds, funding a reserve fund for such refunding bonds and paying related costs of issuance and (ii) any bonds issued for the sole purpose of refunding such refunding bonds, funding a reserve fund and paying related costs of issuance. The Bonds will bear interest payable semi-annually or in such other manner as this Board of Supervisors shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of the Bonds. The maximum underwriter's discount of the Bonds (excluding original issue discount) shall be 2%. As permitted by Section 53397.71 of the IFD Law, this Board of Supervisors may increase the maximum aggregate principal amount described above by adopting a resolution and complying with the publication require-

ments specified in the IFD Law. Section 4. Available Tax Revenues. This Board of Supervisors estimates, based on the analysis set forth in Appendix G-1, that the incremental property tax revenues that will be available to the IFD from Sub-Project Area G-1 are approximately \$49.2 million. This Board of Supervisors hereby finds that the amount necessary to pay principal of and interest on the Bonds is less than or equal to the incremental property tax revenues that will be available to the IFD to pay principal of and interest on the Bonds.

Section 5. Election. Pursuant to Section 53397.71 of the IFD Law, no election is required prior to issuance of the Bonds.

Section 6. Debt. This Board of Supervisors also proposes to incur debt (as defined in the IFD Law) other than the Bonds as set forth in Appendix G-1, as Appendix G-1 may be amended from time to time. The limitations on Bonds set forth in this Resolution, including, but not limited to, the maximum aggregate principal amount specified in Section 3, shall apply only to the Bonds and not to other debt (as defined in the IFD Law) payable from available tax increment allocated to the IFD with respect to Sub-Project Area G-1 pursuant to Appendix G-1.

Section 7. No Obligation. This Resolution shall in no way obligate this Board of Supervisors to issue Bonds for the IFD with respect to Sub-Project Area G-1. Issuance of the Bonds shall be subject to the approval of this Board of Supervisors. - Angela Calvillo, Clerk of the Board

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *for* Mayor Edwin M. Lee *NE*  
RE: Resolution Authorizing Issuance of Bonds - Not to Exceed \$25,100,000 -  
Port Infrastructure Financing District—Pier 70 (Historic Core)  
DATE: December 15, 2015

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Attached for introduction to the Board of Supervisors is a resolution approving issuance of bonds in an amount not to exceed \$25,100,000 for City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) with respect to Sub-Project Area G-1 (Pier 70 - Historic Core); approving an Indenture of Trust and a Pledge Agreement; and approving other matters in connection therewith.

Please note that this legislation is co-sponsored by Supervisor Malia Cohen.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.