

File No. 240198

Committee Item No. 11

Board Item No. 3

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date April 17, 2024

Board of Supervisors Meeting Date April 30, 2024

Cmte Board

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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PC Transmittal – Resolution Nos. 21541 and 21543 4/8/2024</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral Planning Commission 3/8/2024</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>TIDA Presentation 4/17/2024</u> |
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Completed by: Brent Jalipa Date April 11, 2024

Completed by: Brent Jalipa Date April 18, 2024

1 [Development Agreement Amendment - Treasure Island Community Development, LLC -
2 Treasure Island]

3 **Ordinance amending a Development Agreement between the City and County of San**
4 **Francisco and Treasure Island Community Development, LLC, a California limited**
5 **liability company, for the Treasure Island project, to amend the Financing Plan; making**
6 **findings under the California Environmental Quality Act; and making findings of**
7 **consistency with the General Plan, and with the eight priority policies of Planning**
8 **Code, Section 101.1(b), and findings of public necessity, convenience, and welfare**
9 **under Planning Code, Section 302.**

10 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
11 **Additions to Codes** are in *single-underline italics Times New Roman font*.
12 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
13 **Board amendment additions** are in double-underlined Arial font.
14 **Board amendment deletions** are in ~~strikethrough Arial font~~.
15 **Asterisks (* * * *)** indicate the omission of unchanged Code
16 subsections or parts of tables.

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

18 Section 1. Background and Findings.

19 (a) The City and County of San Francisco (the “City”) created the Treasure Island
20 Development Authority (the “Authority”) in 1997 to serve as the entity responsible for the
21 reuse and development of Naval Station Treasure Island, which encompasses Treasure
22 Island (also referred to as “TI”) and portions of Yerba Buena Island (also referred to as “YBI”).

23 (b) On June 28, 2011, the Authority and Treasure Island Community Development,
24 LLC (“Developer”) entered a Disposition and Development Agreement (the “Treasure
25 Island/Yerba Buena Island DDA” or “DDA”). On the same date, the City and Developer
entered a Development Agreement (the “DA”). The Board of Supervisors approved the DA in

1 Ordinance No. 95-11, Clerk of the Board of Supervisors File No. 110226. Ordinance No. 95-
2 11 and related DA documents and approvals are on file with the Clerk of the Board and
3 incorporated by reference in this ordinance.

4 (c) The DA, DDA, and the Special Use District in Planning Code Section 249.52
5 contemplate a project (the "Project") on Treasure Island and Yerba Buena Island that includes
6 up to 8,000 units of housing, 140,000 square feet of commercial and retail space, 100,000
7 square feet of office space, and up to approximately 300 acres of parks and open space, a
8 ferry terminal, new and upgraded streets, and extensive bicycle, pedestrian, and transit
9 facilities.

10
11 Section 2. Environmental Findings.

12 (a) On June 7, 2011 pursuant to Resolution No. 246-11, which was approved by the
13 Mayor, the Board of Supervisors unanimously confirmed certification of the final
14 environmental impact report ("FEIR") prepared for the Project under the California
15 Environmental Quality Act ("CEQA," Public Resources Code Sections 21000 et. seq;) and the
16 CEQA Guidelines (14 Cal. Code Regs. Sections 15000 et seq.), and made certain
17 environmental findings, including adoption of a Mitigation Monitoring and Reporting Program
18 and a Statement of Overriding Considerations. Said Resolution is on file with the Clerk of the
19 Board of Supervisors in File No 110328.

20 (b) CEQA authorizes lead agencies to prepare addenda to previously-prepared
21 environmental documents when they consider adopting a revised project, and the conditions
22 for preparing subsequent or supplemental environmental review are not met (CEQA Section
23 21166; Guidelines Sections 15162 and 15164).

24 (c) The Planning Department considered the impacts of the proposed amendments to
25 the Development Agreement, as well as concurrent proposed amendments to the Planning

1 Code, Zoning Map, and Disposition and Development Agreement for the Project, and
2 prepared an addendum to the FEIR.

3 (d) The addendum to the FEIR concluded that no supplemental or subsequent
4 environmental review is required for the proposed amendments to the Development
5 Agreement, Planning Code, Zoning Map, and Disposition and Development Agreement for the
6 Project, because the environmental impacts of these actions were adequately identified and
7 analyzed under CEQA in the FEIR, and the proposed amendments would not result in any
8 new or more severe environmental impacts than were identified previously.

9 (e) The Board of Supervisors has reviewed and considered the addendum and the
10 FEIR, and concurs with the Planning Department analysis and conclusions, finding that the
11 addendum adequately identified and analyzed the environmental impacts of the proposed
12 amendments to the Development Agreement, Planning Code, Zoning Map, and Disposition
13 and Development Agreement for the Project, and that no additional environmental review is
14 required under CEQA Section 21166 and CEQA Guidelines Sections 15162-15164, for the
15 following reasons:

16 (1) The Project with the proposed amendments will not have any new
17 significant environmental effects or a substantial increase in the severity of previously
18 identified significant impacts, beyond what was analyzed in the FEIR; and,

19 (2) No substantial changes have occurred with respect to the circumstances
20 under which the Project would be carried out, with the proposed amendments, that would
21 lead to new significant environmental effects, or a substantial increase in the severity of
22 effects identified in the FEIR; and,

23 (3) no new information of substantial importance to the Project analyzed in
24 the FEIR has become available, which would indicate that (i) the Project with the proposed
25 amendments will have significant effects not discussed in the FEIR; (ii) significant

1 environmental effects identified in the FEIR will be substantially more severe; (iii) mitigation
2 measures or alternatives found not feasible, which would reduce one or more significant
3 effects, have become feasible but the City and TIDA refuse to implement them; or (iv)
4 mitigation measures or alternatives, which are considerably different from those in the
5 FEIR, will substantially reduce one or more significant effects, but the City and TIDA refuse
6 to implement them.

7

8 Section 3. General Plan and Planning Code Findings.

9 (a) On April 24, 2024, the Planning Commission, in Resolution No. 21541, adopted
10 findings that the actions contemplated in this ordinance are consistent, on balance, with the
11 City’s General Plan and eight priority policies of Planning Code Section 101.1. The Board
12 adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the
13 Board of Supervisors in File No. 240198, and is incorporated herein by reference.

14 (b) Pursuant to Planning Code Section 302, this Board finds that this ordinance will
15 serve the public necessity, convenience, and welfare for the reasons set forth in Planning
16 Commission Resolution No. 21541, and the Board adopts such reasons as its own. A copy of
17 said resolution is on file with the Clerk of the Board of Supervisors in File No. 240198 and is
18 incorporated herein by reference.

19

20 Section 4. Development Agreement Amendment.

21 (a) The Board of Supervisors approves an amendment to the Development
22 Agreement, to revise Exhibit D, the Financing Plan, to make certain changes consistent with
23 those changes being made to the Financing Plan as attached to the DDA, to describe the
24 City’s intent to accelerate revenues into the Project for the purpose of ensuring Stage 2 of the
25 Project is financially feasible and proceeds and which changes to the DDA, through an

1 amendment to the DDA (the “DDA Amendment”), in addition to other changes, are being
2 considered by the Board of Supervisors concurrently with the consideration of this Ordinance.

3 (b) The Board of Supervisors also approves certain other changes to ~~DA Exhibit A,~~
4 ~~Project Site, to reflect revisions to the Marina lease boundaries; DA Exhibit B, Legal~~
5 ~~Description, to reflect revisions to the Marina lease boundaries; and, DA Exhibit C, Project~~
6 Approvals, to reflect revisions to the Project Approvals consistent with amendments to certain
7 documents as included in the DDA Amendment being considered concurrently with the
8 consideration of this Ordinance.

9 (c) The Board of Supervisors authorizes the execution, delivery, and performance
10 by the City of the amendment to the Development Agreement as follows: (i) the Director of
11 Planning and (other City officials listed thereon) are authorized to execute and deliver the
12 Development Agreement; and (ii) the Director of Planning and other applicable City officials
13 are authorized to take all actions reasonably necessary or prudent to perform the City's
14 obligations under the Development Agreement in accordance with the terms of the
15 Development Agreement amendment.

16 (d) The Board of Supervisors finds that this ordinance satisfies the requirements of
17 both Article 11 of the Development Agreement and Chapter 56 of the Administrative Code as
18 governing the amendment of the Development Agreement.

19
20 Section 5. Effective Date. This ordinance shall become effective 30 days after
21 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the

22 ///

23 ///

24 ///

25 ///

1 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
2 of Supervisors overrides the Mayor's veto of the ordinance.

3

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

6

7 By: /s/ HEIDI J. GEWERTZ
8 HEIDI J. GEWERTZ
9 Deputy City Attorney

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REVISED LEGISLATIVE DIGEST
(Amended in Committee, 4/17/2024)

[Development Agreement Amendment – Treasure Island Community Development, LLC – Treasure Island/Yerba Buena Island]

Ordinance amending a Development Agreement between the City and County of San Francisco and Treasure Island Community Development, LLC, a California limited liability company, for the Treasure Island/Yerba Buena Island project, to amend the Financing Plan; and making findings under the California Environmental Quality Act; and findings of conformity with the General Plan, and with the eight priority policies of Planning Code Section 101.1(b), and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Background Information

The City and County of San Francisco (the “City”) created the Treasure Island Development Authority (the “Authority”) in 1997 to serve as the entity responsible for the reuse and development of Naval Station Treasure Island, which encompasses Treasure Island (also referred to as “TI”) and portions of Yerba Buena Island (also referred to as “YBI”).

On June 28, 2011, the Authority and Treasure Island Community Development, LLC (“Developer”) entered a Disposition and Development Agreement (the “Treasure Island/Yerba Buena Island DDA” or “DDA”). On the same date, the City and Developer entered a Development Agreement (the “DA”).

Proposed Amendment

The parties now propose to amend the Development Agreement to revise Exhibit D, the Financing Plan, to make certain changes consistent with those changes being made to the Financing Plan as attached to the DDA, to describe the City’s intent to accelerate revenues into the Project for the purpose of ensuring Stage 2 of the Project is financially feasible and proceeds and which changes to the DDA, through an amendment to the DDA (the “DDA Amendment”), in addition to other changes, are being considered by the Board of Supervisors concurrently with the consideration of this Ordinance.

The parties also propose certain other changes to DA Exhibit C, Project Approvals, to reflect revisions to the Project Approvals consistent with amendments to certain documents as included in the DDA Amendment being considered concurrently with the consideration of this Ordinance.

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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

April 12, 2024


TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst 
SUBJECT: April 17, 2024 Budget and Finance Committee Meeting

TABLE OF CONTENTS

| Item | File | Page |
|-------------|---|-------------|
| 3 | 24-0285 Contract Agreement - Retroactive - Health Advocates LLC - Uncompensated Care Reimbursement Recovery Services - Not to Exceed \$11,391,540 | 1 |
| 4 | 24-0223 Airport Professional Services Agreement Modification - KONE Inc. - Escalator and Electric Walk Maintenance Services - Not to Exceed \$42,780,241 | 4 |
| 5 | 24-0191 Agreement Amendment - Kennedy Jenks Consultants, Inc./Brahman Sheikh Water Reuse Consulting/Water Resources Engineering, Inc. - Westside Recycled Water Project - Not to Exceed \$10,950,000..... | 8 |
| 7 | 24-0272 Transfer of Personal Property - Energy Center San Francisco, LLC - Steam Loop Emergency Repair - Not To Exceed \$3,100,000..... | 12 |
| 8 | 24-0347 Real Property Lease - TRINITY CENTER, LLC - 1145 Market Street - Initial Base Rent of \$1,368,445.45 | 16 |
| 9 | 24-0312 Lease Agreement - Hudson 1455 Market, LLC - 1455 Market Street - \$0 Base Rent Initial Year - \$6,474,744.80 Annual Base Rent Beginning Year 2..... | 20 |
| 10 | 24-0229 Grant Agreement Amendment - Abode Services - Flexible Housing Subsidy Pool - Not to Exceed \$17,918,683 | 25 |

TABLE OF CONTENTS

| Item | File | Page |
|-------------|--|-------------|
| 11 & 12 | 24-0198 Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island | |
| | 24-0202 Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island..... | 31 |

| | |
|--|--|
| Items 11 & 12 Files 24-0198 & 24-0202 | Department: Treasure Island Development Authority (TIDA) |
|--|--|

EXECUTIVE SUMMARY

Legislative Objectives

- **File 24-0198** is an ordinance that would approve a First Amendment to the Development Agreement between the City and Treasure Island Community Development LLC.
- **File 24-0202** is a resolution that would approve an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority (TIDA) and Treasure Island Community Development LLC (TICD) for the Treasure Island Project.

Key Points

- The Treasure Island/Yerba Buena Development Project (Project) will include up to 8,000 residential units, including 2,173 affordable units (27 percent), retail and commercial space, up to 500 hotel rooms, and 300 acres of public open space. Due to delays associated with City permitting and changes in market conditions, the project is eight years behind schedule and 90 percent over budget compared to 2011 estimates.
- The Amended and Restated Disposition and Development Agreement (DDA) extends the term of the agreement by 10 years for a total 40-year term and amends the Financing Plan, Schedule of Performance, Housing Plan, and transportation subsidies to provide \$115 million in General Fund Certificates of Participation (COPs) to fund Stage 2 infrastructure and improve the financial feasibility of the Project. The proposed First Amendment to the Development Agreement makes corresponding changes to the Financing Plan.

Fiscal Impact

- The Plan anticipates issuing the \$115 million in General Fund COPs in three tranches, each subject to the Board of Supervisors’ approval. The Office of Public Finance estimates that the COPs would have an annual principal and interest payment of \$13.7 million, assuming an estimated interest rate of 6.50 percent and a 20-year term for each financing. Total net debt service is estimated to be \$245.9 million.

Policy Consideration

- We estimate the COPs required by the proposed amendments will fully consume the City’s COP issuance capacity through at least FY 2027-28, unless interest rates decrease, prior COP authorizations are rescinded, or the delivery dates of other capital projects are extended. Because this proposal is occurring outside the normal capital planning process, which will next take place in the Spring 2025, it is difficult to weigh it against other City needs, including other new infrastructure and deferred maintenance on existing assets.

Recommendation

- Approval of the proposed resolution and ordinance is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

Administrative Code Chapter 56 provides for the City to enter into development agreements with private developers for housing and mixed-use developments to reduce risk for the developer while requiring public benefits that exceed existing requirements. Section 56.14 provides for Board of Supervisors approval of such development agreements.

BACKGROUND

Treasures Island/Yerba Buena Development Project

The Treasure Island/Yerba Buena Development Project (Project) is part of the Treasure Island Development Authority’s (TIDA) ongoing project to transition Treasure Island and a portion of Yerba Buena Island from a former military base to a residential and commercial development. In 2011, the Board of Supervisors approved the Development Agreement between the City and Treasure Island Community Development, LLC (TICD)¹, the master developer for the Treasure Island development project, and the Disposition and Development Agreement (DDA) between TIDA and TICD (Files 11-0226 and 11-0291). The Project will include up to 8,000 residential units, including 2,173 affordable units (27.2 percent), as well as retail and commercial space, up to 500 hotel rooms, and 300 acres of public open space.

Financing Plan

The Financing Plan attached to these agreements obligates the City to provide funding for certain public improvements through: (a) the issuance of special tax bonds² issued by one or more community facilities districts (CFDs); and (b) tax increment revenue bonds³ issued by the Treasure

¹ TICD is a limited liability company owned by Stockbridge Capital Group, Wilson Meany, Kenwood Investments, and Lennar Corporation.

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

³ State Infrastructure and Revitalization Financing District (IRFD) law allows for a portion of property tax revenues to be allocated to IRFDs to pay for public improvements. In 2017, the Board of Supervisors approved the formation of

Island Infrastructure and Revitalization Financing District (IRFD). To date, the City has issued a total of \$100.58 million in special tax bonds on behalf of the CFD, and the IRFD has issued a total of \$38.6 million in tax increment revenue bonds to finance the project.

Project Status

To date, the Project has completed infrastructure improvements on Yerba Buena Island and Treasure Island Phase I, including a new public park, street improvements and utilities, new water storage facilities, and a new ferry terminal. In addition, 229 new housing units have been completed, and approximately 745 units are under construction with expected completion in early 2025.

The 2011 DDA anticipated a twenty-year development timeline, with project completion anticipated in 2034. According to an April 2023 schedule of performance adjustment letter, TIDA anticipates project completion by 2042. The letter reflects the fifth revision to the Schedule of Performance attached to the DDA and extends the previous development timeline by two to three years based on delays related to City permitting, the unanticipated complexity of project phasing, and current market conditions, including high interest rates, which have impacted access to private capital and increased financing costs for infrastructure. Additionally, slower land/pad sales to residential developers for condominium development have slowed down the timing of revenues available to finance infrastructure development according to TIDA staff.

The total budget for the project has increased by 90 percent from \$1.334 billion anticipated in the 2011 DDA to \$2.5 billion, as currently estimated by TICD and TIDA staff. Increases in the budget are primarily due to development schedule delays and higher than anticipated escalation and construction costs compared to the original DDA proforma. According to TIDA, these cost increases will be primarily covered by higher special tax and property tax revenues, which have also been revised upward since 2011. However, the availability of public financing sources for Stage 2 is currently limited due to the constraints of the taxing capacity within the CFD or IRFD to issue additional tax increment or special tax bonds, which is tied to the pace and delivery of development. The current budget for Stage 1, located on Yerba Buena and Treasure Island, is approximately \$750 million, and the current budget for Stage 2, on Treasure Island, is approximately \$204 million. Both Stage 1 and Stage 2 are included within the boundaries of Major Phase 1. Exhibit 1 below shows the project budget and housing units by stage. The phasing map is shown in Attachment 2.

the Treasure Island IRFD No. 1, adopted the Infrastructure Financing Plan, and authorized the issuance of up to \$780 million in tax increment bonds to finance eligible project costs (Files 16-1120 and 16-1121). Each bond issuance (of the \$780 million total authorized) is subject to Board of Supervisors' approval of the terms of sale and related documents. In February 2022, the Board of Supervisors approved the addition of territory to the IRFD and amendments to the Infrastructure Financing Plan (File 21-1196).

Exhibit 1: Project Budget and Housing Units by Stage

| Stage | Corresponding Sub-Phases | Estimated Units* | Estimated Budget | Estimated Start to Finish Infrastructure |
|----------------|---------------------------------|-------------------------|-------------------------|--|
| Stage 1 | 1YA, 1YB, 1B, 1C, 1E | 1,993 | \$750 M | 2016-2024 |
| Stages 2, 3 | 1A, 1D, 1F, 1G, 1H, 1I | 2,169 | \$750 M | 2018-2028 |
| Stages 5, 6 | 2A, 2C, 3A | 1,480 | \$460 M | 2027-2030 |
| Stages 4, 7, 8 | 2B, 3B, 4A, 4B, 4C, 4D | 2,358 | \$600 M | Stage 4 2030-2031 Stages 7 and 8 parcels subject to land currently under Navy control |
| Total | | 8,000 | \$2.56 B | 2016-2042 |

Source: TIDA

*Delivery of housing units is subject to vertical development schedules and market conditions

Developer Performance

According to TIDA staff, TIDA gauges developer performance based on achieving project milestones and deliverables. To date, the Board of Supervisors and TIDA Board of Directors have accepted the following infrastructure and assets: (a) Panorama Park and Signal Point improvements on Yerba Buena Island⁴; (b) street and public infrastructure associated with sub-phases 1B, 1C, 1E, 1YA, and 1YB (File 23-1245); and (c) ferry terminal and other TIDA improvements (File 23-1269). TIDA staff also report that TIDA and the developer have met multiple times to review the status of the Schedule of Performance and there have not been any performance issues to date.

TIDA does not formally document developer performance, so we could not verify developer performance. However, based on current costs, the developer has completed over 90 percent of Stage 1 work and is currently constructing approximately 25 percent of Stage 2 work, which was originally expected to be complete by 2025 based on the adjusted Schedule of Performance.

DETAILS OF PROPOSED LEGISLATION

File 24-0202 is a resolution that would approve an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development LLC for the Treasure Island Project, including changes to the Financing Plan, Housing Plan, transportation subsidies, and Schedule of Performance.

File 24-0198 is an ordinance that would approve a First Amendment to the Development Agreement between the City and Treasure Island Community Development LLC for the Treasure Island Project to make changes to the Financing Plan.

⁴ Acceptance of Panorama Park was approved by TIDA Board of Directors. In February 2024, the Board of Supervisors approved an ordinance delegating powers related to acceptance of public parks and open space required as part of the Treasure Island project to TIDA (File 23-0859).

The DDA between TIDA and TICD establishes: (a) the rights of the Developer to develop the Project in a series of phases and to ground lease or sell lots to vertical developers for development; and (b) the responsibilities of the Developer to develop public infrastructure, affordable housing, and other community benefits. The Development Agreement between the City and TICD reduces uncertainty in the City's entitlements for the Project site to ensure the Project may be developed consistent with the provisions of the DDA.

Due to the reduced availability of both private and public financing for the Project and increased costs, TIDA, together with City staff, have negotiated proposed changes to the Development Agreement and Disposition and Development Agreement to finance Stage 2 infrastructure and to improve the overall financial feasibility of the Project. Proposed changes to the agreements preserve the project's public benefits, including affordable housing and public open space.

Amended & Restated Disposition & Development Agreement (File 24-0202)

The Amended and Restated Disposition and Development Agreement extends the term of the agreement by 10 years for a total term of 40 years and makes changes to the Financing Plan, Schedule of Performance, Housing Plan, and transportation subsidies as described below.

Financing Plan (Exhibit EE)

The financing plan describes the sources and uses of the project and describes the distribution of net revenues, including the rate of return for the developer. Revenues accrue to the developer through lot transfers with vertical developers for market rate and commercial uses. In light of the limited availability of tax increment financing and special tax bonds for the project, the proposed Financing Plan commits the City to provide "Alternate Financing" to fund remaining costs of Stage 2 infrastructure. The Plan anticipates Stage 2 Alternate Financing will consist of \$115 million in General Fund Certificates of Participation (COPs) to be issued in three tranches. Issuance of each tranche of the proposed COPs will be subject to Board of Supervisors' approval.

The proposed Financing Plan redirects \$550,000 per year in residual property tax increment and residual special taxes to the City to offset lease payments from the General Fund over the term of the COPs. In addition, the plan states that certain developer revenues must be reinvested in the Project until completion of Stage 2 infrastructure. The Financing Plan states that the City's General Fund will not be available to provide alternate financing to the project beyond Stage 2 Alternate Financing.

The proposed Financing Plan preserves the existing distribution of net revenues. Net revenues are distributed in a tiered structure as follows:

- First Tier – net revenues accrue to TICD until TICD has achieved an 18 percent annual internal rate of return;
- Second Tier – Once TICD has achieved an 18 percent annual internal rate of return, net revenues accrue to the Navy until the Navy has received \$50 million;
- Third Tier – once the Navy has received \$50 million, net revenues accrue to TICD until TICD has achieved a 22.5 percent annual internal rate of return;

- Fourth Tier – once TICD has achieved a 22.5 percent internal rate of return, net revenues are split by TICD (55 percent), TIDA (10 percent), and the Navy (35 percent) until TICD has achieved a 25 percent internal rate of return;
- Fifth Tier – once TICD has achieved a 25 percent internal rate of return, remaining net revenues are split by TICD (50 percent), TIDA (15 percent), and the Navy (35 percent).

TICD Funding for TIDA (Section 19)

The DDA requires the developer to reimburse TIDA for development-related expenses. TIDA also incurs expenses to manage commercial leases on Treasure Island and other matters that are not tied to development, referred to in the DDA as “Authority Costs.” If commercial leasing and other revenues are not sufficient to meet TIDA’s Authority Costs, the developer provides backup funding. According to TIDA staff, this has only occurred once, in FY 2021-22, when COVID impacted commercial leasing.

The proposed Amended and Restated DDA removes Section 19.6, which obligates TICD to provide funding for Authority Costs. According to TIDA staff, this will not impact operations.

Schedule of Performance (Exhibit JJ)

The Schedule of Performance has been amended five times since the DDA was executed. Under the proposed Schedule of Performance, the project completion date is 2042, which is consistent with the existing Schedule of Performance and eight years later than the project completion date in the 2011 DDA (2034), as shown in Exhibit 2 below. The proposed revised Schedule of Performance by sub-phase is shown in Attachment 1.

Exhibit 2: Schedule of Performance Changes

| Major Phase | Horizontal Improvements | | | Open Space & Parks | | |
|-------------|-----------------------------|----------------------------|------------------------------|---------------------|--------------------|------------------------------|
| | Original Start & Completion | Revised Start & Completion | Change in Completion (Years) | Original Completion | Revised Completion | Change in Completion (Years) |
| 1 | 2014 - 2025 | 2017 - 2032 | 7 | 2024 | 2038 | 14 |
| 2 | 2020 - 2027 | 2029 - 2036 | 9 | 2027 | 2035 | 8 |
| 3 | 2023 - 2030 | 2031 - 2042 | 12 | 2029 | 2042 | 13 |
| 4 | 2026 - 2034 | 2034 - 2042 | 8 | 2034 | 2042 | 8 |

Sources: Exhibit JJ from 2011 DDA and proposed Amended & Restated DDA

The proposed Schedule of Performance delays developer obligations to deliver certain community facilities, parks and open space, and subsidies to make more cash available for the project in the near term. Under the amended Schedule of Performance:

- The developer will obtain a building permit for construction of a joint Police and Fire Station once building permits have been issued for a total of 4,000 housing units (compared to 2,500 housing units under the 2011 DDA) which better reflects the timing of the need for this facility according to TIDA staff, in consultation with Police Department and Fire Department staff;

- The San Francisco Unified School District will obtain a building permit for construction of an elementary school once building permits have been issued for a total of 4,000 housing units (compared to 2,500 housing units);
- The developer will pay the \$5 million school subsidy at a later date consistent with the delay in construction start of the school, with a portion (\$1 million) due at completion of 30 percent design;
- The developer will deliver Building 1 Plaza and Marina Plaza, two open space parcels in Phase 1, seven years later compared to the fifth amendment of the Schedule of Performance with completion in 2037 instead of 2030.

The purpose of delaying the delivery of the public improvements is to better align them with the expected delivery of market rate housing and commercial development, which are sources of IFD and CFD public financing.

Housing Plan (Exhibit E)

The proposed Housing Plan preserves the requirement that 27.2 percent of the 8,000 total housing units constructed will be affordable units (including inclusionary units), and the requirement that five percent of all residential units constructed in market rate parcels must be inclusionary units. Proposed changes to the Housing Plan delay construction of some inclusionary units, delay payment of the Developer Housing Subsidy for an initial period⁵, and increase the Area Median Income (AMI) ranges for rental inclusionary units to improve financial feasibility. The plan swaps one affordable housing lot in Phase 1 (IC2.2) for a lot in Phase 3 (C13.4) and designates the Phase 1 lot (IC2.2) as market rate housing in return, thereby moving up construction of some market rate housing units.

Under the proposed housing plan, inclusionary rental units must be occupied by households earning between 60 and 100 percent of AMI (up from “up to 60 percent of AMI”), with an average of 80 percent of AMI.⁶ The Developer can determine how many inclusionary units are constructed in each market rate lot but must demonstrate compliance with the inclusionary requirements at various milestones. The proposed housing plan delays some of the milestones which will give the developer the flexibility to delay construction of some inclusionary units while still requiring compliance with inclusionary requirements.⁷ According to a March 2024 TIDA staff memo on the

⁵ The Developer Housing Subsidy is a subsidy paid by the Developer to TIDA for development of affordable housing units on affordable housing lots. The amount of the subsidy is equal to \$17,500 time the number of market rate units that may be constructed on each market rate lot per the Vertical DDA for the lot, subject to true-up provisions that ensure the subsidy is not less than \$73.5 million.

⁶ Under the existing and proposed Housing Plans, inclusionary for-sale units must be occupied by households with incomes up to 120 percent of AMI, with an average of 100 percent of AMI.

⁷ Per Section 5.1(c) of the Housing Plan, the developer must demonstrate compliance when market rate lots are conveyed to vertical developers for development of: (i) 1,460 residential units; (ii) 3,990 residential units; and (iii) the last market rate residential lot. The milestones under the existing Housing Plan are: (i) 2,210; (ii) 3,160, (iii) 4,740, (iv) the last market rate residential lot.

proposed DDA changes, this change would delay construction of 27 inclusionary units from Stage 2 to future stages.

The Developer must pay a Developer Housing Subsidy to TIDA upon transferring each market rate lot to a vertical developer based on the number of market rate residential units that may be built upon the lot. The amount of the subsidy, \$17,500 per unit, is not changing in the proposed amendments. However, for an initial period following approval of the first sub-phase, the subsidy accrues but is not payable until TIDA provides notice that it requires all or a portion of the accrued subsidy to fulfil its obligations for affordable, replacement, or transition housing. The proposed plan extends the initial period when the subsidy accrues and is not payable until TIDA's provides notice from five years to 15 years and allows that subsidy amount to continue to accrue after the initial period if TIDA does not request payment.

Transportation Subsidies (Section 13.3.2)

The Amended and Restated DDA provides more flexibility on how transportation subsidies may be applied, eligible uses of transportation subsidies, and the timelines for accessing the subsidies. The Amended and Restated DDA adds a new \$13.9 million Transportation Capital Contribution Subsidy for capital costs of transportation projects to serve the project and removes prior obligations to deliver specific equipment, including buses for East Bay service and On Island shuttle buses, according to the proposed Schedule of Performance. According to the March 2024 TIDA staff memo, this change does not reduce the value of the developer's contribution to transportation for the Project but will give the Treasure Island Mobility Management Agency (TIMMA) greater flexibility to determine how the developer's contribution will best serve transit operations on Treasure Island. The proposed DDA preserves other existing transit subsidies, including the annual transportation subsidy (\$30 million net present value), the additional transportation subsidy (\$5 million maximum), and the SFMTA subsidy (\$1.8 million).

The Amended and Restated DDA establishes that the first annual transportation subsidy payment will be due six months before the first year of permanent transit service and annually thereafter and allows the developer to credit interim public ferry or public shuttle service against the operating subsidy beginning January 2025 if TIMMA has not yet established permanent service. The terms of interim service provided by the developer (such as service hours and frequency of service) will be subject to TIMMA's and TIDA's approval.

First Amendment to the Development Agreement (File 24-0198)

The proposed First Amendment to the Development Agreement updates the Financing Plan (Exhibit D) to mirror the changes proposed under the Amended and Restated DDA Financing Plan described above. There is no change to the term of the agreement which ends when the DDA expires.

FISCAL IMPACT

Certificates of Participation

According to the March 2024 TIDA staff memo, the Developer has spent \$60 million to date on geotechnical and soil improvements, and the proposed \$115 million in COPs would fund estimated hard and soft costs of remaining infrastructure required to advance Stage 2 over an estimated three-year construction period, excluding \$29 million to complete the parks. According to TIDA staff, the infrastructure scope includes geotechnical work, utility systems, and streets. The existing Financing Plan commits the City to fund these costs through the CFD, the IRFD, or other public sources, but there is not sufficient taxing capacity within the CFD or IRFD to issue additional tax increment or special tax bonds to fund \$115 million of Stage 2 project costs at this time. The proposed changes to the financing plan to facilitate issuance of COPs result in the City contributing to these costs earlier than would be possible, allowing the project to proceed with the next stage of development. Since these Stage 2 improvements would be funded by the COPs rather than by the CFD or IRFD districts, capacity no longer needed in the IRFD and CFD to fund Stage 2 infrastructure could be used to fund other General Fund obligations on Treasure Island after project completion.

The Plan anticipates Stage 2 Alternate Financing will consist of \$115 million in General Fund Certificates of Participation (COPs) to be issued in three tranches. Issuance of each tranche of the proposed COPs will be subject to Board of Supervisors’ approval and will specify deliverables that must be accomplished to access COP funding. Consistent with the Financing Plan, the Office of Public Finance estimates that the first issuance could occur in fiscal year 2024-25, with one issuance annually thereafter.

Debt Service

The Office of Public Finance estimates that, across the anticipated three issuances totaling \$115 million in project funds, the COPs would have an annual principal and interest payment of \$13.7 million, assuming an estimated interest rate of 6.50 percent and a 20-year term for each financing. Total net debt service under these assumptions is estimated to be \$245.9 million.

COPs are structured as a lease-lease back form of debt, in which a City-owned asset serves as the leased property to secure the COPs, and the City repays the COPs through lease payments, funded by the General Fund. As mentioned above, the proposed Financing Plan redirects \$550,000 per year in residual property tax increment and residual special taxes to the City to offset lease payments from the General Fund over the term of the COPs.

TIDA Budget

Under the proposed Amended and Restated DDA, TICD is no longer obligated to cover TIDA’s “Authority Costs,” or costs unrelated to development. TIDA’s FY 2023-24 adopted budget includes \$3.1 million in reimbursement revenues from TICD for TIDA expenses. Although TIDA has budgeted for possible reimbursement from TICD in the case of an actual shortfall, since 2011, TIDA has only exercised this provision one time (in fiscal year 2021-22). According to TIDA staff,

TIDA’s proposed fiscal year 2024-25 budget and all annual budgets thereafter will present a balanced budget, in which TIDA expenditures will be covered by TIDA revenues.

Project Fiscal Impact

According to TIDA staff, a draft fiscal analysis by Keyser Marston Associates shows that the project generates net fiscal benefit to the City’s General Fund, though expenses for service may exceed revenues in earlier years. We did not review the analysis because it was still in draft form.

POLICY CONSIDERATION

Need for Proposed Public Financing

According to TIDA staff, to assess the Project’s need for fiscal changes and public financing, TIDA engaged Century Urban, a financial consultant. Century Urban provided a methodological summary of their efforts to TIDA, which was shared with our office. We did not review the underlying analysis, memos provided to City staff, or other work product, because TIDA staff could not locate them.

TIDA did not review the developer’s financials directly, however Century Urban reviewed and validated the developer’s proforma, found that project was not feasible without additional public financing, and evaluated the impact of potential changes to the DDA Financing Plan.

According to TIDA staff, the developer demonstrated sufficient funding for remaining stages of the project using CFD and IRFD bond proceeds and land pad sale revenues.

Housing Development

According to OEWD and TIDA staff, the proposed amendments are necessary to ensure timely delivery of housing development on Treasure Island. In 2023, the Board of Supervisors adopted the 2022 Housing Element to the City’s General Plan (File 23-0001), which codified the City’s plan to deliver 82,000 housing units by 2031, as required by State regulations. The current timeline for housing development on Treasure Island assumes approximately 3,200 units will be delivered by 2031, including the 1,300 units planned in Stage 2, subject of the proposed amendments.

The Housing Element does not require the proposed public financing on Treasure Island but does encourage public investment in infrastructure on Treasure Island (Program 8.7.1) and other under historically under resourced areas. If the housing development on Treasure Island does not proceed as planned, housing units will have to be developed elsewhere in the City. According to a January 20, 2023 letter from the State Housing and Community Development Department to the San Francisco Planning Department, “several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criterion.”

City Debt Policy & Capital Planning Process

The Controller’s Office of Public Finance’s Debt Policy, which was approved by the Board of Supervisors in March 2020 (File 20-0089), states that it is the City’s policy to limit General Fund debt service at or below 3.25 percent of discretionary General Fund revenues. Based on the Joint Reports from March 2023 and March 2024 and the FY 2024-2033 Capital Plan, we estimate the

COPs required by the proposed amendments will fully consume the City's COP issuance capacity through at least FY 2027-28, unless interest rates decrease, prior COP authorizations are rescinded, or the delivery dates of other capital projects are extended. The proposed amendments would use \$115 million COP of funding, which can be used for eligible capital project costs anywhere in San Francisco, instead of Treasure Island-specific public financing sources, which are not available due to development delays. Because this proposal is occurring outside the normal capital planning process, which will next take place in the Spring 2025, it is difficult to weigh it against other City needs, including other new infrastructure and deferred maintenance on existing assets.

The Controller's Office and City Administrator's Office will evaluate the proposed COPs' impact on the City's debt program as the City's 10-Year Capital Plan is revised.

Uncertainty of Market Conditions

The proposed amendments contemplate additional public financing to ensure delivery of horizontal infrastructure on Treasure Island that is necessary to support market rate and affordable housing. Current market conditions, including higher interest rates and construction costs, have rendered continuation of the project not financially feasible with existing sources of public financing, which are not available until development is complete. However, current market conditions may be temporary. For example, interest rates could decrease to such an extent that the project is feasible without COP financing. On the other hand, the developer may not obtain sufficient private investment at the scale or time horizon necessary to meet the vertical development timelines assumed by TIDA, even with the completion of horizontal infrastructure.

RECOMMENDATION

Approval of the proposed resolution and ordinance is a policy matter for the Board of Supervisors.

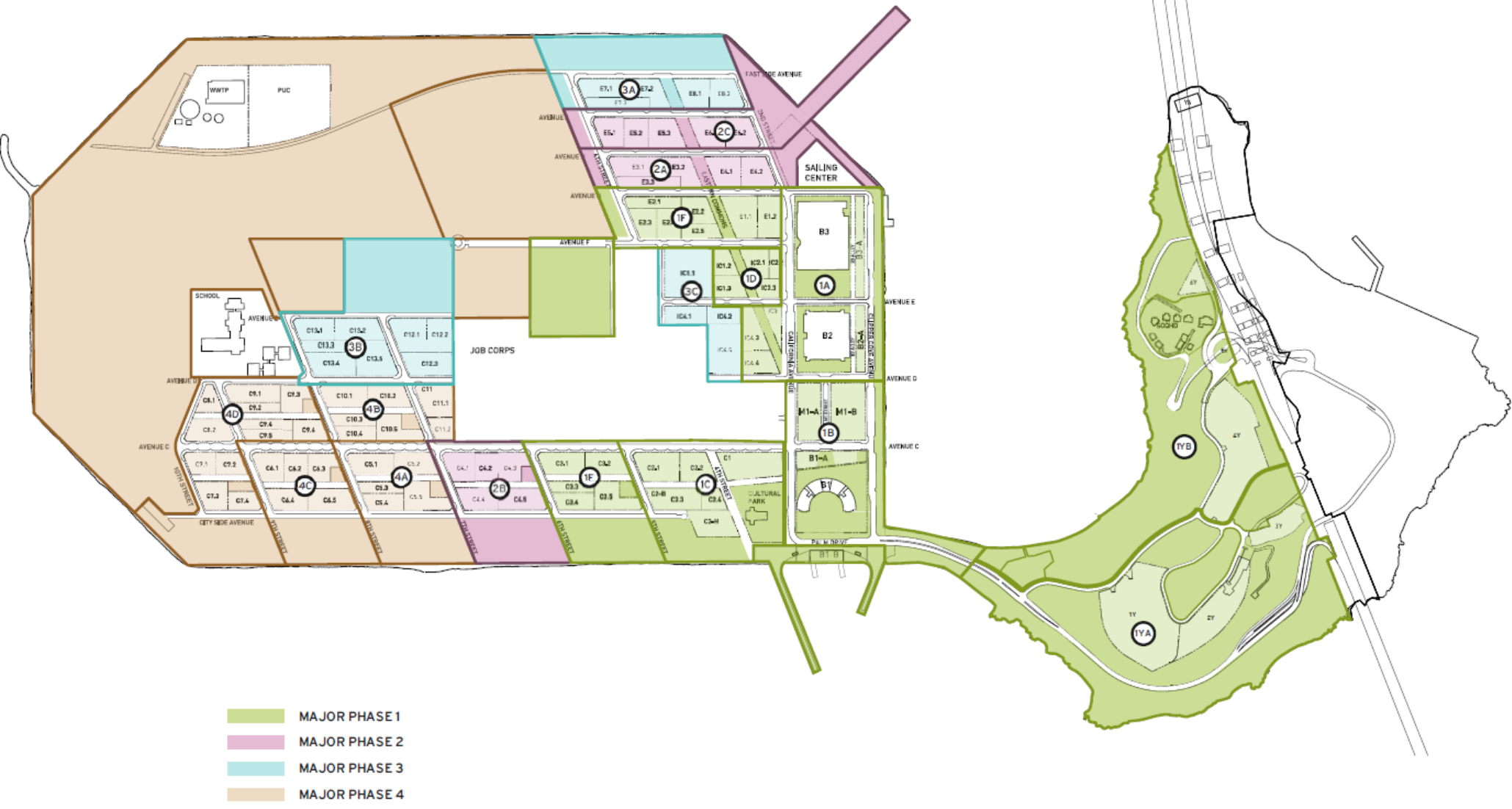
Attachment 1: Proposed Revised Schedule of Performance by Sub-Phase

| Sub-Phase | Blocks | Revised Start & Completion | Open Space Completion |
|------------------|------------------|---------------------------------------|------------------------------|
| Phase 1 | | 2017 - 2032 | 2031 |
| 1-A | B2-B3-M1-IC3-IC4 | 2021 - 2030 | 2028 |
| 1-B | B1 | 2018 - 2023 | 2026 |
| 1-C | C1-C2 | 2017 - 2023 | 2024 |
| 1-D | IC1-IC2 | 2028 - 2032 | 2031 |
| 1-E | C3 | 2021 - 2025 | 2024 |
| 1-F | E1-E2 | 2028 - 2032 | 2031 |
| 1G | IC1-IC4 | 2028 - 2032 | 2031 |
| Phase 2 | | 2029 - 2036 | 2033 |
| 2-A | E3-E4 | 2028 - 2030 | 2031 |
| 2-B | C4 | 2029 - 2031 | 2032 |
| 2-C | E5-E6 | 2030 - 2032 | 2033 |
| Phase 3 | | 2031 - 2042 | 2034 |
| 3-A | E7-E8 | 2031 - 2033 | 2034 |
| 3-B | C12-C13 | 2034 - 2042 | 2042 |
| 3-C | IC1-IC4 | 2033 - 2038 | 2033 |
| Phase 4 | | 2034 - 2042 | 2040 |
| 4-A | C5 | 2034 - 2036 | 2037 |
| 4-B | C10-C11 | 2035 - 2037 | 2039 |
| 4-C | C6 | 2036 - 2038 | 2038 |
| 4-D | C7-C8-C9 | 2037 - 2039 | 2040 |
| Total | | 2017 - 2042 | 2040 |

Source: TIDA

Note: the revised Schedule of Performance does not include sub-phases 1-Y-A and 1-Y-B on Yerba Buena. According to TIDA staff, these sub-phases and associated open space have been completed.

Attachment 2: Phasing Plan from Existing DDA



This document is exempt from payment of a
recording fee pursuant to California
Government Code Section 27383

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Treasure Island Development Authority
c/o Office of Economic and Workforce
Development
City Hall, Room 448
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attention: Treasure Island Project Director

Treasure Island/Yerba Buena Island
APN: []

Space Above Reserved for Recorder's Use

FIRST AMENDMENT TO
DEVELOPMENT AGREEMENT

between

THE CITY AND COUNTY OF SAN FRANCISCO

and

TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC

RELATIVE TO TREASURE ISLAND/YERBA BUENA ISLAND

FIRST AMENDMENT TO DEVELOPMENT AGREEMENT

This FIRST AMENDMENT TO DEVELOPMENT AGREEMENT (this “**First Amendment**”) is made as of _____, 2024 (the “**Effective Date**”) by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “**City**”), and TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC, a California limited liability company (“**Developer**”), pursuant to the authority of Section 65864 *et seq.* of the California Government Code and Chapter 56 of the Administrative Code.

R E C I T A L S

A. The City and Developer entered into that certain Development Agreement, dated for reference purposes only as of June 28, 2011 and recorded in the Official Records of the City and County of San Francisco (the “**Official Records**”) on August 10, 2011 as Document No. 2011-J235240 (the “**Development Agreement**”). All initially capitalized terms used but not defined in this First Amendment shall have the meaning given to such terms in the Development Agreement. The Development Agreement relates to certain property, as shown in the attached Exhibit A and more particularly described in the attached Exhibit B (the “**Project Site**”).

B. On June 7, 2011, the Board of Supervisors by Resolution 241-11 approved that certain Disposition and Development Agreement (Treasure Island/Yerba Buena Island) between the Parties (as amended, the “**Original DDA**”). The Parties subsequently entered into the Original DDA, dated for reference purposes only as of June 28, 2011 (the “**Original Reference Date**”). The Original DDA was subsequently amended by that certain First Amendment to Disposition and Development Agreement (Treasure Island/Yerba Buena Island) dated as of October 23, 2015 and recorded in the Official Records on November 5, 2015 as document No. 2015-K153304, and by that certain Second Amendment to Disposition and Development Agreement (Treasure Island/Yerba Buena Island) dated as of January 18, 2018 and recorded in the Official Records on January 22, 2018 as document No. 2018-K569072.

C. Since the Original Reference Date, the Project has faced a series of challenges, including at least six years of permitting and construction delays arising from, among other things, CEQA litigation, significant construction cost increases, a global pandemic, a rapid rise in interest rates, and a softening of the San Francisco residential condominium and rental markets. Despite these challenges, Developer has proceeded to substantially complete Infrastructure and Stormwater Management Controls within Sub-Phase 1 (on Yerba Buena Island), and Sub-Phase 2 (on Treasure Island) to support the construction of up to approximately 2,000 residential units, of which 974 have either been completed or are currently under construction, and of which 315 are below market rate. Developer has also obtained approval of Sub-Phase 3 on Treasure Island and has initiated preliminary construction activities (demolition and geotechnical) in this Sub-Phase. However, in light of these delays and challenging market conditions, Developer now faces potential delays in its ability to finance and build the necessary Infrastructure and Stormwater Management Controls for the next sub-phase of development on Treasure Island, which is intended to support up to 1,500 residential units, including 250 affordable housing units and a 240 bed behavioral health project, all of which are needed for the City to achieve its housing production goals established under its Housing Element 2022 Update of the General Plan and the Mayor’s Housing for All implementation strategy.

D. In light of these significant Project challenges, the Authority and Developer, together with the City, have negotiated a financial package that will allow Developer and Vertical Developers to continue with horizontal and vertical development, contribute to the City's housing production goals and provide the Authority with the remainder of the Major Phase 1 public improvements in a timely manner. This First Amendment addresses a subset of those challenges by, among other things, amending the Financing Plan to reflect the City's and Developer's commitment to the Project.

E. The Parties now wish to execute and record this First Amendment to set forth certain modifications to the Development Agreement to reflect the City's and Developer's commitment to the Project.

A G R E E M E N T S

NOW, THEREFORE, in consideration of the foregoing Recitals, the covenants and agreements set forth in this First Amendment and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Developer and City hereby agree as follows:

1. EXHIBITS

Exhibit C (Project Approvals) is hereby deleted in its entirety and amended and restated by Exhibit C attached hereto.

Exhibit D (Financing Plan) is hereby deleted in its entirety and amended and restated by Exhibit D attached hereto.

2. NOTICE ADDRESSES

The Parties hereby include a statement of the current addresses of the Parties for purposes of notices delivered in accordance with Section 11.9 of the Development Agreement:

To the City:

Office of Economic and Workforce Development
City Hall, Room 448
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Treasure Island Project Director

with a copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Real Estate/Finance

To Developer:

Treasure Island Community Development, LLC
c/o Lennar
2000 FivePoint, 3rd Floor
Irvine, California 92618
Attn: Sandy Goldberg; Laura Mask

with a copy to:

Wilson Meany
4 Embarcadero Center, Suite 3330
San Francisco, California 94111
Attn: Chris Meany; Controller

with a copy to:

Gibson, Dunn & Crutcher LLP
One Embarcadero Center, Suite 2600
San Francisco, California 94111-3715
Attn: Neil H. Sekhri

3. NO OTHER MODIFICATIONS

Except as expressly provided in this First Amendment, the terms and provisions of the Development Agreement are unmodified.

4. COUNTERPARTS

This First Amendment may be signed in counterparts, each of which shall be an original and all of which together shall constitute one instrument.

[Signatures on following page.]

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment as of the Effective Date.

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Rich Hillis
Director of Planning

Approved as to form:

DAVID CHIU,
City Attorney

By: _____
Heidi Gewertz
Deputy City Attorney

Approved on _____, 202_

Board of Supervisors Ordinance No. _____

[Signatures continue on following page.]

DEVELOPER:

TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC,
a California limited liability company

[INSERT TICD SIGNATURE BLOCK]

Consented to by:

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

By: _____

Name: [_____]

Its: [_____]

TREASURE ISLAND SERIES 2, LLC,
a Delaware limited liability company

By: _____

Name: [_____]

Its: [_____]

TREASURE ISLAND SERIES 3, LLC,
a Delaware limited liability company

By: _____

Name: [_____]

Its: [_____]

NOTARY ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____)SS
COUNTY OF _____)

On _____

before me, _____, a Notary Public, personally appeared

who 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 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

NOTARY ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____)SS
COUNTY OF _____)

On _____

before me, _____, a Notary Public, personally appeared

who 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 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

Exhibit A

Project Site

[Attached]

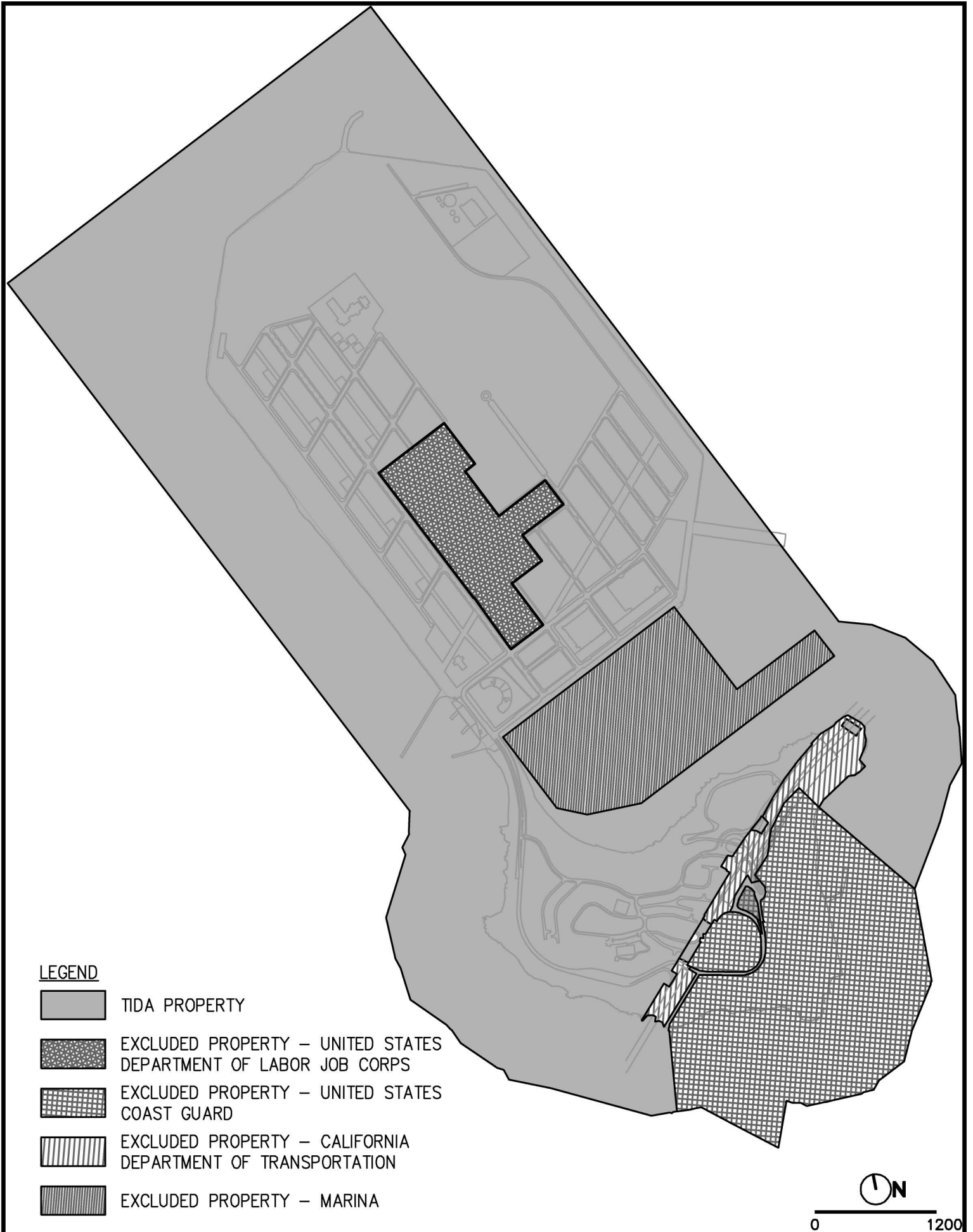


EXHIBIT A: PROJECT SITE / EXCLUDED PROPERTIES

Exhibit B

Legal Description of Project Site

[Attached]

Pacific Land Surveys
June 27, 2011
PLS Job No. 20110101-01

Exhibit "B"

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

All those lands comprised of portions of the lands commonly known as Treasure Island and Yerba Buena Island lying within the City and County of San Francisco, State of California described as follows:

That portion of the lands described in that certain Presidential Reservation of Goat Island (now Yerba Buena Island), dated November 6, 1850, lying northwesterly of Parcel 57935-1 as described in that certain Quitclaim Deed, recorded October 26, 2000, as Document Number 2000G855531, in the office of the Recorder of the said City and County of San Francisco (hereinafter referred to as Doc. 2000G855531);

Together with all of the underlying fee to Parcel 57935-5 as described in said Quitclaim Deed (Doc. 2000G855531) and all of the underlying fee to Parcel 57935-6 as described in said Quitclaim Deed (Doc. 2000G855531),

Also together with that portion of the tide and submerged lands in San Francisco Bay, relinquished to the United States of America by that certain act of the Legislature of the State of California by Statutes of the State of California of 1897, Chapter 81 (hereinafter referred to as Stat. 1897, Ch. 81);

Also together with all of the Tidelands and Submerged Lands in San Francisco Bay known as Treasure Island as described in that certain Final Judgment of Condemnation, filed April 3, 1944, in the District Court of the United States in and for the Northern District of California, Southern Division, Case Number 22164-G (hereinafter referred to as Case 22164-G),

Also together with all of that portion of the lands described in that certain Presidential Reservation of Goat Island (now Yerba Buena Island), dated November 6, 1850, lying southeasterly of Parcel 57935-1 as described in that certain Quitclaim Deed, recorded October 26, 2000, as Document Number 2000G855531, in the office of the Recorder of the said City and County of San Francisco (hereinafter referred to as Doc. 2000G855531); excepting therefrom those lands shown as the Lands of the United States Coast Guard on that certain Record of Survey, entitled "Record of Survey #5923" recorded in Book DD of Maps at Pages 24-28 on April 28, 2010;

Also excepting therefrom, that portion of the said Tidelands and Submerged Lands in San Francisco Bay known as Treasure Island (Case 22164-G), commonly referred to as the Job Corps

Center, Treasure Island, which was transferred to the United States Department of Labor by that certain document entitled "Transfer and Acceptance of Military Real Property", Dated March 3, 1998;

Also excepting therefrom, portions of: the Tidelands and Submerged Lands in San Francisco Bay known as Treasure Island as described in that certain Final Judgment of Condemnation, filed April 3, 1944, in the District Court of the United States in and for the Northern District of California, Southern Division, Case Number 22164-G (hereinafter referred to as Case 22164-G), and the tide and submerged lands in San Francisco Bay, relinquished to the United States of America by that certain act of the Legislature of the State of California by Statutes of the State of California of 1897, Chapter 81 (hereinafter referred to as Stat. 1897, Ch. 81); being more particularly described as follows: commencing at the southwest corner of the lands described above in Case Number 22164-G, said point being marked by a brass disk labeled "Goat", thence northerly along the westerly line of said lands North 26 degrees 51' 06" West 601.09 feet; thence leaving said line, North 63 degrees 08' 47" East 1173.50 feet to the True Point of beginning of this exception; thence along the following eight courses: North 26 degrees 51' 13" West 878.38 feet; North 63 degrees 08' 47" East 2121.50 feet; South 26 degrees 51' 13" East 1024.20 feet; North 63 degrees 08' 47" East 961.00 feet; South 26 degrees 51' 13" East 320.20 feet; South 63 degrees 08' 47" West 2391.50 feet; thence South 88 degrees 38' 47" West 543.80 feet; thence North 67 degrees 39' 13" West 306.35 feet to the True Point of Beginning of this exception.

Also excepting therefrom, that portion of the said Tide and Submerged Lands in San Francisco Bay, relinquished to the United States of America (Stat. 1897, Ch. 81), within the "Army Reservation, Occupied by U.S. Light House Service under Permit from Secretary of War dated May 27, 1872" as shown and described upon that certain map entitled "Plat of Army and Navy reservations on Yerba Buena (Goat) Island, San Francisco Bay, California";

And further excepting therefrom, that portion of the Tide and Submerged Lands in San Francisco Bay, relinquished to the United States of America (Stat. 1897, Ch. 81) which were transferred to the United States Coast Guard by that certain document entitled "Transfer and Acceptance of Military Real Property", Dated November 26, 2002.

As portions of said land are shown on those certain Records of Survey filed for record: July 15, 2003 in Book M of maps at pages 85 through 95, inclusive, and as shown on the map entitled "Map and Metes and Bounds Description of United States Military and Naval Reservations, Yerba Buena (Goat) Island, California" including land ceded by the State of California by Act of Legislature of the State of California, approved March 9, 1897 (Stat. Cal., 1897, p. 74) filed April 12, 1934 in Book N of Map at Page 14; and on April 28, 2010, in Book DD of Maps at Pages 24-28, entitled "Record of Survey #5923"; recorded in the Office of the Recorder of the City and County of San Francisco.

Exhibit C

Project Approvals

- Certification of Environmental Impact Report, State Clearinghouse No. 2008012105 (Planning Commission Motion No. 18325; TIDA Resolution No. 11-14-04/21)
- Development Agreement (Board of Supervisors Ordinance No. 95-11; San Francisco Municipal Transportation Agency Resolution No. 11-0059; San Francisco Public Utilities Commission Resolution No. Resolution No. 11-0068)
- Disposition and Development Agreement (TIDA Resolution No. 11-18-04/21; Board of Supervisors Ordinance No. 241-11)
- Design for Development (D4D) (Planning Commission Motion No. 18330)
- Interagency Cooperation Agreement (ICA) (TIDA Resolution No. 11-24-04/27; SFMTA Resolution No. 11-0059; SFPUC Resolution No. 11-0068)
- Amendments to the San Francisco General Plan, amending the Commerce and Industry Element, Community Facilities Element, Housing Element, Recreation and Open Space Element, Transportation Element, Urban Design Element, and Land Use Index, maps and figures in various elements, and by adopting and adding the Treasure Island/Yerba Buena Island Area Plan (Board of Supervisors Ordinance No. 97-11)
- Amendments to the San Francisco Planning Code by amending Sections 102.5 and 201 to include the Treasure Island/Yerba Buena Island districts; amending Section 105 relating to height and bulk limits for Treasure Island/Yerba Buena Island; adding Section 249.52 to establish the Treasure Island/Yerba Buena Island Special Use District (which incorporates by reference the Design for Development); adding Section 263.26 to establish the Treasure Island/Yerba Buena Island Height and Bulk District; and amending the bulk limits table associated with Section 270 to refer to the Treasure Island/Yerba Buena Island Height and Bulk District (Board of Supervisors Ordinance No. 98-11)
- Amendment to the Zoning Map of the City and County of San Francisco by adding new Sectional Map ZN14 to show the zoning designations of Treasure Island/Yerba Buena Island; adding new Sectional Map HT14 to establish the Height and Bulk District for Treasure Island/Yerba Buena Island; adding new Sectional Map SU14 to establish the Treasure Island/Yerba Buena Island Special Use District (Board of Supervisors Ordinance No. 96-11)
- Adopting CEQA Findings and a Mitigation Monitoring and Reporting Program (TIDA Resolution No. 11-15-04/21; Board of Resolution No. 246-11; Planning Commission Motion No. 18326; San Francisco Municipal Transportation Agency Resolution No. 11-0059; San Francisco Public Utilities Commission Resolution No. Resolution No. 11-0068)

- Adopting the Subdivision Code of the City and County of San Francisco for Treasure Island and Yerba Buena Islands (Board of Supervisors Ordinance No. 99-11)
- Amended and Restated Disposition and Development Agreement (TIDA Resolution No. [____]); Board of Supervisors Resolution No. [____])
- First Amendment to Development Agreement (Board of Supervisors Ordinance No. [____])
- Amendments to the San Francisco Planning Code to revise the Treasure Island / Yerba Buena Island Special Use District (SUD), to update the Treasure Island Bulk and Massing figure, to make the process for amendments to the Design for Development document more flexible, and to provide for additional circumstances that may authorize Minor Modifications to the standards in the SUD and Design for Development; revising the Zoning Map to change height districts in Treasure Island, to provide for five additional feet in certain areas, and to remove the “Special Height District” designation from two easements adjacent to Buildings 2 and 3 (Board of Supervisors Ordinance No. [____])

Exhibit D
Financing Plan
[Attached]

107121005.7

Exhibit D

**AMENDED AND RESTATED FINANCING PLAN
(TREASURE ISLAND/YERBA BUENA ISLAND)**

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TABLE OF CONTENTS

Page

1. OVERVIEW

| | | |
|-----|--|----|
| 1.1 | Project Purposes; Project Accounts..... | 1 |
| 1.2 | Funding Sources for Project Costs | 3 |
| 1.3 | Distribution of Net Cash Flow | 4 |
| 1.4 | Reimbursements of Additional Consideration | 9 |
| 1.5 | Consultants | 10 |
| 1.6 | Recordkeeping..... | 10 |
| 1.7 | Authority’s Unreimbursed Costs..... | 12 |

2. COMMUNITY FACILITIES DISTRICT FINANCING

| | | |
|-----|------------------------------------|----|
| 2.1 | Formation of CFDs..... | 12 |
| 2.2 | Scope of CFD-Financed Costs | 13 |
| 2.3 | Parameters of CFD Formation | 13 |
| 2.4 | Issuance of CFD Bonds | 17 |
| 2.5 | Use of Proceeds | 18 |
| 2.6 | Miscellaneous CFD Provisions | 19 |
| 2.7 | Ongoing Park Maintenance | 21 |
| 2.8 | CFD Limitations..... | 24 |

3. INFRASTRUCTURE FINANCING DISTRICT FINANCING

| | | |
|-----|---|----|
| 3.1 | Formation of IFDs | 25 |
| 3.2 | Scope of IFD-Financed Costs..... | 26 |
| 3.3 | Issuance of IFD Debt..... | 26 |
| 3.4 | Pledge of Net Available Increment | 28 |
| 3.5 | Budget Procedures; Use of Net Available Increment | 28 |
| 3.6 | Housing Costs..... | 29 |
| 3.7 | Miscellaneous IFD Provisions..... | 30 |
| 3.8 | IFDs and Net Available Increment Upon Termination | 32 |
| 3.9 | Net Available Increment Under Certain Situations..... | 33 |

4. ALTERNATIVE FINANCING AND PUBLIC FINANCING

| | | |
|-----|---|----|
| 4.1 | Alternative Financing | 34 |
| 4.2 | Formation and Issuance Alternatives | 39 |

| | | |
|-----------|--|----|
| 4.3 | Grants | 39 |
| 4.4 | Provisions Applicable To All Public Financings | 39 |
| 4.5 | Terms of the Public Financings | 41 |
| 4.6 | Reimbursements for Qualified Project Costs | 42 |
| 5. | INTENTIONALLY OMITTED | |
| 6. | MISCELLANEOUS PROVISIONS | |
| 6.1 | Interim Lease Revenues | 43 |
| 6.2 | Marina Revenues | 44 |
| 6.3 | Key Money | 44 |
| 6.4 | Inconsistencies with the CFD and the IFD..... | 45 |
| 7. | INTERPRETATION; DEFINITIONS | |
| 7.1 | Interpretation of Agreement | 45 |
| 7.2 | Defined Terms | 45 |

No table of contents entries found.LIST OF ATTACHMENTS

- | | |
|---------------|---|
| Attachment A. | Form of Acquisition and Reimbursement Agreement |
| Attachment B. | Expected Categories of Island Wide Costs |

AMENDED AND RESTATED FINANCING PLAN (TREASURE ISLAND/YERBA BUENA ISLAND)

This AMENDED AND RESTATED FINANCING PLAN (Treasure Island/Yerba Buena Island) (the “**Financing Plan**”) implements and is part of both the DDA and the City DA. As used in this Financing Plan, capitalized terms used herein have the definitions given to them in Section 7.2.

1. OVERVIEW

1.1 Project Purposes; Project Accounts

(a) Funding Goals. Developer and Authority are entering into the DDA, and Developer and City are entering into the City DA, both of which include this Financing Plan as an exhibit, with the following financial goals for the Project (collectively, the “**Funding Goals**”):

(i) Ensure that the proposed Project is economically and fiscally feasible.

(ii) Ensure timely delivery of Infrastructure and Stormwater Management Controls to support the City’s delivery of housing, generally, and Affordable Housing Units, in particular.

(iii) Fund the proposed Project’s capital costs and on-going operation and maintenance costs relating to the development and long-term operation of the Project Site (including community facilities, open space maintenance and transportation) from revenues generated by the Project that would not exist but for the Project, including land sales, lease revenues, project-generated public financing revenues, and other tax and General Fund revenues created by the Project – in a manner that does not negatively impact the City’s General Fund revenues over the life of the Project, except as otherwise set forth herein.

(iv) Ensure that the provision of the community benefits and facilities described in the DDA and City DA are a priority of the Project.

(v) Provide a mechanism for Authority and Navy participation in Net Cash Flow from the development of the Project in the event Developer achieves a return in excess of agreed upon rates of return, and as consistent with the terms of the Conveyance Agreement.

(vi) Incorporate the legal restrictions on the allowable uses of Gross Revenues arising under (i) the Conveyance Agreement and (ii) State law applicable to the Public Trust Parcels.

(vii) Provide mechanisms and Funding Sources that will allow Developer to maximize Developer’s IRR.

(viii) Maximize Funding Sources available to finance Qualified Project Costs, by, among other things, to the extent reasonably feasible and consistent with this Financing Plan, using tax-exempt debt.

(ix) Minimize the costs to Developer (such as costs of credit enhancement) associated with the Funding Sources to the extent reasonably feasible and to use debt requiring credit enhancement only with Developer's written consent.

(x) Provide financing of the Housing Costs in the manner set forth in Section 3.6 and Section 3.7(c).

(xi) Implement sound and prudent public fiscal policies that protect the City's General Fund, Authority's general funds, and the City's and Authority's respective financial standings and fiduciary obligations, while operating within the constraints of this Financing Plan and, as applicable, the IFD Act, the CFD Act, the CFD Goals, and Tax Laws.

(b) Purpose of Financing Plan. The purpose of this Financing Plan is to establish the contractual framework for mutual cooperation between Authority, City, and Developer in achieving the Funding Goals necessary to implement the Project. Accordingly, Authority and City shall take all actions reasonably necessary, and Developer shall cooperate reasonably with the efforts of:

(i) City to form requested CFDs, adopt RMAs, and levy Project Special Taxes within CFDs and incur CFD Bonds to pay as applicable Qualified Project Costs, Ongoing Park Maintenance, and, when authorized pursuant to Section 2.8, Additional Community Facilities.

(ii) City to form requested IFDs and to approve IFPs for each IFD that provide for the issuance of IFD Debt that is consistent with the Funding Goals to pay Qualified Project Costs.

(iii) City to allocate and approve IFPs that provide for the application of Net Available Increment to pay Qualified Project Costs as provided in this Financing Plan, and to allocate Conditional City Increment to pay debt service on IFD Debt as provided in this Financing Plan.

(iv) City to take steps required to provide Alternative Financing to the Project as provided in this Financing Plan.

(v) City and Authority to finance Ongoing Park Maintenance in the manner described in this Financing Plan.

(c) Project Accounts.

(i) Developer shall, and shall require all Transferees to, establish and maintain one or more accounts (each, a "**Project Account**") with

the San Francisco branches of financial institutions Approved by Authority to which all Gross Revenues shall be deposited. Financial institutions holding Project Accounts may be changed from time to time with Approval of Authority and Developer.

(ii) Developer shall, and shall require all Transferees: (A) not to commingle funds held in a Project Account with funds not related to the Project, including Affiliate accounts; and (B) to retain and make statements and all other records related to Project Accounts available for Authority's review and audit in accordance with Section 1.6.

(d) Security Interest in Project Accounts. Provided (A) Developer has completed all Developer Construction Obligations and (B) Authority has received an IRR Statement showing that Developer has achieved a cumulative IRR of more than 22.5% at the end of the last Quarter of the Reporting Period covered by such IRR Statement, Developer and Authority shall cooperate reasonably with one another to provide Authority and the Navy with security for Developer's obligation to make payments in accordance with Section 1.3. Security will be in the form of perfected security interests in the Project Accounts superior to any other security interests, evidenced by a UCC-1 financing statement and a control agreement with each financial institution holding a Project Account, or by other arrangements Approved by both Developer and Authority.

1.2 Funding Sources for Project Costs

(a) Funding Sources. Sources of public funding that will be used to pay or reimburse Developer for Qualified Project Costs include, but are not limited to: (A) Public Financing; (B) proceeds of Project Grants that Authority procures to the extent applied to Project Costs under Section 4.3; (C) Project Special Taxes and Remainder Taxes; (D) Net Available Increment and other Increment allocated to Qualified Project Costs pursuant to Section 3.7(c); and (E) Net Interim Lease Revenues described in Section 6.1(a)(iv). The sources identified in clauses (A)-(E) are collectively referred to in this Financing Plan as "**Funding Sources**."

(b) Limited Public Obligation. Other than as set forth in this Financing Plan, including with respect to Alternative Financing, Developer acknowledges that in no event may the City's General Fund or any of Authority's general funds be obligated to finance the Qualified Project Costs without City's or Authority's express written consent, as applicable.

(c) Developer Sources.

(i) Developer Contributions for Project Costs. Developer's sources for Project Costs include: (A) Developer equity; (B) Gross Revenues; (C) Developer construction and development financing; and (D) proceeds of Project Grants that Developer procures.

(ii) Developer Construction Obligations. Developer acknowledges that the Developer Construction Obligations will not be affected if Project Costs exceed the actual Funding Sources.

1.3 Distribution of Net Cash Flow

(a) Implementation of Conveyance Agreement.

(i) Under the Conveyance Agreement, Authority and the Navy agreed that the Net Cash Flow from the Project will be shared by the Navy after certain thresholds are met. Authority shall also share in the Net Cash Flow after certain thresholds are met. This Section 1.3 implements (i) the provisions of the Conveyance Agreement and (ii) Authority and Developer's agreement with respect to the sharing of Net Cash Flow between them.

(ii) To the extent Authority has not paid the Initial Navy Consideration with Net Interim Lease Revenues pursuant to Section 6.1(a)(ii) or as otherwise provided in this Financing Plan, Developer will pay to Authority or Navy (on behalf of Authority) the Initial Navy Consideration in the manner described in Section 4.2 of the Conveyance Agreement and any related late payment penalties caused by Developer's failure to make timely payments to Navy, on behalf of Authority, as such penalties are imposed pursuant to Section 4.3.4 of the Conveyance Agreement.

(b) Calculation of IRR. Within forty-five (45) days after the expiration of the eighth full calendar Quarter occurring after the Initial Closing and forty-five (45) days after the expiration of each subsequent Quarter during the Term of the Conveyance Agreement with respect to the Navy, and until the Cash Flow Distribution Termination Date with respect to Authority, Developer shall submit a reasonably detailed statement to Authority and the Navy (the "**IRR Statement**") accompanied by an Accounting consistent with the Conveyance Agreement showing (i) for any IRR Statement provided during the Initial Consideration Term, the cumulative IRR achieved as of the end of each of the eight (8) immediately prior Quarters, and (ii) for any IRR Statement provided after expiration of the Initial Consideration Term, the cumulative IRR achieved as of the end of each of the six (6) prior Quarters (the eight or six Quarter Period, as applicable, the "**Reporting Period**"). The IRR Statement shall also calculate the average IRR over the Reporting Period, calculated by adding the cumulative IRR shown for each Quarter in the Reporting Period and dividing the total by the number of Quarters in the Reporting Period.

(c) Share of Net Cash Flow.

(i) Until the IRR Statement shows that Developer has achieved an average IRR of more than 18.00% over the Reporting Period, all Net Cash Flow shall be distributed to Developer.

(ii) If the IRR Statement shows that Developer has achieved an average IRR of more than 18.00% over the applicable Reporting Period, then

Developer, on behalf of Authority, shall within forty-five (45) days after the end of the last Quarter of the applicable Reporting Period until the earlier of (A) such time as the aggregate amount of First Tier Payments equals Fifty Million Dollars (\$50,000,000) (“**First Tier Compensation**”) and (B) the Termination Date, pay the Navy an amount that would reduce the cumulative IRR as of the end of the Reporting Period to 18.00% (each, a “**First Tier Payment**”). Developer shall pay to Navy on behalf of Authority any related late payment penalties caused by Developer’s failure to make timely payments to Navy, on behalf of Authority, as such penalties are imposed pursuant to Section 4.3.4 of the Conveyance Agreement.

(iii) If an IRR Statement shows that Developer has achieved, after reducing Net Cash Flow by the amount of any First Tier Payments, an average IRR of more than 22.5% within the applicable Reporting Period, then Developer, on behalf of Authority, shall within forty-five (45) days after the end of the last Quarter of the applicable Reporting Period, for the periods specified below, pay (A) during the Term, to the Navy 35% of the total amount of Net Cash Flow that would reduce the cumulative Developer’s IRR to 22.5% as of the end of the Reporting Period (per the calculation methodology provided for in Exhibit DD to the Conveyance Agreement) (each, a “**Second Tier Payment**”) and (B) to Authority, (i) during the Term, 10% of the total amount of Net Cash Flow and (ii) after the Term and continuing until the Cash Flow Distribution Termination Date, 45% of the total amount of Net Cash Flow, in each case that would reduce the cumulative IRR to 22.5% as of the end of the Reporting Period (per the calculation methodology provided for in Exhibit DD to the Conveyance Agreement) (an “**Authority Second Tier Payment**”). Developer shall pay to Navy, on behalf of Authority, any related late payment penalties caused by Developer’s failure to make timely payments to Navy, on behalf of Authority, as such penalties are imposed pursuant to Section 4.3.4 of the Conveyance Agreement.

(iv) If an IRR Statement shows that Developer has achieved, after reducing Net Cash Flow by the amount of any First Tier Payments, Second Tier Payments, and Authority Second Tier Payments, an average IRR of more than 25.0% within the applicable Reporting Period, then Developer shall within forty-five (45) days after the end of the last Quarter of the applicable Reporting Period until the Cash Flow Distribution Termination Date, pay Authority an additional 5% of the total amount of Net Cash Flow that would reduce the cumulative Developer’s IRR to 25.0% as of the end of the Reporting Period (per the calculation methodology provided for in Exhibit DD to the Conveyance Agreement) (each, an “**Authority Third Tier Payment**”), such that the share of Net Cash Flow above the IRR threshold of 25% to the Navy, Authority, and Developer are 35%, 15%, and 50%, respectively, during the Term, and 0%, 50%, and 50%, respectively, after the Term.

(v) Exhibit DD to the Conveyance Agreement provides a demonstration of the IRR calculation and the sharing of Net Cash Flow.

(d) Accounting. Developer shall maintain accurate books and records specific to the Project setting forth all components used for determining the Additional Consideration and the Authority Consideration, including, without limitation, each component of Net Cash Flow, and to determine the amount of Redesign Costs and credits against Initial Navy Consideration and Additional Consideration. Each IRR Statement submitted by Developer shall be accompanied by a complete Accounting. The Accounting shall be in conformance with GAAP where applicable, or with respect to the IRR Statement, in conformance with appropriate industry standards.

(e) Reconciliation of Final Conveyance Agreement IRR.

(i) Developer shall, within one hundred and eighty (180) days after the Termination Date, submit a final Accounting to Authority and the Navy, showing Developer's cumulative IRR for the entire term of the Project through the Termination Date (the "**Final Conveyance Agreement IRR**") and all payments of Additional Consideration made to the Navy on behalf of Authority hereunder during the period specified in Section 1.3(c) and all payments of Authority Consideration made to Authority hereunder during the same period (the "**Final Conveyance Agreement IRR Statement**"). The Final Conveyance Agreement IRR Statement and Accounting shall be performed and certified by an independent CPA in accordance with appropriate industry standards.

(ii) If the Final Conveyance Agreement IRR Statement and Accounting discloses that the Final Conveyance Agreement IRR exceeded 18% but the First Tier Payments to the Navy were less than the amount required by Section 1.3(c)(ii), Developer shall pay to the Navy on behalf of Authority the amount of Net Cash Flow necessary to reduce the Final Conveyance Agreement IRR to 18%, so long as the total of all First Tier Payments does not exceed the maximum amount required by Section 1.3(c)(ii).

(iii) If the Final Conveyance Agreement IRR Statement and Accounting discloses that the Final Conveyance Agreement IRR exceeded 22.5%, but the Second Tier Payments totaled less than 35% of Net Cash Flow for the Project during the Term above a 22.5% Final Conveyance Agreement IRR, then Developer shall cause to be paid to Navy on behalf of Authority the amount of Net Cash Flow necessary to raise the total of Second Tier Payments to equal 35% of all Net Cash Flow during the Term above a 22.5% Final Conveyance Agreement IRR.

(iv) If the Final Conveyance Agreement IRR Statement and Accounting discloses that the Final Conveyance Agreement IRR exceeded 22.5%, but Authority Second Tier Payments during the Term totaled less than 10% of Net Cash Flow for the Project during the Term above a 22.5% Final Conveyance Agreement IRR, then Developer shall cause to be paid to Authority the amount of Net Cash Flow necessary to raise the total of Authority Second Tier Payments during the Term to equal 10% of all Net Cash Flow during the Term above a 22.5% Final Conveyance Agreement IRR.

(v) If the Final Conveyance Agreement IRR Statement and Accounting discloses that the Final Conveyance Agreement IRR exceeded 25.0%, but Authority Third Tier Payments during the Term totaled less than 5% of Net Cash Flow for the Project during the Term above a 25.0% Final Conveyance Agreement IRR, then Developer shall cause to be paid to Authority the amount of Net Cash Flow necessary to raise the total of Authority Third Tier Payments during the Term to equal 5% of all Net Cash Flow during the Term above a 25.0% Final Conveyance Agreement IRR.

(f) Reconciliation of Final IRR.

(i) Developer shall, within one hundred and eighty (180) days after the Cash Flow Distribution Termination Date, submit a final Accounting to Authority, showing Developer's cumulative IRR for the entire term of the Project through the Cash Flow Distribution Termination Date (the "**Final IRR**") and all payments of Authority Consideration made to Authority hereunder (the "**Final IRR Statement**"). The Final IRR Statement and Accounting shall be performed and certified by an independent CPA in accordance with appropriate industry standards.

(ii) If the Final IRR Statement and Accounting discloses that the Final IRR exceeded 22.5%, but during the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date, Authority Second Tier Payments hereunder totaled less than 45% of Net Cash Flow for the Project above a 22.5% Final IRR during the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date, then Developer shall cause to be paid to Authority the amount of Net Cash Flow necessary to raise the total of Authority Second Tier Payments to equal 45% of all Net Cash Flow above a 22.5% Final IRR for the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date.

(iii) If the Final IRR Statement and Accounting discloses that the Final IRR exceeded 25.0%, but Authority Third Tier Payments hereunder totaled less than 5% of Net Cash Flow for the Project above a 25.0% Final IRR during the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date, then Developer shall cause to be paid to Authority the amount of Net Cash Flow necessary to raise the total of Authority Third Tier Payments to equal 5% of all Net Cash Flow above a 25.0% Final IRR during the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date.

(g) Reconciliation of Redesign Costs. Within one hundred eighty (180) days after completion of all planning, entitlement, design and rebuilding work required under the Redesign Plan, as evidenced by City acceptance of all public improvements and final building inspection sign-off for all improvements as identified in the Work Program, Developer shall provide Authority and the Navy with a statement that includes an Accounting of all Redesign Costs actually incurred by Developer and

Authority and a statement of the amount to be credited against Initial Consideration in accordance with Section 4.3.6.2 of the Conveyance Agreement. The Accounting shall be performed and certified by an independent CPA in accordance with GAAP.

(h) Submission of IRR Statements. Developer shall continue to submit the IRR Statement and Accounting (A) to the Navy and Authority until the Termination Date, and (B) to Authority only following the Termination Date until the Cash Flow Distribution Termination Date.

(i) Compliance with Conveyance Agreement. Developer shall provide Authority with all information and shall cooperate with Authority to the extent necessary for Authority to comply with its reporting and audit obligations under the Conveyance Agreement.

(j) Audit. Authority shall be entitled from time to time to audit Developer's books, records, and accounts pertaining to the Net Cash Flow and all components thereof, the payment of Additional Consideration, the calculation and payment relating to the Authority Second Tier Payments and Authority Third Tier Payments, the calculation, payments and credits relating to the Redesign Costs, and shall be entitled to allow the Navy to undertake an audit to the extent described in Section 4.3.7 of the Conveyance Agreement. Such audit shall be conducted during normal business hours upon ten (10) business days' notice at the principal place of business of Developer and other places where records are kept. Authority shall provide Developer with copies of any audit performed. If it shall be determined as a result of such audit that there has been a deficiency in the payment of any Additional Consideration, Authority Second Tier Payments and Authority Third Tier Payments, Developer shall immediately pay any such deficiency with interest at the Default Interest Rate. In addition, if it shall be determined as a result of such audit that an Accounting has understated the Net Cash Flow for the applicable period by more than five percent (5%), Developer shall be required to pay, in addition to interest as aforesaid, all of Authority's costs and expenses and all of the Navy's costs and expenses connected with the audit or review of Developer's accounts and records for the Project. All such payments shall be paid within thirty (30) days of receipt of written notice to Authority of such underpayment and such audit costs shall not be allowed as a Development Cost. The issue of whether Net Cash Flow is understated or overstated by five percent (5%) or more may be arbitrated according to the procedures in section 15 of the DDA, but the arbitration must be conducted by arbitrators who have at least ten (10) years' experience in arbitrating disputes involving complex financial accounting.

(k) Excess Land Appreciation Structure Profits. To the extent it is commercially reasonable to do so and consistent with market practices for each product type at the time, all sales agreements, leases or subleases, as applicable, between a Vertical Developer and Developer will require Vertical Developer to pay Developer a percentage of any net profits above a mutually agreed-upon forecasted rate arising from the Excess Land Appreciation Structure. The net profits from the Excess Land Appreciation Structure actually received by Developer shall constitute Gross Revenues.

1.4 Reimbursements of Additional Consideration

(a) Additional Consideration in Event of Termination. In the event that Authority terminates all or any portion of the DDA before the issuance of the last Certificate of Completion for the Project for any reason, Authority shall do the following:

(i) require that any other developer that agrees to develop the property in the Project Site (the “**Other Developer**”) make payments of Net Cash Flow to Authority in the same manner as set forth in Section 1.3;

(ii) in calculating the amount of the First Tier Payments and Second Tier Payments to be paid to the Navy, Authority shall calculate such amounts based on the cumulative IRR for the Project Site as a whole, and not on the cumulative IRR of any particular developer’s project;

(iii) to ensure that Authority has sufficient funds, however, to pay the Navy its First Tier Compensation, the First Tier Payments shall be calculated separately for Developer and each Other Developer, and any First Tier Payments payable under the separate calculations shall be paid to Authority by Developer and each Other Developer, as applicable, and held as a deposit to be used to pay the Navy its First Tier Compensation (calculated based on the Project Site as a whole) as and when due, with any excess remaining on deposit with the Authority pending the payment of the full amount of the First Tier Compensation to the Navy;

(iv) if, following the payment of the First Tier Compensation to the Navy, the amount Authority collected from Developer and each Other Developer is greater than the amount of the First Tier Compensation actually paid to the Navy, then Developer and each Other Developer shall be reimbursed such excess amounts pro rata (based upon the cumulative amount Developer and each Other Developer paid in First Tier Payments);

(v) to ensure that Authority has sufficient funds to pay the Navy its Second Tier Participation, the Second Tier Payments shall be calculated separately for Developer and each Other Developer, and any Second Tier Payments payable under the separate calculations shall be paid to Authority by Developer and each Other Developer, as applicable, and held as a deposit, to be used to pay the Navy its Second Tier Participation (calculated based on the Project Site as a whole) as and when due, with any excess remaining on deposit with the Authority pending the calculation of the Final Conveyance Agreement IRR for the Project Site as a whole; and

(vi) if, following the determination of the Final Conveyance Agreement IRR for the Project Site as a whole, the amount Authority has on deposit from Developer and each Other Developer from Second Tier Payments is greater than the amount of Second Tier Participation actually paid to the Navy, then Developer and each Other Developer shall be reimbursed such excess

amounts pro rata (based upon the cumulative amount Developer and each Other Developer paid in Second Tier Payments over the Term).

1.5 Consultants

(a) Authority Consultants. City and Authority, following consultation with Developer, will select any consultants necessary to implement their respective portions of this Financing Plan, including the formation of any IFD and CFD and the issuance of any Public Financing. To the extent that similar consultants are retained customarily by local agencies in California that engage in public financing similar or of similar complexity to the Public Financing, the consultants may include special tax consultants, tax increment fiscal consultants, appraisers, property insurance providers, financial advisors, bond underwriters, absorption consultants, bond counsel, bond trustees, escrow agents, and escrow verification agents. City's and Authority's reasonable out-of-pocket costs that are not contingent upon the issuance of a Public Financing will be advanced by Developer pursuant to a deposit agreement to be entered into among City, Authority, and Developer, and Developer shall be entitled to reimbursement of such advances from the proceeds of the Public Financing if authorized by the applicable CFD Act, the IFD Act, Tax Laws, and other governing law. To the extent not advanced by Developer, City's and Authority's reasonable out-of-pocket costs that are customarily paid by local agencies in the State for Public Financing consultants will be reimbursed from the proceeds of a Public Financing to the extent permitted under the CFD Act, the IFD Act, applicable Tax Laws, and other governing law.

(b) Developer Consultants. Developer may engage its own consultants to advise it on matters related to this Financing Plan or any Public Financing, and its reasonable out-of-pocket costs will be reimbursed from the proceeds of a Public Financing to the extent permitted under the CFD Act, the IFD Act, applicable Tax Laws, and other governing law. To the extent Developer is not reimbursed from the proceeds of a Public Financing, such costs will be Soft Costs.

1.6 Recordkeeping

(a) Annual Reports.

(i) Commencing as of the date that Developer obtains the Major Phase Approval for the Initial Major Phase and ending on the later of (A) the date on which Developer has received the final Certificate of Completion for all of the Infrastructure and Stormwater Management Controls and (B) the earlier of (i) the date on which Developer has been reimbursed for all Qualified Project Costs and (ii) the date on which there are no further Gross Revenues available to reimburse Developer for Qualified Project Costs, Developer shall prepare and deliver to Authority an annual financial report on the Project no later than four (4) months following the end of each Developer Fiscal Year for which a report is due (each, an "**Annual Report**"). If Developer obtains a Major Phase Approval less than six (6) months before the end of a Developer Fiscal Year, Developer may include reporting for that Major Phase in the Annual Report for the next

Developer Fiscal Year. If any Annual Report shows any material discrepancy, then Developer must correct the discrepancy in its Records, and Developer and the Authority agree to meet and confer on the best method for correcting any overpayment or underpayment by the end of the next quarter in the Developer Fiscal Year.

(ii) Annual Reports must include the following information, reported separately for each Major Phase for which a Major Phase Approval has been obtained and in the aggregate for the Project as a whole: (A) updated estimates of and actual Project Costs, Qualified Project Costs, and Gross Revenues; (B) if applicable, variances from the prior Annual Report; (C) a statement reflecting the application of any Net Cash Flow that Developer has received during the prior Developer Fiscal Year; (D) a statement of Qualified Project Costs reimbursed from Funding Sources; (E) a statement of Qualified Project Costs previously incurred but not yet reimbursed from the Funding Sources; (F) new development expected to occur or that is occurring, the assessed value of which is expected to be included on the secured real property tax roll for the next Fiscal Year; and (G) any sales of Lots under article 17 of the DDA that are expected to occur and the assessed value of which is expected to be included on the secured real property tax roll for the next Fiscal Year.

(iii) Developer's Annual Report must cover the entire Project, even if Developer has Transferred part or all of its interest in a Major Phase or Sub-Phase to a Transferee.

(iv) Developer's obligation to provide Annual Reports will terminate as to any portion of the Project as to which the DDA is terminated after Developer has provided to Authority the Annual Report covering the Developer Fiscal Year during which the termination took effect.

(b) Developer Books and Records. Developer shall maintain books and records of all: (i) Gross Revenues; (ii) application of Funding Sources to Qualified Project Costs; and (iii) Project Costs, organized by Major Phases, in accordance with generally accepted accounting principles consistently applied, or in another auditable form Approved by Authority (the "**Records**"). Developer shall maintain Records for each Major Phase in the City or at another location Approved by Authority for at least four (4) years after the applicable Major Phase closing date. After reasonable notice, Developer shall make the Records available to Authority at reasonable times.

(c) Authority Records. Authority shall provide copies of its audited financial statements relating to the Project Site to Developer as soon as practicable following their public filing or release.

(d) City Records. City shall provide copies of its audited financial statements relating to the Project Site to Developer as soon as practicable following its public filing or release.

(e) Accounting. Developer, City, and Authority will separately track the use of all Funding Sources and any revenues generated from the Project as a whole and from the Public Trust Parcels in order to ensure that they are used only for purposes consistent with this Financing Plan and applicable law.

1.7 Authority's Unreimbursed Costs. If: (a) Developer commits a Material Breach under the DDA; (b) Authority obtains a final judgment for the payment of any related amount under article 15 of the DDA; and (c) Authority makes demand for payment of the amount of the final judgment on any Adequate Security, but does not receive payment within thirty (30) days after Authority's written demand, then Authority may, to the extent permitted under applicable law, recover from any available proceeds of a Public Financing the amount of the final judgment, plus Authority's costs of collection and interest at the rate of ten percent (10%) per annum of the amount of the final judgment, calculated from the date the payment was due until paid in full, compounded annually.

2. COMMUNITY FACILITIES DISTRICT FINANCING

2.1 Formation of CFDs

(a) Formation. City shall establish all CFDs from time to time as Developer acquires Sub-Phases under the DDA. All CFDs will be formed and administered to achieve the Funding Goals and in accordance with the CFD Act and the CFD Goals. Developer acknowledges that the CFD Goals will prevail over any inconsistent terms in this Financing Plan, unless the Board of Supervisors in its sole discretion Approves a waiver of the CFD Goals. Any CFD may include separate Improvement Areas and tax zones. In addition, Developer and City may agree to identify property for future annexation and additional public capital facilities for the Project to be financed under the CFD Act in the CFD formation documents.

(b) Taxable Parcels. Developer and City intend that Project Special Taxes will be levied against all Taxable Parcels for the purposes described in this Financing Plan and agree that all Exempt Parcels will be exempt from Project Special Taxes.

(c) Petition.

(i) At any time, and from time to time, after Authority acquires all or part of the Project Site from the Navy, Developer may petition City under the CFD Act from time to time to establish one or more CFDs within the Sub-Phase. In its petition, Developer may include proposed specifications for the CFD, including Assigned Project Special Tax Rates, Project Special Tax rates, CFD boundaries and any proposed Improvement Areas and tax zones within the CFD (which may include one or more Sub-Phases or Major Phases), the identity of any property to be annexed into the CFD at a later date, the total tax burden that will result from the imposition of the Project Special Taxes (subject to the 2% Limitation for Taxable Residential Units), and other provisions. Developer's proposed specifications will be based on Developer's development plans, market

analysis, and required preferences, but in all cases will be subject to this Financing Plan, the Funding Goals, and the CFD Goals.

(ii) Following City's receipt of a petition, Developer and City will meet with City's Public Financing consultants to determine reasonable and appropriate terms of the proposed CFD that are consistent with Developer's petition and the Funding Goals.

(d) Authorized Uses. Each CFD shall be authorized to finance all of the Qualified Project Costs, Additional Community Facilities, and Ongoing Park Maintenance, irrespective of the geographic location of the improvements financed or maintained.

(e) Joint Community Facilities Agreements. Under the CFD Act, City may be required to enter into a joint community facilities agreement with another Governmental Entity that will own or operate any of the Infrastructure and Stormwater Management Controls. Authority and the City have agreed that the Interagency Cooperation Agreement, which will be executed in connection with the DDA, is a joint community facilities agreement under the CFD Act for all of the Infrastructure and Stormwater Management Controls to be financed by CFDs and owned or operated by the Authority. City and Developer agree that they will take all steps necessary to procure the authorization and execution of any other required joint community facilities agreement with a Governmental Entity other than Authority before the issuance of any CFD Bonds that will finance Infrastructure and Stormwater Management Controls that will be owned or operated by such Governmental Entity other than Authority.

(f) Notice of Special Tax Lien. Project Special Taxes will be secured by recordation in the Official Records of continuing liens against all Taxable Parcels in the applicable CFD.

2.2 Scope of CFD-Financed Costs

(a) Authorized Costs. A CFD may finance only Qualified Project Costs, Additional Community Facilities, and Ongoing Park Maintenance that: (a) are financeable under the CFD Act; and (b) qualify under Tax Laws, if CFD Bonds are issued and if CFD Bonds are issued as tax-exempt bonds.

2.3 Parameters of CFD Formation

(a) Cooperation. Developer and City agree to cooperate reasonably in developing an RMA for each CFD that is consistent with this Financing Plan and, to the extent consistent with this Financing Plan, Developer's petition. Developer and City will each use good-faith reasonable efforts at all times to furnish timely to the other, or to obtain and then furnish to the other, any information necessary to develop an RMA, such as legal boundaries of the property to be included and Developer's plans for the types, sizes, numbers, and timing for construction of Buildings, within the applicable CFD. Each CFD will be subject to its own RMA and authorized bonded indebtedness limit.

(b) RMA Consultants and Approval. The RMA for any CFD will be: (i) developed by City's special tax consultant, in consultation with Developer and City's staff and other consultants; (ii) consistent with Developer's petition to the extent consistent with this Financing Plan; and (iii) subject to Approval of the Board of Supervisors in the resolution of formation. Project Special Taxes on any Taxable Parcel must not exceed any applicable maximum rate specified in the CFD Goals and this Financing Plan, unless otherwise Approved by the Board of Supervisors and Developer.

(c) Priority Administrative Costs. In the formation process for each CFD, City and Developer will agree on the amount of annual CFD administrative costs that will have first priority for payment by Project Special Tax based on: (i) actual administration costs of other community facilities districts of the City; (ii) the CFD's complexity and size; and (iii) cumulative administration costs for all anticipated CFDs for the Project. The contracts for consultants administering the CFDs and the calculation of any City staff time deemed administration expenses will be determined in accordance with article 19 of the DDA.

(d) Assigned Project Special Tax Rates for Developed Property. Each RMA will specify Project Special Tax rates for Developed Property within the CFD (each an "**Assigned Project Special Tax Rate**"). The Assigned Project Special Tax Rates for Developed Property may vary based on sizes, densities, types of Buildings to be constructed, and other relevant factors when the CFD is formed. Each RMA will establish Assigned Project Special Tax Rates assuming that any First Tranche CFD Bonds issued will have a debt service coverage-ratio of one hundred ten percent (110%), unless City and Developer Approve a higher ratio to market the First Tranche CFD Bonds effectively.

(e) Total Tax Obligation. The Assigned Project Special Tax Rates will be set so that the Total Tax Obligation on any Taxable Residential Unit within a CFD will not exceed two percent (2%) of the projected sales price of that Taxable Residential Unit calculated at the time of the resolution of intention to form the CFD (the "**2% Limitation**"). If an RMA is modified to increase the Project Special Tax rates, the Assigned Project Special Tax Rates will be modified so that the Total Tax Obligation on any Taxable Residential Unit within a CFD does not exceed the 2% Limitation when the proposed modification goes into effect. The 2% Limitation will not apply to non-residential property in a CFD.

(f) Classification of Assessor's Parcels. Each RMA will provide for the taxation of Developed Property and Undeveloped Property. Each RMA will identify all Exempt Parcels, which will be exempt from payment of Project Special Taxes.

(g) Backup and Maximum Project Special Tax Rates. Each RMA will provide for: (i) backup Project Special Tax rates that will be applied to each Taxable Parcel in a tract map, Improvement Area, tax zone, condominium plan, or other identifiable area on Developed Property (each a "**Backup Project Special Tax Rate**"); and (ii) maximum Project Special Tax rates on Developed Property and Undeveloped Property (each a "**Maximum Project Special Tax Rate**"). The Maximum Project

Special Tax Rate for a Taxable Parcel of Developed Property will be the greater of the applicable Assigned Project Special Tax Rate or the applicable Backup Project Special Tax Rate. Developer and City will structure the Backup Project Special Tax Rates and Maximum Project Special Tax Rates for a CFD to be consistent with the funding goals established for the CFD, considering Developer’s development plans and preferences for structuring the Project Special Tax rates within the applicable CFD, and this Financing Plan.

(h) Escalation of Special Tax Rates. At Developer’s request, each RMA will provide for annual increases in the Project Special Tax rates so long as the total projected taxes levied for a CFD do not exceed any maximum specified in the CFD Act.

(i) Priority for Annual Levy of Special Taxes. Each RMA will provide for the levy of Project Special Taxes to fund debt service (not including capitalized interest), administrative costs, and Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities to be financed by the CFD each year of its term (collectively, the “**Special Tax Requirement**”) according to the priorities set in the Indenture, until the Special Tax Requirement is fully satisfied. Each RMA must reflect the priorities set forth below:

(i) First, Project Special Taxes will be levied on each Taxable Parcel of Developed Property at the applicable Assigned Project Special Tax Rate, regardless of whether City has issued CFD Bonds or the debt service requirements for any existing CFD Bonds, before applying any capitalized interest.

(ii) Second, to the extent the funds to be collected under clause (i) will not be sufficient to satisfy the Special Tax Requirement in full after application of any capitalized interest, Project Special Taxes will be levied proportionately on each Taxable Parcel of Subsequent Owner Property, up to one hundred percent (100%) of the applicable Maximum Project Special Tax Rate.

(iii) Third, to the extent the funds to be collected under clauses (i) and (ii) will not be sufficient to satisfy the Special Tax Requirement in full after application of any capitalized interest, Project Special Taxes will be levied proportionately on each Taxable Parcel of Undeveloped Property that is not Subsequent Owner Property, up to one hundred percent (100%) of the applicable Maximum Project Special Tax Rate.

(iv) Fourth, to the extent the funds to be collected under clauses (i), (ii), and (iii) will not be sufficient to satisfy the Special Tax Requirement in full after application of any capitalized interest, additional Project Special Taxes will be levied proportionately on each Taxable Parcel of Developed Property, so long as the total levy on Developed Property under clauses (i) and (iv) does not exceed the applicable Maximum Project Special Tax Rate.

(j) Use of Remainder Taxes.

(i) Developer and City contemplate that, within each CFD, Qualified Project Costs and Ongoing Park Maintenance will be paid from Remainder Taxes both before and after the issuance of CFD Bonds for such CFD and after the final maturity of any CFD Bonds for such CFD. Accordingly, each RMA will provide that Remainder Taxes may be used to finance Ongoing Park Maintenance and Qualified Project Costs. For each CFD, annually, on the day following each Principal Payment Date for such CFD, all Remainder Taxes for such CFD will be deposited in the applicable Remainder Taxes Project Account.

(ii) With respect to all CFDs:

(A) Before the Maintenance Commencement Date, for each CFD, annually, on or before October 1 of each year, Remainder Taxes for each CFD shall be deposited in the Remainder Taxes Project Account for such CFD and applied, in the following order of priority, (1) for the period specified in the definition of Stage 2 Contribution, to fund all or any portion of the Stage 2 Contribution annually, and (2) from time to time at Developer's request, to finance Qualified Project Costs.

(B) After the Maintenance Commencement Date, for all CFDs, annually, on or before October 1 of each year, Remainder Taxes for all CFDs shall be transferred to Authority and held in the Remainder Taxes Holding Account and applied as set forth in Section 2.7.

(iii) Any amounts transferred to City pursuant to Section 2.7(c)(i)(B), shall be deposited to the Remainder Taxes Project Accounts pro rata (based on the ratio of Maximum Project Special Tax Rates) and shall be applied as follows:

(A) Prior to the CFD Conversion Date, amounts on deposit in the Remainder Taxes Project Accounts shall be applied, in the following order of priority, (1) for the period specified in the definition of Stage 2 Contribution, to fund all or any portion of the Stage 2 Contribution annually, and (2) from time to time at Developer's request, to finance Qualified Project Costs.

(B) After the CFD Conversion Date, amounts on deposit in the Remainder Taxes Project Accounts shall be applied, in the City's discretion, (1) to pay debt service on and replenish debt service reserve funds for Alternative Financings, including funding all or any portion of the Stage 2 Contribution annually, and (2) to finance Additional Community Facilities or for any other use authorized by the CFD Act.

(k) No Pledge for Debt Service. Remainder Taxes deposited in the Remainder Taxes Project Accounts or transferred to Authority for deposit in the Remainder Taxes Holding Account or the Ongoing Maintenance Account, will not be

deemed or construed to be pledged for payment of debt service on any CFD Bonds, and neither Developer nor any other Person will have the right to demand or require that Authority, City, or Fiscal Agent, as applicable, use funds in the Remainder Taxes Project Accounts, the Remainder Taxes Holding Account, or the Ongoing Maintenance Account to pay debt service on CFD Bonds.

(l) Prepayment. The RMA will include provisions allowing a property owner within the CFD that is not in default of its obligation to pay Project Special Taxes to prepay Project Special Taxes in full or in part based on a formula that will require payment of the property owner's anticipated total Project Special Tax obligation; provided, however, that prepayment shall not be allowed if it impacts the financing of Ongoing Park Maintenance without the written consent of the Authority. Prepaid Project Special Taxes will be placed in a segregated account in accordance with the applicable Indenture. The RMA and the Indenture will specify the use of prepaid Project Special Taxes.

(m) Amendment to RMA. Each RMA must be consistent with this Financing Plan. Nothing in this Financing Plan will prevent an amendment of any RMA for a CFD under its terms or under Change Proceedings.

(n) Reducing Project Special Tax Rates Before Issuance of First Tranche CFD Bonds. An RMA may contain a provision that allows Developer to request that the Total Tax Obligation be recalculated and Project Special Tax rates be reduced before any First Tranche CFD Bonds are issued so that the Total Tax Obligation does not exceed two percent (2%) of the actual or projected sales prices of Taxable Residential Units at the time of recalculation. Subject to the CFD Act, but only if expressly permitted and defined in the RMA, after consultation with Developer regarding its request, City shall reduce Project Special Tax rates in a CFD administratively without the vote of the qualified CFD electors before First Tranche CFD Bonds for such CFD are issued notwithstanding Sections 2.3(j), 2.7, or 2.6(a). If expressly permitted and defined in the RMA, a reduction in one taxing category does not have to be proportionate to the reduction in any other taxing category (i.e., disproportionate reductions may be expressly allowed in the RMA). If the Maximum Project Special Tax Rate is permanently reduced, City will record timely an appropriate instrument in the Official Records.

2.4 Issuance of CFD Bonds

(a) Issuance. Subject to Approval of the Board of Supervisors and Sections 4.4 and 4.5, City, on behalf of the CFD, intends to issue CFD Bonds for purposes of this Financing Plan. Developer may submit written requests that City issue First Tranche CFD Bonds, specifying requested issuance dates, amounts, and main financing terms. Following Developer's request, Developer and City will meet with City's public financing consultants to determine reasonable and appropriate issuance dates, amounts, and main financing terms that are consistent with the Funding Goals.

(b) Payment Dates. So that Remainder Taxes may be calculated on the same date for all CFDs and CFD Bonds, each issue of CFD Bonds shall have interest payment dates of March 1 and September 1, with principal due on September 1.

(c) Value-to-Lien Ratio. The appraised or assessed value-to-lien ratio required for each First Tranche CFD Bond issue will be three to one (3:1), unless otherwise required by the CFD Act or the mutual agreement of Developer and City.

(d) Coverage Ratio. To preserve the ability to finance Ongoing Park Maintenance, an issue of First Tranche CFD Bonds will not have a debt service coverage ratio of less than one hundred ten percent (110%), unless otherwise agreed to by City. Each issue of First Tranche CFD Bonds will be structured with a debt service coverage ratio that maximizes the proceeds of First Tranche CFD Bonds but is consistent with sound municipal financing practices to the City's reasonable satisfaction, based on calculations, explanations, and other substantial evidence provided by Developer.

(e) Term. Subject to Section 2.8, First Tranche CFD Bonds will have a term of not less than thirty (30) years and not more than forty (40) years unless Developer and City agree otherwise.

(f) Second Tranche CFD Bonds. After the CFD Conversion Date for a CFD, City has the right in its sole discretion to issue Second Tranche CFD Bonds in such CFD as set forth in this Financing Plan.

2.5 Use of Proceeds

(a) First Tranche CFD Bond Proceeds. Subject to Tax Laws, the CFD Act, and the CFD Goals, First Tranche CFD Bond proceeds will be used in the following order of priority: (i) to fund required reserves and pay costs of issuance; (ii) to fund capitalized interest amounts, if any; (iii) to pay Qualified Pre-Development Costs (which do not include any return on such Pre-Development Costs); and (iv) to pay outstanding Qualified Project Costs and, when authorized pursuant to Section 2.8(e), outstanding Additional Community Facilities. The remainder will be deposited into the CFD Bonds Project Account as designated in the Indenture and must be used only to pay for Qualified Project Costs and those Additional Community Facilities authorized pursuant to Section 2.8(c).

(b) Qualified Project Costs; Additional Community Facilities. By this Financing Plan, City covenants to use the proceeds of First Tranche CFD Bonds on deposit in CFD Bonds Project Accounts or as otherwise provided in the applicable Indenture and, subject to Sections 2.3(j) and 2.7, all Remainder Taxes on deposit in each Remainder Taxes Project Account to finance Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities. In furtherance of this covenant, City shall levy Project Special Taxes in each Fiscal Year in strict accordance with the applicable RMA and this Financing Plan.

2.6 Miscellaneous CFD Provisions

(a) Change Proceedings. Subject to the limitations in this Financing Plan, including the Funding Goals, and so long as the proposed changes do not adversely affect the issuance or amount of Second Tranche CFD Bonds or the application, timing of receipt, or overall amount of Remainder Taxes to pay Ongoing Park Maintenance and Additional Community Facilities pursuant to Section 2.8, City will not reject unreasonably Developer's request to conduct Change Proceedings under the CFD Act to: (i) make any changes to an RMA, including amending the rates and method of apportionment of Project Special Taxes; (ii) increase or decrease the authorized bonded indebtedness limit within a CFD; (iii) annex property into a CFD; (iv) add additional public capital facilities for the Project; or (v) take other actions reasonably requested by Developer. For purposes of this Section 2.6(a), Developer acknowledges that any reduction in the Project Special Tax rates set forth in an RMA through Change Proceedings shall require the consent of City, which may be granted in its discretion. Except as set forth in the previous sentence, for purposes of this Section 2.6(a), City agrees that none of the following changes will be deemed to adversely affect the ability of City to issue Second Tranche CFD Bonds or apply the Remainder Taxes to Ongoing Park Maintenance or Additional Community Facilities pursuant to Section 2.8: (x) increasing the Project Special Tax rates in an RMA for any land use classification; (y) increasing the authorized bonded indebtedness limit; and (z) authorizing the financing of additional public capital facilities for the Project.

(b) Maintaining Levy of CFD Financing. Under section 3 of article XIII C of the California Constitution, voters may, under certain circumstances, vote to reduce or repeal the levy of special taxes in a community facilities district. However, the California Constitution does not allow the reduction or repeal to result in an impairment of contract. The purpose of this Section 2.6(b) is to give notice that: (i) both the DDA and the City DA (including, in both cases, this Financing Plan) is a contract between Developer and Authority (in the case of the DDA) and Developer and City (in case of the City DA); (ii) the financing of the Qualified Project Costs and the Additional Community Facilities through the application of CFD Bond proceeds (which are secured by Project Special Taxes) and Remainder Taxes (as described in Section 2.3(j) and Section 2.7) is an essential part of the consideration for the contracts; (iii) the financing of Ongoing Park Maintenance through the application of Remainder Taxes is an essential part of the consideration for the contracts; and (iv) any reduction in City's ability to levy and collect Project Special Taxes would materially impair those contracts. To further preserve the contracts discussed above, City agrees that: (y) until all First Tranche CFD Bonds have been repaid in full or defeased before maturity for any reason other than a refunding, it will not initiate or conduct proceedings under the CFD Act to reduce the Project Special Tax rates without Developer's written consent or if legally compelled to do so (e.g., by a final order of a court of competent jurisdiction); and (z) if the voters adopt an initiative ordinance under section 3 of article XIII C of the California Constitution that purports to reduce, repeal, or otherwise alter the Project Special Tax rates before all First Tranche CFD Bonds have been repaid in full or defeased before maturity for any reason other than a refunding, City will meet and confer with Developer to consider commencing and

pursuing reasonable legal action to preserve City's ability to comply with this Financing Plan.

(c) Covenant to Foreclose. City will covenant with CFD bondholders to foreclose the lien of delinquent Project Special Taxes consistent with the general practice for community facilities districts in California and otherwise as determined by City in consultation with its underwriter or financial advisor for the CFD indebtedness and other consultants, subject to applicable laws.

(d) Reserve Fund Earnings. The Indenture for each issue of First Tranche CFD Bonds will provide that earnings on any reserve fund that are not then needed to replenish the reserve fund to the reserve requirement will be transferred to: (i) the CFD Bonds Project Account for allowed uses until it is closed in accordance with the Indenture; then (ii) the debt service fund held by the Fiscal Agent under the Indenture.

(e) Authorization of Reimbursements. City will take all actions necessary to satisfy section 53314.9 of the Government Code or any similar statute subsequently enacted to use First Tranche CFD Bond proceeds and Remainder Taxes to reimburse Developer for: (i) CFD formation and First Tranche CFD Bond issuance deposits; and (ii) advance funding of Qualified Project Costs.

(f) Material Changes to the CFD Act. If material changes to the CFD Act after the Reference Date make CFD Bonds or Remainder Taxes unavailable or severely impair their use as a source for financing the Qualified Project Costs or Additional Community Facilities, City and Developer will negotiate in good faith as to a substitute public financing program equivalent in nature and function to CFDs.

(g) CFD Goals. Until the CFD Conversion Date for a CFD, the City shall not change or amend the CFD Goals as they apply to such CFD if such changes or amendments adversely impact the Project or are inconsistent with this Financing Plan unless such changes or amendments are required under the CFD Act or other controlling State or federal law or, with respect to such CFD, as otherwise Approved by Developer in its sole discretion.

(h) Private Placement of CFD Bonds. Subject to Board of Supervisors Approval and Section 4.4(b), upon Developer's written request, City shall issue CFD Bonds in a private placement to a small number of investors (which may include Developer and its Affiliates). In connection with any such private placement, City and the investors may agree upon terms regarding the security of such CFD Bonds other than as required by this Agreement, including, but not limited to, the 3:1 value-to-lien ratio of Section 2.4(c); provided, however, any CFD Bonds must have a debt service coverage ratio of at least one hundred ten percent (110%) unless City consents to a lower amount. Subject to Board of Supervisors Approval and the CFD Goals, if the CFD Bonds are sold to Developer or its Affiliates, and if the CFD Bonds are not subject to transfer, credit enhancement may not be required.

(i) Levy for Ongoing Park Maintenance. For each CFD, prior to its CFD Conversion Date, Ongoing Park Maintenance shall be payable from Remainder Taxes and other sources identified in Section 2.7. For each CFD, after its CFD Conversion Date, Ongoing Park Maintenance may be payable from Project Special Taxes or Remainder Taxes. In both cases, Ongoing Park Maintenance may be funded irrespective of the issuance of CFD Bonds (First Tranche or Second Tranche) and irrespective of whether there are unreimbursed Qualified Project Costs or Additional Community Facilities. Accordingly, each RMA shall provide for the financing of Ongoing Park Maintenance for the duration of the CFD.

2.7 Ongoing Park Maintenance

(a) Maintenance Budget. Not later than April 1 of each year following the Maintenance Commencement Date, Authority shall prepare a preliminary budget of the Estimated Maintenance Costs for the immediately succeeding Maintenance Period. The Estimated Maintenance Costs shall be determined by (i) estimating the costs of the Ongoing Park Maintenance to be incurred during the immediately succeeding Maintenance Period and (ii) subtracting (A) any funds, revenues, and Project Grants that are received for maintenance purposes, (B) any funds on deposit in the Remainder Taxes Holding Account, and (C) any funds on deposit in the Ongoing Maintenance Account that are not committed to the payment of Ongoing Park Maintenance during the current Maintenance Period.

(b) Delivery of Maintenance Budget. Upon completion by Authority, the preliminary budget will promptly be delivered to Developer for review. Developer shall have fifteen (15) days to review and comment on the preliminary budget. Authority will duly evaluate and implement the reasonable suggestions made by Developer, and Authority shall distribute a final version of the budget to Developer (as finalized, the “**Maintenance Budget**”). The Maintenance Budget shall also be delivered to the City upon completion. The Maintenance Budget must be completed by no later than June 1 in any given year.

(c) Calculation of Developer Maintenance Payment. Authority shall annually calculate the Developer Maintenance Payment at the same time that the Maintenance Budget is completed.

(i) If, on the date of calculation, the amount on deposit in the Ongoing Maintenance Account that is not committed to the payment of Ongoing Park Maintenance during the current Maintenance Period plus the amount on deposit in the Remainder Taxes Holding Account equals or exceeds the Estimated Maintenance Costs set forth in the applicable Maintenance Budget, then Authority shall (A) transfer funds from the Remainder Taxes Holding Account to the Ongoing Maintenance Account in such amount as is necessary so that the amounts on deposit in the Ongoing Maintenance Account equals the Estimated Maintenance Costs, (B) transfer the remaining funds on deposit in the Remainder Taxes Holding Account to City for deposit in the Remainder Taxes Project

Accounts as set forth in Section 2.3(j)(iii), and (C) notify Developer that the Developer Maintenance Payment for such Maintenance Period shall be \$0.

(ii) If, on the date of calculation, the amount of the Estimated Maintenance Costs set forth in the applicable Maintenance Budget exceeds the amount on deposit in the Ongoing Maintenance Account and the Remainder Taxes Holding Account, then Authority (A) shall transfer the entire balance of the Remainder Taxes Holding Account to the Ongoing Maintenance Account and (B) may request in writing that Developer make a Developer Maintenance Payment in an amount equal to the lesser of:

(1) the difference between the Estimated Maintenance Costs set forth in such Maintenance Budget and amounts on deposit in the Ongoing Maintenance Account and Remainder Taxes Holding Account on such date of calculation; and

(2) the Maximum Annual Developer Contribution.

(d) Maximum Annual Developer Contribution. On any date of calculation, the Developer Maintenance Payment shall not exceed the lesser of (“**Maximum Annual Developer Contribution**”):

(i) (A) for the first five years in which Maintenance Budgets are prepared following the Maintenance Commencement Date, the greater of (1) \$1,500,000 or (2) \$1,500,000 plus the portion of the Maximum Annual Developer Contribution for each previous year, if any, that was not paid to Authority; and (B) for each year after the first five years in which Maintenance Budgets are prepared following the Maintenance Commencement Date, the greater of (1) \$3,000,000, or (2) \$3,000,000 plus the portion of the Maximum Annual Developer Contribution for each previous year, if any, that was not paid to Authority; or

(ii) the Maintenance Account Balance.

(e) Maintenance Account Balance. On the Reference Date, Authority shall be credited with a non-cash balance (the “**Maintenance Account Balance**”) of Fourteen Million Three Hundred Twenty Thousand Dollars (\$14,320,000). Each Developer Maintenance Payment (whether through payments under Section 2.7(f) or through Conditional Maintenance Tax payments under Section 2.7(g)) shall reduce the Maintenance Account Balance by the corresponding amount. At the end of each Fiscal Year, commencing at the end of the Fiscal Year in which the Reference Date occurs, the Maintenance Account Balance shall be credited with interest based on the percentage increase in the Index over the prior twelve month period (except that the first interest credit shall be based on the period from the Reference Date to the end of the Fiscal Year in which the Reference Date occurs). Developer’s obligation to pay any Developer

Maintenance Payment shall cease when the Maintenance Account Balance is reduced to \$0. The Maintenance Account Balance shall not increase at any time after the account is first established, other than as a result of the accrual of interest earnings as set forth herein.

(f) Time of Payment. Developer shall make the Developer Maintenance Payment by the later of (i) June 30 in the year in which the written request is made by Authority or (ii) thirty (30) days following receipt of the written request from Authority. The failure to pay the Maintenance Payment by the later of such dates shall be deemed a “**Maintenance Default.**”

(g) Security for Payment. To secure the payments required in this Section 2.7, the RMA for each CFD shall contain provisions for a Conditional Maintenance Tax. Each RMA shall provide that the Conditional Maintenance Tax shall be levied only as follows:

(i) The Conditional Maintenance Tax may only be levied on property that is (A) owned by Developer at the time of the levy and (B) not subject to a purchase and sale agreement for the sale to a third party that is scheduled to close within six (6) months after the date of the levy.

(ii) The Conditional Maintenance Tax may only be levied in the calendar year in which City receives written notice from Authority that a Maintenance Default has occurred.

(iii) The Conditional Maintenance Tax may only be levied once in a calendar year.

(iv) The Conditional Maintenance Tax may only be levied on a parcel of property authorized by clause (i) in the amount of such parcel’s pro rata share (based on acreage of such parcel to all parcels authorized by clause (i)) of the amount of the Maintenance Default.

(v) The Conditional Maintenance Tax shall be hand billed by City to Developer, and Developer shall have thirty (30) days to pay the amount due.

(vi) The failure by Developer to pay the Conditional Maintenance Tax within the time established by clause (v) shall subject the property upon which it is levied to foreclosure by City. The Conditional Maintenance Tax shall have the same lien priority and penalties as the Project Special Taxes.

(vii) The Conditional Maintenance Tax shall terminate and shall no longer be levied when, following the Maintenance Commencement Date, the Maintenance Account Balance is \$0.

(h) Payment of Remaining Balance. If upon Completion of the Northern Wilds, as identified in the Parks and Open Space Plan, a balance remains in the Maintenance Account Balance, Developer, upon Authority's written request, shall pay Authority an amount equal to the remaining balance of the Maintenance Account Balance. Authority shall restrict the use of such funds to a segregated parks and open space fund, conservancy, or other separate fund or entity with use restricted to operation and maintenance of the parks and open spaces in the Project Area.

2.8 CFD Limitations

(a) City and Developer agree that each CFD will be formed so that the proceeds of CFD Bonds and Remainder Taxes may be applied to accomplish the following goals in the manner set forth in this Financing Plan: (i) to finance Qualified Project Costs; (ii) to finance Additional Community Facilities; and (iii) to finance Ongoing Park Maintenance. To accomplish these goals, and subject to the limitations set forth in this Section 2.8, and in light of the 2% Limitation and the CFD Goals:

(i) each CFD will be authorized to finance the Qualified Project Costs, the Additional Community Facilities, and the Ongoing Park Maintenance;

(ii) for each CFD, the term for levying Project Special Taxes will be established at no less than 999 years from the first issuance of CFD Bonds in such CFD; and

(iii) for each CFD, the amount of authorized bonded indebtedness will be established to allow the issuance of the First Tranche CFD Bonds to finance Qualified Project Costs and the Second Tranche CFD Bonds to finance Additional Community Facilities.

(b) The CFD Conversion Date shall be calculated separately for each CFD.

(c) Until the CFD Conversion Date, in a CFD, CFD Bonds will be issued exclusively to finance Qualified Project Costs unless Developer, in its sole discretion, consents in writing to the issuance of CFD Bonds for such CFD to finance Additional Community Facilities. After the CFD Conversion Date in such CFD, City may issue CFD Bonds to finance Additional Community Facilities or for any other purpose authorized under the CFD Act.

(d) City and Developer agree that, within a CFD, City shall not be obligated to issue First Tranche CFD Bonds (including refunding bonds) with a final maturity of later than the date that is forty-two (42) years after the issuance of the first series of First Tranche CFD Bonds in such CFD without the Approval of Board of Supervisors in its sole discretion. Unless City and Developer agree otherwise, any CFD Bonds issued to refund First Tranche CFD Bonds shall comply with applicable provisions of the CFD Act pursuant to which refunding bonds will not result in a reduction of the total authorized amount of the bonded indebtedness of a CFD and, in any event, the final

maturity date of the refunding bonds shall not exceed the latest maturity date of the First Tranche CFD Bonds being refunded. The previous sentence shall not prevent the issuance of a series of First Tranche CFD Bonds for new money and refunding purposes, so long as the portion of the First Tranche CFD Bonds attributable to the refunding purpose meets the requirements of the previous sentence.

(e) The City intends to include open space improvements, transportation facilities, renewable energy and other sustainability projects, and other public infrastructure within the authorized list of Additional Community Facilities for each CFD, including, but not limited to, future improvements necessary to ensure that the shoreline, public facilities, and public access improvements will be protected should sea level rise at the perimeter of the Project Site as set forth in the Infrastructure Plan (the “**Future Sea Level Rise Improvements**”). If required to be constructed or installed pursuant to the appropriate regulating authorities, City agrees to finance the Future Sea Level Rise Improvements through the proceeds of the Second Tranche CFD Bonds and any Remainder Taxes that become available to City after the CFD Conversion Date pursuant to this Financing Plan, all in the manner required by the appropriate regulating authorities. However, notwithstanding the discretion vested in Developer with respect to the decision to fund Additional Community Facilities from CFD Bonds prior to the CFD Conversion Date for each CFD pursuant to Section 2.8(c), if, prior to the CFD Conversion Date for a CFD, sea levels in the waters at the perimeter of the Project Site rise by more than sixteen (16) inches from the levels in existence on the Reference Date, as defined in the Infrastructure Plan, Developer and City will finance Future Sea Level Rise Improvements from First Tranche CFD Bonds for the CFD.

(f) Pursuant to the definition contained in Section 7.2, the term “CFD” means an Improvement Area if one has been so designated. Accordingly, wherever the word “CFD” appears in this Section 2.8, it also means Improvement Area (with the result being that the CFD Conversion Date shall be calculated separately for each Improvement Area).

3. INFRASTRUCTURE FINANCING DISTRICT FINANCING

3.1 Formation of IFDs

(a) Formation. At any time, and from time to time, after Authority acquires all or part of the Project Site from the Navy, Developer may request in writing that City establish one or more IFDs under the IFD Act over all or any part of the property so acquired. For the avoidance of doubt, establishing an IFD includes annexing territory to an existing IFD. In its written request, Developer may include proposed specifications for the IFD, including IFD boundaries. Developer’s proposed specifications will be based on Developer’s development plans, market analysis, and required preferences, but in all cases will be subject to this Financing Plan, the Funding Goals, and compliance with the IFD Act. To ensure compliance with the replacement housing provisions of the IFD Act in the formation of an IFD, City shall consider any input provided by Authority as to the specifics of the IFD formation.

(b) Boundaries. As soon as reasonably practical after receipt of a written request from Developer, City will establish each IFD over all of the property identified in the written request. The IFD shall include separate Project Areas, as requested by Developer in writing.

(c) Authorized Facilities. Each IFD shall be authorized to finance all of the Qualified Project Costs, irrespective of the geographic location of the improvements financed.

(d) Cooperation. Developer and City shall cooperate reasonably in developing the IFP for each IFD that is consistent with this Financing Plan. Developer and City will each use good-faith reasonable efforts at all times to furnish timely to the other, or to obtain and then furnish to the other, any information necessary to develop the IFP for each IFD. Developer and City agree that, for an IFD for which a Statement of Indebtedness is required under the IFD Act or otherwise, (i) the IFP will include a declaration that the IFD's obligation to use Net Available Increment for the purposes specified in this Financing Plan constitutes an indebtedness of the IFD and (ii) the IFP will provide that the IFD will include the amount of such indebtedness in each applicable annual Statement of Indebtedness for the IFD.

3.2 Scope of IFD-Financed Costs

(a) Authorization. An IFD may finance only Qualified Project Costs that are financeable under the IFD Act.

(b) Communitywide Significance. On the Reference Date, City found and determined that the Qualified Project Costs to be financed by the IFDs are of communitywide significance that provide significant benefits to an area larger than the area of the Project Site (which will be the cumulative boundaries of all IFDs). The Board of Supervisors may be required under the IFD Act to make additional specific findings with respect to financing Qualified Project Costs under the IFD Act. City shall assist in making such findings as and when requested by Developer, subject to applicable law.

3.3 Issuance of IFD Debt

(a) Issuance. Subject to Board of Supervisors Approval and Sections 4.4 and 4.5, City will cause the IFP for each IFD to provide for the issuance of IFD Debt for purposes of this Financing Plan following Developer's submission of a written request to issue IFD Debt. Developer may, at any time and from time to time in its discretion, submit written requests that an IFD issue IFD Debt, specifying requested issuance dates, amounts, and main financing terms. Following each Developer's request, Developer and City will meet with City's public financing consultants to determine reasonable and appropriate issuance dates, amounts, and main financing terms that are consistent with Developer's request and the Funding Goals. Each IFP will provide that an IFD may not issue IFD Debt without first receiving a written request from Developer.

(b) Coverage Ratio. Each issue of IFD Debt will be structured with a debt service coverage-ratio that maximizes the proceeds of IFD Debt but is consistent

with sound municipal financing practices and assures, to City's reasonable satisfaction, based on calculations, explanations, and other substantial evidence provided by Developer, that the IFD will have sufficient Net Available Increment to pay administrative expenses and is unlikely to need the Conditional City Increment to pay debt service on the IFD Debt.

(c) Term. Unless Developer and City agree otherwise, the IFP for each IFD will provide for IFD Debt that will have a term that maximizes the proceeds of IFD Debt but is consistent with sound municipal financing practices and any limitations on the amount of Net Available Increment.

(d) IFD Debt Proceeds. Subject to Tax Laws and the IFD Act, the proceeds of each IFD Debt will be used in the following order of priority: (i) to fund required reserves and pay costs of issuance; (ii) to pay Qualified Pre-Development Costs (which do not include any return on such Pre-Development Costs); and (iii) to pay outstanding Qualified Project Costs. The remainder will be deposited into the IFD Debt Project Account as designated in the Indenture and must be used only to pay for Qualified Project Costs.

(e) Conditional City Increment. Developer and City agree that, if permitted under existing law, City would have subordinated its right to receive its share of Increment other than Net Available Increment to the payment of debt service on IFD Debt. However, under existing law (including the IFD Act), the City cannot do so. Accordingly, City and Developer agree that, for each IFD, City will allocate in the IFP Conditional City Increment to such IFD for the limited purpose of paying debt service on IFD Debt in the event that Net Available Increment is insufficient for that purpose. For each IFD, the IFP will provide that, after first paying or setting aside amounts needed for debt service due during such Fiscal Year on IFD Debt for such IFD secured by or payable from Net Available Increment, such IFD shall repay the City out of Net Available Increment for any Conditional City Increment used to pay debt service on IFD Debt for such IFD as set forth in this Section 3.3(e) in an amount equal to the Conditional City Increment used to pay debt service on the IFD Debt plus interest through the date of repayment of the amount of Conditional City Increment used to pay debt service on the IFD Debt at the Default Interest Rate. For the avoidance of doubt, the Conditional City Increment shall not be available to fund any portion of the Stage 2 Contribution.

(f) Subordination. For each IFD, the IFP will provide that, at the request of Developer, the IFD will submit a Subordination Request to each of the Other Taxing Agencies at least ninety (90) days prior to the date proposed for delivery of a preliminary official statement for any IFD Debt. Developer acknowledges that, under existing law (including the IFD Act), the Subordination Request must be undertaken in connection with the formation of an IFD and would take the form of a conditional allocation of Increment by the Other Taxing Agencies.

3.4 Pledge of Net Available Increment

(a) Pledge of Net Available Increment. City agrees that each IFD, when formed, will irrevocably pledge the Net Available Increment to the financing of the Qualified Project Costs, to the repayment of any Conditional City Increment used to pay debt service on IFD Debt for such IFD in the manner set forth in Section 3.5(d) and to the extent set forth in Section 3.3(e), and to any IFD Debt issued for such IFD. City will take all actions necessary under the IFD Act and the policies of the County Assessor to ensure that Net Available Increment will be available for purposes of this Financing Plan, including providing in the IFP for each IFD for the filing of any required annual Statement of Indebtedness. Except for the subordinate pledge of Net Available Increment pursuant to the Navy Promissory Note (the “**Subordinate Pledge**”), City represents and warrants that there are no other pledges of Net Available Increment to any other projects or persons, and that neither the City nor the IFD will pledge, encumber, assign, allocate, or otherwise promise the Net Available Increment to any other projects or persons other than as set forth in this Financing Plan (with such covenant included in the IFP for each IFD). The City and the Developer agree that, as an Alternative Financing, the Certificates of Participation constitute a Public Financing and, consequently, the amendments to Section 3.5 of the Original Financing Plan set forth herein are consistent with Sections 3.01 and 3.02 of that certain Subordinate Pledge Agreement, dated as of May 29, 2015, executed by the City for the benefit of the United States of America.

3.5 Budget Procedures; Use of Net Available Increment

(a) Estimate of Net Available Increment. No later than April 1 of each year, City staff will meet and confer with Developer with respect to the projected amount of Net Available Increment for the next Fiscal Year for each Major Phase. City will provide Developer with good faith estimates, for the next Fiscal Year, of: (A) Net Available Increment (based, in part, upon information provided by Developer as to any new development and Transfers of property); (B) the amount of any debt service on IFD Debt secured by a pledge of or expected to be paid from Net Available Increment and the amount required to replenish debt service reserve funds for such Public Financings; (C) the amount required to repay the City for the use of Conditional City Increment; (D) the amount payable under the Subordinate Pledge; (E) the amount of the Stage 2 Contribution expected to be funded by Net Available Increment; and (F) the amount required to pay administrative expenses of the IFD. The April 1 date referred to in this Section 3.5(a) is based on the current budget process of the City. Developer and City will adjust the dates as appropriate if the City alters its budget process in the future.

(b) City Budget and IFD Budgets. Subject to the IFD Act and the Funding Goals, and based upon the information provided by Developer, City shall for each IFD:

(i) budget for the allocation of Net Available Increment described in this Financing Plan, and the expenditure of the expected Net Available Increment only to: (A) pay debt service due in the next Fiscal Year on

any applicable IFD Debt incurred or to be incurred to pay Qualified Project Costs and replenish debt service reserve funds for such IFD Debt; (B) repay the City for any Conditional City Increment used to pay debt service on IFD Debt for such IFD in the manner set forth in Section 3.5(d) and to the extent set forth in Section 3.3(e); (C) fund all or any portion of the Stage 2 Contribution as set forth in this Financing Plan, (D) pay any amount payable under the Subordinate Pledge; (E) pay IFD administrative expenses; and (F) finance Qualified Project Costs; and

(ii) allocate Net Available Increment as set forth in this Financing Plan, and cause the IFP to contain provisions for the IFD to apply any Net Available Increment it receives to the budgeted purposes, subject to the covenants of the applicable Indentures for IFD Debt and the Funding Goals.

(c) Purpose of Pledge. Developer and City shall cause the IFP for each IFD to require all Net Available Increment in each Fiscal Year to be used as provided in this Financing Plan, and City shall prepare its annual budget and cause the IFDs to prepare their annual budgets to reflect the required use of Net Available Increment under this Financing Plan. Qualified Project Costs that Developer incurs will be eligible for financing from the Funding Sources in each Fiscal Year until such Qualified Project Costs are financed in full.

(d) Use of Net Available Increment. For each IFD, the IFP will provide for the use of Net Available Increment to pay debt service and replenish any debt service reserve fund for indebtedness as defined therein, repay the City for any Conditional City Increment used to pay debt service on IFD Debt for such IFD as set forth in Section 3.3(e), pay administrative expenses of the IFD, and pay for Qualified Project Costs. In furtherance of the preceding sentence, the Developer and City agree that the Net Available Increment shall be used first, to pay or set aside amounts needed for debt service due on IFD Debt for such IFD secured by or payable from Net Available Increment during Fiscal Year and replenish related debt service reserve funds, second, to repay the City for any Conditional City Increment used to pay debt service on IFD Debt for such IFD, third, with respect to the 82.5% of Net Available Increment that is not dedicated to fund Housing Costs in the IFP, to fund all or any portion of the Stage 2 Contribution as set forth in this Financing Plan during the period specified in the definition of Stage 2 Contribution, fourth, to pay any amounts due to the Navy under the Subordinate Pledge, fifth, to pay for IFD administrative expenses, and sixth, to finance, or accumulate funds to finance, Developer's Qualified Project Costs pursuant to this Financing Plan. In addition, upon and as allocated in Developer's written request, Authority will use all or any part of Net Available Increment to refund or defease before maturity a Public Financing that financed Qualified Project Costs.

3.6 Housing Costs

(a) Housing Proceeds. For each IFD, City and Developer agree that the IFP will provide for a portion of the IFD Proceeds for such IFD in any Fiscal Year to be applied to finance the Housing Costs in the following manner:

(i) If, in the written opinion of bond counsel to the IFD, all Housing Costs are or become authorized to be financed by the IFD Law, then an amount calculated by multiplying the Net Available Increment in any Fiscal Year by the Housing Percentage shall be reserved and used by the IFD to pay for Housing Costs. Amounts reserved for Housing Costs may, at the written direction of Authority, (A) be transferred to Authority to be held in the Housing Fund and applied to pay Housing Costs, or (B) secure on a first lien basis the issuance of IFD Debt, the proceeds of which will be used to pay for Housing Costs; or

(ii) If, in the written opinion of bond counsel to the IFD, all Housing Costs are not authorized to be financed by the IFD Law, then, in paying any Payment Request authorized pursuant to the Acquisition and Reimbursement Agreement, City shall pay (A) to Authority on behalf of Developer from amounts that would otherwise be paid to Developer pursuant to the Payment Request for deposit in the Housing Fund an amount calculated by multiplying the amount being paid pursuant to the Payment Request by the Housing Percentage and (B) to Developer the balance of the amount being paid pursuant to the Payment Request. Amounts paid to Authority on behalf of Developer pursuant to this clause (ii) are not the proceeds of IFD Debt, but are funds that Developer is entitled to receive from the sale of Improvements pursuant to a Payment Request that Developer is agreeing to be applied on Housing Costs.

(b) Combination of Financing Housing Costs. If, in the written opinion of bond counsel to the IFD, a portion, but not the entirety, of the Housing Costs is or becomes authorized to be financed by the IFD Law, then Authority and Developer may provide for the financing of Housing Costs by some combination of subsections (a)(i) and (a)(ii) by providing written direction to each IFD as to the implementation and priority of clauses (a)(i) and (a)(ii) and the amount of the Housing Percentage to be applied to determine (A) the amount of Net Available Increment to be reserved for Housing Costs pursuant to clause (a)(i), and (B) the amounts payable from Payment Requests pursuant to clause (a)(ii).

3.7 Miscellaneous IFD Provisions

(a) Shortfall.¹ Developer agrees to the following measures to avoid shortfalls in projected Net Available Increment for the Project.

(i) If, after an IFD issues any IFD Debt under this Financing Plan that is secured by a pledge of Net Available Increment, Developer initiates a proceeding under the California Revenue & Taxation Code (a “**Reassessment**”) to reassess the value of the parcels then owned by Developer within an IFD for which such IFD Debt was issued (the “**Encumbered Parcels**”), that results in a decrease in ad valorem property taxes levied on the Encumbered Parcels, Developer must pay to City in a Fiscal Year the amount equal to: (A) the amount of ad valorem property taxes that would have been levied on the Encumbered

¹ This provision is under discussion, and is subject to amendment or deletion.

Parcels in such Fiscal Year if the Reassessment had not occurred; less (B) the amount of ad valorem property taxes actually levied on the Encumbered Parcels in such Fiscal Year (the difference being the “**Additional Payments**”). The City shall allocate the Additional Payments received consistent with the IFP for such IFD.

(ii) Developer’s obligation to make Additional Payments will begin in the Fiscal Year following the Reassessment and continue until the earlier of: (A) the date that the IFD Debt related to the Encumbered Parcels that is outstanding on the date of the Reassessment is repaid in full or defeased before maturity for any reason other than a refunding; or (B) the date that the amount of the Additional Payments is reduced to zero or less due to a subsequent reassessment of the Encumbered Parcels for any reason.

(iii) Developer and City intend for this Section 3.7(a) to apply to Public Financing payable or secured only by Net Available Increment, and not to any other Public Financing issued by Authority or the City. Developer’s obligations under this Section 3.7(a) are not for the benefit of any CFD Bonds. Should the Tax Laws change, or the Internal Revenue Service or a court of competent jurisdiction issue a ruling that might cause any tax-exempt IFD Debt to be deemed taxable due to the requirements under clause (i) or (ii), City will release Developer from its obligations under this Section 3.7(a), and this Section 3.7(a) will be deemed severed from this Financing Plan under section 27.19 of the DDA.

(b) Reserve Fund Earnings. The Indenture for each issue of IFD Debt will provide that earnings on any reserve fund that are not then needed to replenish the reserve fund to the reserve requirement will be transferred to the debt service fund held by the Trustee under the Indenture.

(c) Material Changes to the IFD Act. In the event of any change to the IFD Act that occurs after the Reference Date, City, Authority, and Developer shall meet and confer and negotiate in good faith any appropriate changes to this Financing Plan, the DDA, the City DA, and any existing IFD. In the event of any change to the IFD Act that occurs after the Reference Date that results in Increment other than Net Available Increment becoming available for allocation to an IFD, City may allocate such additional Increment to an IFD and may provide in the IFP for such IFD that such additional Increment may be used by the IFD as follows: (i) first, to finance Housing Costs and increase the then-effective Minimum Affordable Percentage in the manner set forth in Articles 3 and 9 of the Housing Plan and to finance additional Qualified Project Costs that are required to receive additional increment as a result of the change in the IFD Act; and (ii) second, to pay Qualified Project Costs.

(d) If at any time during the term of this Agreement the City reasonably concludes that the provisions of this Article III as it relates to the allocation by the City of Net Available Increment or the IFP of an IFD would violate applicable provisions of State law, or if a court of applicable jurisdiction concludes that the

provisions of this Article III as it relates to the allocation by the City of Net Available Increment would or the IFP of any IFD does violate applicable provisions of State law, City and Developer shall meet and confer about available alternatives.

3.8 IFDs and Net Available Increment Upon Termination

(a) Notice of Termination. In the event that Authority terminates all or any portion of the DDA before the issuance of the last Certificate of Completion for the Project for any reason, Authority shall send City and each IFD a Termination Notice providing the details of the termination and whether or not the termination was due to a Selected Default.

(b) Formation of IFDs After Termination. Any IFD formed over any part of the Project Site for each Other Developer following receipt of a Termination Notice for a non-Selected Default shall authorize the financing of the Island Wide Costs of Developer so that such Island Wide Costs of Developer may be financed as set forth in this Section 3.8. The IFD formed over any part of the Project Site for each Other Developer following receipt of a Termination Notice for a Selected Default shall have no such obligation.

(c) Non-Selected Defaults. If the Termination Notice indicates that the termination was for any reason other than a Selected Default, then from and after the date that such Termination Notice is received by City and each IFD, the IFD shall distribute the IFD Proceeds as follows:

(i) The IFD Proceeds generated from the property in the Project Site that Developer has previously acquired from Authority (regardless of current ownership of such property) shall be reserved for, and paid upon request by, Developer to finance Developer's Island Wide Costs until all Island Wide Costs incurred by Developer are fully financed by IFD Proceeds.

(ii) Fifty percent (50%) of the IFD Proceeds generated from Non-Developer Property ("**Termination Proceeds**") shall be reserved for, and paid upon request by, Developer to finance Developer's Island Wide Costs until all Island Wide Costs incurred by Developer are financed by such Termination Proceeds; provided, that such Termination Proceeds may not be applied to pay Pre-Development Costs except for Pre-Development Costs incurred prior to the Reference Date ("**Liquidated Pre-Agreement Costs**") and then only in the amount not to exceed five percent (5%) of such Termination Proceeds. Developer and City shall agree in writing on the amount of the Liquidated Pre-Agreement Costs within ninety (90) days following the Reference Date, and the amount of Liquidated Pre-Agreement Costs shall not include any return on such costs. If City and Developer do not agree in writing on the amount of the Liquidated Pre-Agreement Costs within such 90-day time period, City and Developer shall work in good faith to agree in writing on the amount of the Liquidated Pre-Agreement Costs as soon as practical thereafter; provided, however, that City

shall have no obligation to initiate formation of an IFD until City and Developer have agreed in writing to the amount of the Liquidated Pre-Agreement Costs.

(iii) Upon the occurrence and during the continuance of a High IRR Period, Authority may provide a written notice to City and each IFD indicating that there is a High IRR Period. Notwithstanding anything in clause (ii), upon receipt of the written notice about the High IRR Period, the IFD will suspend distribution of IFD Proceeds to Developer pursuant to clause (ii). Immediately upon the conclusion of a High IRR Period, Authority shall provide a written notice to City and each IFD indicating that the High IRR Period has ended, and immediately upon receipt of such written notice, the suspension shall end and the IFD shall resume making payments to Developer of IFD Proceeds pursuant to clause (ii).

(iv) Once all of Island Wide Costs incurred by Developer are financed with IFD Proceeds, or during any period of suspension, IFD Proceeds generated from Non-Developer Property shall be distributed as agreed to by the IFDs and Authority.

(d) Selected Defaults. In the event the Termination Notice indicates that the termination was due to a Selected Default, then from and after the date that such Termination Notice is received by the IFD and the City, the IFD shall distribute the IFD Proceeds as follows:

(i) The IFD Proceeds generated from the property in the Project Site that Developer has previously acquired from Authority (regardless of current ownership of such property) shall be paid to Developer to finance Developer's Island Wide Costs until all Island Wide Costs incurred by Developer are financed by IFD Proceeds.

(ii) All of the IFD Proceeds generated from Non-Developer Property shall be paid to each Other Developer of such other property to use exclusively to pay its respective Island Wide Costs.

(e) Definition of Categories of Island Wide Costs. As a condition of Approval for the Initial Major Phase Application, Authority, City and Developer shall have agreed in writing upon the categories of Island Wide Costs.

3.9 Net Available Increment Under Certain Situations

(a) Application During Higher IRR Period. Upon the occurrence and during the continuance of a Higher IRR Period, Authority may provide a written notice to City and each IFD indicating that there is a Higher IRR Period. For each IFD, upon receipt of the written notice about the Higher IRR Period, the IFD shall suspend distribution of Net Available Increment remaining after payment of debt service due on IFD Debt and any other Public Financing. For each IFD, immediately upon the conclusion of a Higher IRR Period, Authority shall provide a written notice to City and the IFD indicating that the Higher IRR Period has ended, and immediately upon receipt

of such written notice, the suspension shall end and the IFD shall resume making payments to Developer of Net Available Increment in the manner set forth in this Financing Plan.

(b) Application in Event of Default. Upon the occurrence of and only for the duration of and to the extent of any default in Authority's payment of Initial Navy Consideration under the Conveyance Agreement which is caused by an Event of Default by Developer under the DDA, Authority may provide a written notice to City and the IFD indicating that an Event of Default has occurred, and the IFD shall suspend distribution of Net Available Increment remaining after payment of debt service due on IFD Debt and any other Public Financing until the Event of Default is cured. The IFD shall hold any Net Available Increment withheld from Developer for the account of the Navy until the Event of Default is cured. Immediately upon the curing of the Event of Default, Authority shall provide a written notice to City and the IFD indicating that the Event of Default has been cured, and immediately upon receipt of such written notice, the suspension shall end and the IFD shall resume making payments to Developer of Net Available Increment in the manner set forth in this Financing Plan.

(c) Use of Net Available Increment During Suspension Periods. During any period that the application of Net Available Increment under this Financing Plan is suspended pursuant to Sections 3.8(c)(iii), 3.9(a), and 3.9(b), the IFD may, unless otherwise permitted by this Financing Plan, use such Net Available Increment on a pay-as-you-go basis only (i.e., such amounts may not be pledged to any indebtedness) to finance the following costs to the extent allowed by the IFD Act and so long as such uses do not adversely affect the tax-exemption of the interest on any IFD Debt:

- (i) Installment Payments then due and unpaid; then
- (ii) Future Installment Payments by a deposit to the Navy Payment Escrow until such time as the amount in the Navy Payment Escrow is sufficient to pay all remaining unpaid Installment Payments; then
- (iii) Payment of any Financial Obligations that would have been the obligation of Developer; then
- (iv) In any combination: (A) facilities benefitting the Project or the Project Site; or (B) payment of the Housing Costs (including any affordable housing subsidy).

4. ALTERNATIVE FINANCING AND PUBLIC FINANCING GENERALLY

4.1 Alternative Financing

(a) Request for Alternative Financing. Authority acknowledges and agrees that other methods of Public Financing for Qualified Project Costs may be viable, become available, or become necessary (due to a Change in Law or otherwise) that affects the Funding Sources: (i) before Developer's completion of the Infrastructure and Stormwater Management Controls; or (ii) before Developer's full reimbursement for

Project Costs. These other methods (collectively, “**Alternative Financing**”) may include any municipal debt financing vehicle then available under applicable law, including tax-exempt bonds, taxable bonds, tax-credit bonds, certificates of participation, and federal or State loans incurred by Authority, the City, or a joint powers authority. As set forth in this Financing Plan, as it may be amended from time to time, such municipal debt financing vehicles may be secured by Net Available Increment or Project Special Taxes, special assessments or fees on Taxable Parcels of commercial property in the Project Site through a community taxing district formed by City ordinance, or lease revenues in the case of Certificates of Participation. Therefore, from time to time, so long as Developer’s Project Costs have not been fully paid or reimbursed, Developer may submit a written request for Alternative Financing, describing:

(i) the Qualified Project Costs to be financed with the proceeds of the Alternative Financing;

(ii) if the Qualified Project Costs relate to construction, the Completion date or estimated Completion date for the related Infrastructure and Stormwater Management Controls;

(iii) if the Qualified Project Costs relate to construction, the then current construction schedule for any other improvements to be made by Developer; and

(iv) the Alternative Financing.

(b) Implementation. Following Developer’s request for Alternative Financing, Developer and Authority will meet with the Controller’s Office of Public Finance and appropriate Authority or City consultants as to the necessity, feasibility, amount, and timing of the proposed Alternative Financing. Neither the City nor Authority will be required to implement Alternative Financing that: (i) is not consistent with the Funding Goals or Section 1.2(b) or (ii) proposes to tax or assess Exempt Parcels.

(c) Financing.

(i) If an Alternative Financing contemplates the formation of a CFD and the pledge of Project Special Taxes, Developer may petition City, as applicable, to form one or more CFDs over the Project Site in the manner and subject to parameters and limitations that differ from CFDs formed pursuant to Section 2 so long as Developer agrees to such terms in writing. Any such Alternative Financing CFDs may overlap all or any of the CFDs formed pursuant to Section 2.

(ii) If an Alternative Financing contemplates the pledge of Net Available Increment, Developer and Authority may mutually agree to adjust the application of Net Available Increment to accomplish the Alternative Financing.

(d) Stage 2 Alternative Financing. The Parties acknowledge that as of the A&R Reference Date, it is the intent of the Parties that the City will provide

Alternative Financing to the Project in accordance with this Section 4.1(d). The Alternative Financing provided under this Section 4.1(d) is referred to, collectively or individually, as “**Stage 2 Alternative Financing**”.

(i) The purpose of the Stage 2 Alternative Financing is to accelerate the development of the property shown on the map attached hereto as Schedule 4.1(d) (“**Stage 2**”). The property in Stage 2 is a portion of the property subject to Sub-Phase Application 3 dated March 21, 2019, and approved by the Authority on April 12, 2019. The Stage 2 Alternative Financing is intended to facilitate the continuation of development of Stage 2 without interruption and to facilitate the delivery of housing units, both affordable and market rate, in furtherance of critical policy goals of the City.

(ii) The Stage 2 Alternative Financing shall be used solely to finance reimbursement to the Developer for its expenditures on the Qualified Project Costs related to development within the boundaries of Stage 2, or as required to serve development within the boundaries of Stage 2, that are eligible to be financed by CFD Bonds or IFD Debt the interest on which is excluded from gross income for federal income tax purposes (“**Stage 2 Qualified Project Costs**”). Stage 2 Alternative Financing is not intended to finance Qualified Project Costs related to any portion of the property subject to Sub-Phase Application 3 other than Stage 2, or Qualified Project Costs related to any other future Project Sub-Phases, except as required to serve development within the boundaries of Stage 2. Unless otherwise authorized pursuant to this Article 4, the City’s General Fund shall not be available to pay any Alternative Financing other than the Stage 2 Alternative Financing. The City, the Authority and the Developer have agreed that the Stage 2 Alternative Financing represents financial assistance for Stage 2 that will not be available for any other property within Sub-Phase Application 3 unrelated to Stage 2, or for any other future Project Sub-Phases.

(iii) The Stage 2 Alternative Financing is expected to be structured as ~~one or more~~ lease certificates of participation that will represent lease payments payable by the City from its General Fund revenues (“**Certificates of Participation**”), although the City reserves the discretion for the Stage 2 Alternative Financing to be structured as other public financing vehicles selected by the City that are not secured by a pledge of Project Special Taxes or Net Available Increment. Although the Certificates of Participation will represent lease payments that are appropriated from the City’s General Fund, the City expects that, except for the Stage 2 Contribution, the lease payments will be paid from General Fund revenues derived from the Project that would not exist but for the Project.

(iv) The City and Developer anticipate that the Stage 2 Alternative Financing will generate a maximum of \$115 million of net proceeds to reimburse the Developer for Stage 2 Qualified Project Costs. Unless the Board of Supervisors approves otherwise, the Stage 2 Alternative Financing will be executed and delivered in no less than three separate tranches of Certificates of

Participation, with no more than one tranche in a Fiscal Year. The City and the Developer currently anticipate that the Stage 2 Alternative Financing will be issued in three separate tranches of approximately \$50 million, \$50 million and \$15 million; provided, however, the City reserves the right in its discretion to determine the timing, principal amount and number of tranches based on economic efficiency, the policies described in Section 1.1(a)(xi) and the Developer's ability to spend the financing proceeds on Stage 2 Qualified Project Costs within two years. The City will cause the first tranche of Certificates of Participation, and subsequent tranches, to be executed and delivered only after the ten-year City Capital Plan that is updated after the A&R Reference Date demonstrates capacity for, and incorporates, the Stage 2 Alternative Financing in the COP program. The City will structure the Certificates of Participation so that lease payments will not be appropriated from the City's General Fund in Fiscal Year 2024-25 or Fiscal Year 2025-26.

(v) Each tranche of the Stage 2 Alternative Financing shall be implemented through a separate legislative package submitted to, and subject to the approval of, the Board of Supervisors. Each legislative package will describe the following:

(A) the legal structure of the proposed Stage 2 Alternative Financing (e.g., Certificates of Participation);

(B) the maximum principal amount of the proposed Stage 2 Alternative Financing and the net proceeds expected to be generated to reimburse the Developer for Stage 2 Qualified Project Costs;

(C) the specific Stage 2 Qualified Project Costs that are expected to be financed by the proposed Stage 2 Alternative Financing and the expected timing of the Developer's expenditures on those Stage 2 Qualified Project Costs;

(D) the transaction's compliance with Section 10.62 of the City's Administrative Code; and

(E) the performance milestones to be met by the Developer before approval by the Board of Supervisors of a subsequent Stage 2 Alternative Financing.

Before any Stage 2 Contribution is made, the Board of Supervisors shall have approved the issuance of the first tranche of Certificates of Participation. The City shall not cause the initial Stage 2 Alternative Financing to be executed and delivered unless (y) the Board of Supervisors, as legislative body with respect to the CFD and as legislative body of the IFD, has approved the obligation to make the Stage 2 Contributions described in this Financing Plan (z) the City and the IFD, as applicable, have complied with applicable requirements of the Indentures for outstanding CFD Bonds and IFD Debt.

(vi) For the Stage 2 Alternative Financing(s) structured as Certificates of Participation, the Authority, the City and the Developer have agreed that the following Funding Sources shall be available (but not pledged) as described in this Financing Plan to fund the annual amount of the Stage 2 Contribution: (a) the Remainder Taxes in the manner described in Section 2.3(j); and (b) the 82.5% portion of Net Available Increment that is not dedicated in the IFP to pay for Housing Costs in the manner described in Section 3.5(d).

(vii) The City reserves the right to structure the prepayment provisions of the Stage 2 Alternative Financing in its sole discretion.

(viii) Developer hereby agrees that it shall not be entitled to, nor shall City or Authority pay, any Net CFD Proceeds, Project Special Taxes, IFD Proceeds or Net Available Increment to reimburse Developer for any Stage 2 Qualified Project Costs for which Developer was previously reimbursed from Stage 2 Alternative Financing proceeds.

(ix) At such time as all Qualified Project Costs incurred by Developer have been fully financed from Public Financing in accordance with this Financing Plan, the City may use any remaining Funding Sources that otherwise would have been committed toward Qualified Project Costs had there not been any Stage 2 Alternative Financing to pay for costs of public capital facilities that are eligible for financing under the Tax Laws (if applicable), CFD Act or IFD Act and otherwise would have been paid with General Fund or Authority revenues.

(x) The Parties agree that between the A&R Reference Date and the date on which the Developer has completed the improvements contemplated by the Street Improvement Permit for Stage 2 (the “**Stage 2 SIP Work**”), the Developer will spend all Gross Revenues from (i) land sales and (ii) Public Financing proceeds on Project Costs; provided, however, that the payment of interest, fees, or principal of debt being used to finance the Project is an eligible use of such revenues. For purposes of this subsection (x), “completed” shall mean satisfaction of any one of the following: (1) issuance of a notice of completion for the Stage 2 SIP Work by the Department of Public Works; (2) the date that is 60 days after Developer records a Notice of Completion pursuant to California Civil Code § 8190 covering the Stage 2 SIP Work without the filing of a mechanics lien, or if a lien is filed within such time, bonds have been provided to secure such liens in a form and amount required by law to cause any such lien to be removed from the applicable portion of the Project Site; (3) completion of at least 90% of the Stage 2 SIP Work (as evidenced by the inspections under the Acquisition and Reimbursement Agreement) with bonds posted for at least 150% of the remaining cost to complete the Stage 2 SIP Work; or (4) issuance of a Certificate of Completion by the Authority pursuant to Article 9 of the DDA for the Stage 2 SIP Work.

(xi) The City shall not increase the coverage ratio for, or reduce the sizing of an issue of, First Tranche CFD Bonds for the purpose of ensuring that there will be sufficient Remainder Taxes to fund all or any portion of the Stage 2 Contribution from Remainder Taxes. The City shall not increase the coverage ratio for, or reduce the sizing of an issue of, IFD Debt for the purpose of ensuring that there will be sufficient Net Available Increment to fund all or any portion of the Stage 2 Contribution from Net Available Increment. Instead, the City and the Developer agree that CFD Bonds and IFD Debt will be structured in accordance with Sections 2.4(d) and 3.3(b), respectively.

4.2 Formation and Issuance Alternatives

(a) Alternative Formation Entity. Developer and City may agree in writing that the Governmental Entity forming a CFD or an IFD may be other than City, so long as the formation of the CFD or IFD by the Governmental Entity is consistent with this Financing Plan and is allowed by the CFD Act or IFD Act, as applicable.

(b) Alternative Financing Mechanisms to Further Funding Goals. One of the Funding Goals of this Financing Plan is to maximize Funding Sources available to finance Qualified Project Costs. To achieve this Funding Goal, City and Developer acknowledge that it may be necessary or desirable to aggregate revenue sources from two or more IFDs or CFDs to support Public Financing through a financing mechanism other than the issuance of Public Financing by City or an IFD, including, but not limited to the issuance of revenue bonds or other indebtedness by another Governmental Entity (such as a local joint powers authority or a multiple-entity joint powers authority like CSCDA or ABAG) secured by CFD Bonds, IFD Debt, Project Special Taxes, and/or Net Available Increment. Developer and City will cooperate to evaluate and implement opportunities for such alternative financing mechanisms provided that such mechanisms further the Funding Goals and are consistent with this Financing Plan.

4.3 Grants

(a) Cooperation. Authority and Developer will work together to seek appropriate Project Grants for the Project.

(b) Authority Project Grants. Subject to the conditions in Project Grant documents and applicable law, Authority will use Project Grants it procures in the following order of priority: (i) first, to finance Project Costs that are not Qualified Project Costs under clauses (a), (b), (c), and (e) of the definition of “**Qualified**” (but in no circumstances would it be used to pay for a return on Pre-Development Costs); (ii) second, to finance the Qualified Project Costs incurred in connection with the Parks and Open Space Plan; (iii) third, to finance the costs of purchasing ferry boats for use on the Project Site; and (iv) fourth, to finance any other Qualified Project Costs. At the election of Authority, up to 50% of the Project Grant funds may be used for costs that benefit the Project (but that are not Project Costs).

(c) Developer Project Grants. Subject to the conditions in Project Grant documents and applicable law, Developer will use Project Grants it procures to finance Project Costs.

4.4 Provisions Applicable To All Public Financings

(a) Acquisition and Reimbursement Agreement. Developer and City will execute the Acquisition and Reimbursement Agreement (with only such changes as may be Approved by Developer and City in their respective sole discretion) before the earlier of: (i) the date the first Developer Construction Obligation is Commenced; or (ii) the date of the first Sub-Phase Approval. The Acquisition and Reimbursement Agreement describes the procedures by which: (x) Developer will seek reimbursement of Qualified Project Costs and Authorized Payments; (y) City and Authority will inspect and accept Infrastructure and Stormwater Management Controls and other Improvements that Developer is required to construct under the DDA and City DA; and (z) City will approve Developer's Payment Requests. City will reimburse Developer for Qualified Project Costs and Authorized Payments with any combination of Funding Sources then available for City's use, subject to any priority established in the Acquisition and Reimbursement Agreement. City will acquire the Infrastructure, Stormwater Management Controls, and other Improvements from Developer in accordance with, and subject to the limitations set forth in, the Acquisition and Reimbursement Agreement and applicable Supplements. Developer acknowledges that it must satisfy the conditions set forth in the Acquisition and Reimbursement Agreement as a condition to receiving reimbursement for any Authorized Payments or Qualified Project Costs.

(b) Financing Temporarily Excused. City and each IFD will be authorized to temporarily suspend the issuance of any Public Financing (and Authority will not be obligated to provide Project Grant proceeds if clause (i), (ii), or (iii) applies), and neither Authority nor the City will be obligated to issue any Alternative Financing, to finance Qualified Project Costs during the time in which:

(i) Developer is in default in the payment of any ad valorem tax or Project Special Taxes levied on any Taxable Parcel it then owns in the Project Site;

(ii) Developer is in Material Breach under the DDA;

(iii) Developer fails to cooperate reasonably with Authority or the City as necessary to implement Public Financing consistent with this Financing Plan;

(iv) in the judgment of Authority, City, or an IFD, as applicable, after consultation with Developer, and based upon the Funding Goals and advice of Authority or City staff and consultants, market conditions or conditions affecting the property in the Project Site (such as tax delinquencies, assessment appeals, damage or destruction of improvements, or litigation) make it fiscally imprudent or infeasible to incur the requested indebtedness at the time; or

(v) the First Tranche CFD Bond or IFD Debt underwriter (the “**Underwriter**”) for any bond issue exercises any right to cancel its obligation to purchase the First Tranche CFD Bonds or IFD Debt during the occurrence and continuation of events specified in its bond purchase agreement (“**Underwriter Force Majeure**”).

(c) Developer Financing Costs. Developer will not be entitled to reimbursements from any Public Financing for its financing costs (consisting of interest carry and lender fees) for any Infrastructure and Stormwater Management Controls construction financing:

(i) to the extent that the costs are commercially unreasonable as of the date that the payment obligation was incurred;

(ii) while Developer is in default in the payment of any ad valorem taxes or Project Special Taxes levied on any of the Taxable Parcels it then owns or while Developer is in Material Breach under the DDA; or

(iii) if the costs arise more than ninety (90) days after the later to occur of: (A) the date on which City has found the related Infrastructure and Stormwater Management Controls to be Complete under the Acquisition and Reimbursement Agreement; and (B) Developer has been reimbursed fully for the related Qualified Project Costs from Funding Sources.

(d) Continuing Disclosure. Developer must comply with all of its obligations under any continuing disclosure agreement it executes in connection with the offering and sale of any Public Financing. Developer acknowledges that a condition to the issuance of any Public Financing may be Developer’s execution of a continuing disclosure agreement.

(e) Qualified Pre-Development Costs. To the extent required, (i) each CFD and IFD will be authorized at formation to finance the Qualified Pre-Development Costs and (ii) the payment of the Qualified Pre-Development Costs (which do not include any return on such Pre-Development Costs) will be budgeted in the same manner as Qualified Project Costs in Section 3.5.

4.5 Terms of the Public Financings

(a) Meet and Confer. City staff and consultants will meet and confer with Developer before the sale of any Public Financing to discuss the terms of any proposed debt issue, but City and each IFD, as applicable, will determine the final terms in their reasonable discretion in light of the Funding Goals and subject to this Financing Plan. City will not enter into any Indenture for any form of Public Financing that is not bonded indebtedness, if the indebtedness must be secured by or repaid with Net Available Increment or Project Special Taxes without Developer’s express written consent, which may be granted or withheld based on all relevant factors, including the timing and availability of funds, credit enhancement requirements, applicable interest rate and other repayment terms, and other conditions to the proposed indebtedness.

(b) Credit Enhancement. Any Developer credit enhancements for Public Financing must be without recourse to the City's General Fund or Authority's general funds or other assets (other than Net Available Increment to the extent pledged to the payment of Public Financing obligations). Any financial institution issuing a credit enhancement must have a rating of at least "A" from Moody's Investor's Service Inc. or Standard & Poor's Rating Service, or the equivalent rating from any successor rating agency mutually acceptable to Developer and City, on the date of issuance and at any later credit renewal date. Developer must provide substitute credit enhancements for any credit enhancement that does not meet this rating standard on a credit renewal date. If the fees (and replenishment of any draw or other use of the collateral for the obligation it secures) for any Developer credit enhancements will be reimbursable from funds other than Developer funds, they may be reimbursed from Project Special Taxes or Net Available Increment, as applicable, on a basis subordinate to any debt service and other annual costs for any related outstanding Public Financing.

(c) Tax-Exempt or Taxable. Developer and City shall cooperate, and the IFD will cooperate with Developer, to maximize the tax-exempt treatment of any Public Financing, but Developer and City or an IFD, as applicable, may agree to issue taxable Public Financings.

(d) No Other Land-Secured Financings. Other than the CFDs and the IFDs, City shall not form any additional land-secured financing district or any district that pledges Increment over any portion of the property in the Project Site other than a City-wide district without Developer's Approval in its sole discretion.

4.6 Reimbursements for Qualified Project Costs

(a) Limited Reimbursement. Developer, City, and Authority acknowledge that:

(i) Developer is agreeing to pay for the Project Costs with the expectation that Developer will be reimbursed to the extent and in the manner set forth in this Financing Plan and the Acquisition and Reimbursement Agreement, subject to applicable laws and any financing instruments;

(ii) Developer may be required to begin paying Project Costs before Funding Sources to reimburse Developer are available;

(iii) Developer will be reimbursed for Qualified Project Costs and paid Authorized Payments in any number of installments as Funding Sources become available in accordance with this Financing Plan and the Acquisition and Reimbursement Agreement, with any unpaid balance deferred as long as necessary (subject to limitations on Funding Sources under applicable laws and financing instruments), until Funding Sources become available;

(iv) Developer's payment of Project Costs before the availability of Funding Sources to reimburse Qualified Project Costs is not a

dedication or gift, or a waiver of Developer's right to reimbursement for Qualified Project Costs under this Financing Plan; and

(v) Funding Sources may not be sufficient to pay all of Developer's Qualified Project Costs and Authorized Payments.

(b) Acquisition of Infrastructure and Stormwater Management Controls. Developer, City, and Authority acknowledge that:

(i) Developer may be constructing Infrastructure and Stormwater Management Controls before Funding Sources that will be used to acquire it are available;

(ii) The Department of Public Works will inspect Infrastructure and Stormwater Management Controls and other Improvements and process Payment Requests even if Funding Sources for the amount of pending Payment Requests are not then sufficient to satisfy them in full;

(iii) Infrastructure and Stormwater Management Controls may be conveyed to and accepted by the City, Authority, or other Governmental Entity before the applicable Payment Requests are paid in full;

(iv) If the City, Authority, or other Governmental Entity accepts Infrastructure and Stormwater Management Controls before the applicable Payment Requests are paid in full, the unpaid balance will be paid when sufficient Funding Sources become available, and the Acquisition and Reimbursement Agreement will provide that the applicable Payment Requests for Infrastructure and Stormwater Management Controls accepted by the City, Authority, or other Governmental Entity may be paid: (A) in any number of installments as Funding Sources become available; and (B) irrespective of the length of time payment is deferred; and

(v) Developer's conveyance or dedication of Infrastructure and Stormwater Management Controls to the City, Authority, or other Governmental Entity before the availability of Funding Sources to acquire the Infrastructure and Stormwater Management Controls is not a dedication or gift, or a waiver of Developer's right to payment of Qualified Project Costs under this Financing Plan.

5. INTENTIONALLY OMITTED

6. MISCELLANEOUS PROVISIONS

6.1 Interim Lease Revenues

(a) Distribution of Interim Lease Revenues. Interim Lease Revenues shall be collected by Authority, and distributed according to the following priorities:

(i) Through each Fiscal Year, Authority will use the Interim Lease Revenues to pay Authority Costs that the Authority has incurred and that have not been previously reimbursed; then

(ii) On June 30 of each Fiscal Year, Authority will apply any remaining Interim Lease Revenues to any Installment Payment then due and unpaid unless otherwise waived, tolled or agreed by the Navy; then

(iii) On June 30 of each Fiscal Year, Authority will apply any remaining Interim Lease Revenues to the Navy Payment Escrow until such time as the amount in the Navy Payment Escrow is sufficient to pay all remaining unpaid Installment Payments unless otherwise waived, tolled or agreed by the Navy; then

(iv) On June 30 of each Fiscal Year, Authority will either (i) transfer to Developer any remaining Interim Lease Revenues (the “**Net Interim Lease Revenues**”), if authorized; provided, however, that Developer shall only use the Net Interim Lease Revenues for Qualified Project Costs, or (ii) expend the Net Interim Lease Revenues on Qualified Project Costs at the direction of Developer. In either case, Developer will treat such Net Interim Lease Revenues as Gross Revenues.

(b) Material Default. Subject to the previous paragraph, all distributions of Net Interim Lease Revenues to Developer under Section 6.1(a)(iv) shall be withheld for the benefit of the Authority upon the occurrence of and for the duration of any Material Default under the DDA and may be applied by the Authority to any of its payment obligations with respect to the Project, including, but not limited to, payment of Initial Navy Consideration and Additional Consideration, construction of Infrastructure and Stormwater Management Controls if the security provided by Developer is not sufficient for that purpose, payment of the affordable housing subsidy, payment of Authority Costs, and any other Financial Obligations that otherwise would have been the obligation of Developer.

6.2 Marina Revenues

(a) Use of Marina Revenues. Marina Revenues shall be used by Authority to pay Authority Costs.

(b) Interim Lease Revenues. To the extent that any Marina Revenues are considered Interim Lease Revenues, those Marina Revenues shall be used to pay Authority Costs under Section 6.1(a)(i).

6.3 Key Money

(a) Sale of Project Site Property. In the event that (i) Authority terminates all or any portion of the DDA before the issuance of the last Certificate of Completion for the Project for any reason other than a Selected Default and (ii) Authority sells all or any part of the Project Site included in the termination that Authority did not

otherwise convey to Developer (the “**Unconveyed Property**”) or enters into an agreement with respect to the Unconveyed Property for which compensation is paid to Authority, then, through the escrow for the sale of such Unconveyed Property or upon receipt of any other compensation relating to such Unconveyed Property, Authority shall pay to Developer the Net Sale Proceeds associated with such Unconveyed Property until the Deficit is paid in full.

(b) Deficit. For purposes of this Section 6.3, the term “**Deficit**” shall mean the amount calculated pursuant to the following formula so long as such amount is greater than \$0:

(Installment Payments actually paid by Developer)

minus

(Acreage Percentage Acquired x Total Installment Payments)

6.4 Inconsistencies with the CFD and the IFD. The Reference Date of the original Financing Plan that has been amended and restated as set forth herein (the “**Original Financing Plan**”) occurred prior to the formation of the CFD and the IFD. Since such Reference Date, the Board of Supervisors undertook proceedings for the CFD, including various annexations into the CFD (collectively, the “**CFD Proceedings**”) and proceedings for the IFD, including adopting and approving the IFP and conducting post-formation change proceedings (collectively, the “**IFD Proceedings**”). Except as set forth in this paragraph, the Original Financing Plan has not been amended to describe the CFD or the IFD as formed. In the event of any inconsistency between the terms of this Financing Plan and the CFD Proceedings or the IFD Proceedings, the CFD Proceedings or the IFD Proceedings, as applicable, shall govern. Moreover, the City and the Developer agree that the amendments to the Original Financing Plan contained in this Agreement are consistent with and authorized by the IFP. As used herein, phrases such as “the IFP will provide” or “cause the IFP to contain” when referencing the changes made by this Agreement are not intended to require, and do not require, the amendment to the IFP, but rather indicate that the provisions of this Agreement are consistent with the IFP.

7. INTERPRETATION; DEFINITIONS

7.1 Interpretation of Agreement

(a) DDA and City DA. This Financing Plan is a part of the DDA and the City DA and is subject to all of its general terms, including the rules of interpretation.

(b) Inconsistent Provisions. Developer, City, and Authority intend for this Financing Plan to prevail over any inconsistent provisions relating to the financing structure for the Project and their respective financing-related obligations in any other document related to the Project.

7.2 Defined Terms

(a) Definitions. The following terms have the meanings given to them below or are defined where indicated.

“**A&R Reference Date**” is defined in the DDA.

“**Accounting**” means a complete accounting and computations setting forth the basis of each Additional Consideration to be paid, including the Gross Revenues and Development Costs for the relevant determination period, together with a narrative description of the methodology employed to calculate each Additional Consideration payment to be due for the relevant period.

“**Acquisition and Reimbursement Agreement**” means the agreement between Developer and City governing the terms of City’s acquisition of Infrastructure and Stormwater Management Controls and reimbursement of Qualified Project Costs, in the form attached to this Financing Plan as Attachment A, as the same may be modified or amended from time to time.

“**Acreage Percentage Acquired**” means the percentage calculated by dividing (i) the cumulative total amount of acreage of the Market Rate Lots acquired by Developer from Authority by (ii) the cumulative total amount of acreage of Market Rate Lots programmed on lands conveyed by the Navy to Authority.

“**Additional Community Facilities**” means any public facilities that are contemplated to be financed by City with Second Tranche CFD Bonds and Remainder Taxes under applicable law and in the manner set forth in this Financing Plan, and shall include but not be limited to the Future Sea Level Rise Improvements.

“**Additional Consideration**” means the First Tier Payments and the Second Tier Payments.

“**Additional Payments**” is defined in Section 3.7(a)(i).

“**Adequate Security**” is defined in the DDA.

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

“**Affordable Housing Unit**” is defined in the Housing Plan.

“**Alternative Financing**” is defined in Section 4.1(a).

“**Annual Report**” is defined in Section 1.6(a).

“**Approval**” and any variation thereof (such as “**Approved**” or “**Approve**”) is defined in the DDA.

“**Assigned Project Special Tax Rate**” is defined in Section 2.3(d).

“**Authority**” means the Treasure Island Development Authority.

“**Authority Board**” is defined in the DDA.

“**Authority Consideration**” means, collectively, the Authority Second Tier Payments and the Authority Third Tier Payments.

“**Authority Cost Payment**” is defined in the Conveyance Agreement.

“**Authority Costs**” is defined in the DDA.

“**Authority Second Tier Payment**” is defined in Section 1.3(c)(iii).

“**Authority Third Tier Payment**” is defined in Section 1.3(c)(iv).

“**Authorized Payments**” is defined in the Acquisition and Reimbursement Agreement.

“**Backup Project Special Tax Rate**” is defined in Section 2.3(g).

“**Board of Supervisors**” is defined in the DDA.

“**Building**” means any structure to be constructed within a CFD, including structures that contain Taxable Residential Units, commercial, industrial, science and technology, research and development, and office uses.

“**Cash Flow Distribution Termination Date**” means the date on which there are no longer any Gross Revenues generated by the Project.

“**Certificate of Completion**” is defined in the DDA.

“**Certificates of Participation**” is defined in Section 4.1(d).

“**CFD**” means (i) a community facilities district formed over all or any part of the Project Site that is established under the CFD Act to finance Qualified Project Costs and Additional Community Facilities, or (ii) if designated, an Improvement Area within a community facilities district formed over all or any part of the Project Site, which Improvement Area has been designated under the CFD Act to finance Qualified Project Costs and Additional Community Facilities.

“**CFD Act**” means the Mello-Roos Community Facilities Act of 1982 (Government Code § 53311 et seq.), as amended from time to time.

“**CFD Bonds**” means one or more series of bonds (including refunding bonds) secured by the levy of Project Special Taxes in a CFD, including First Tranche CFD Bonds and Second Tranche CFD Bonds.

“**CFD Bonds Project Account**” means the funds or accounts, however denominated, held by the Fiscal Agent under an Indenture containing the Net CFD Proceeds to be used to finance Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities.

“**CFD Conversion Date**” means, calculated separately for each CFD, the earliest to occur of (i) the date that all Qualified Project Costs have been paid or reimbursed to Developer

for the Project as a whole, or (ii) the date that is forty-two (42) years after the issuance of the first series of First Tranche CFD Bonds in such CFD.

“**CFD Goals**” means, subject to Section 2.6(g), City’s Local Goals and Policies for Mello-Roos Community Facilities Districts, approved by Resolution No. 387-09, adopted on October 6, 2009, and as thereafter amended from time to time.

“**CFD Proceedings**” is defined in Section 6.4.

“**Change In Law**” means legislation enacted by the Congress of the United States or by the legislature of the State, or the enactment of a regulation or statute by any Governmental Entity (other than City or Authority or any related entities) with jurisdiction over City or Authority.

“**Change Proceedings**” means proceedings under section 53332 of the CFD Act initiated by Developer’s petition.

“**City**” means the City and County of San Francisco.

“**City DA**” means the Development Agreement by and between City and Developer relative to Naval Station Treasure Island.

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

“**Commence**” is defined in the DDA.

“**Complete**” (or its variant “**Completion**”) is defined in the DDA.

“**Conditional City Increment**” means, for each IFD, the amount allocated by the City on a conditional basis to such IFD for the purposes described in Section 3.3(e), which shall be equal to \$0.08 of every dollar of Increment (which amount will come from Increment that would have otherwise been allocated to City).

“**Conditional Maintenance Tax**” shall mean a special tax that may be levied under an RMA only upon the occurrence of a Maintenance Default and only in the manner and in the amount set forth in Section 2.7(f).

“**Conveyance Agreement**” is defined in the DDA.

“**CPA**” means an independent certified public accounting firm Approved by Authority and Developer.

“**DDA**” means that certain Amended and Restated Disposition and Development Agreement (Treasure Island/Yerba Buena Island) to which this Financing Plan is attached.

“**Default Interest Rate**” means an interest rate of three hundred (300) basis points above the Interest Rate.

“**Deficit**” is defined in Section 6.3(b).

“**Department of Public Works**” is defined in the DDA.

“**Developed Property**” means, in any Fiscal Year, an assessor’s parcel of Taxable Property included in a recorded final subdivision map before January 1 of the preceding Fiscal Year, and for which a building permit has been issued before June 30 of the preceding Fiscal Year.

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

“**Developer Construction Obligations**” means, to the extent required under the DDA in connection with the Project, Developer’s obligation to construct or cause the construction of the Project in accordance with the Schedule of Performance, including: (a) the Infrastructure and Stormwater Management Controls; (b) Improvements pursuant to the Parks and Open Space Plan; and (c) Required Improvements.

“**Developer Fiscal Year**” means the fiscal year period for Developer, which currently commences on December 1 of any year and ends on the following November 30.

“**Developer Maintenance Payment**” means the payment made by Developer to pay for Ongoing Park Maintenance, subject to the limitations set forth in Section 2.7(d).

“**Development Costs**” means all Hard Costs, Soft Costs, and Pre-Development Costs, except to the extent specifically excluded under the Conveyance Agreement and specifically excluding any costs, fees or charges related to debt financing that are not also Permissible Financing Costs.

“**Encumbered Parcels**” is defined in Section 3.7(a)(i).

“**Entitlement**” is defined in the Conveyance Agreement.

“**Estimated Maintenance Cost**” means the estimated costs of the Ongoing Park Maintenance for a Maintenance Period, as determined pursuant to Section 2.7(a).

“**Event of Default**” is defined in the DDA.

“**Excess Land Appreciation Structure**” is defined in the Conveyance Agreement.

“**Exempt Parcel**” means the Public Property. Exempt Parcel does not include an assessor’s parcel that, immediately prior to the acquisition by City, Authority, or other Governmental Entity, was a Taxable Parcel that Authority, City, or any other Governmental Entity acquires by gift, devise, negotiated transaction, or foreclosure (including by way of credit bidding), or an assessor’s parcel that, immediately prior to the acquisition by Authority, was a Taxable Parcel that Authority acquires under its right of reverter under the DDA.

“**Final Conveyance Agreement IRR**” is defined in Section 1.3(e)(i).

“**Final Conveyance Agreement IRR Statement**” is defined in Section 1.3(e)(i).

“**Final IRR**” is defined in Section 1.3(f).

“**Final IRR Statement**” is defined in Section 1.3(f).

“**Financial Obligations**” is defined in the DDA.

“**Financing Plan**” means this Financing Plan.

“**First Tier Compensation**” is defined in Section 1.3(c)(ii).

“**First Tier Payment**” is defined in Section 1.3(c)(ii).

“**First Tranche**” means, calculated separately for each CFD, one or more series of CFD Bonds (including refunding bonds) issued prior to the applicable CFD Conversion Date and secured by the levy of Project Special Taxes in such CFD, the proceeds of which City is obligated under this Financing Plan to use to finance Qualified Project Costs.

“**Fiscal Agent**” means the fiscal agent or trustee under an Indenture.

“**Fiscal Year**” means the period commencing on July 1 of any year and ending on the following June 30.

“**FOST Parcel**” is defined in the Conveyance Agreement.

“**Funding Goals**” is defined in Section 1.1(a).

“**Funding Sources**” is defined in Section 1.2(a).

“**Future Sea Level Rise Improvements**” is defined in Section 2.8(e).

“**GAAP**” means generally accepted accounting principles.

“**Governmental Entity**” is defined in the DDA.

“**Gross Revenues**” means, for any period, all cash revenues received by Developer from any source whatsoever, and whether collected through or outside of escrow in connection with all or any part of the Project, in each case for such period, which shall include, the gross proceeds of sale or transfer of the Lots or any portion thereof, rents or other payments paid to Developer as the master landlord under any ground lease or as a property manager under an interim management agreement with Authority for existing facilities and open space, including any of Authority’s revenues assigned to Developer pursuant to the DDA (which assignment may exclude revenues of Authority that are used to pay for Authority’s costs and expenses that are not included in Authority Cost Payment pursuant to the DDA); proceeds from the first sale of ground leases or refinancing intended to capitalize ground value; any damage recoveries, insurance payments or condemnation proceeds payable to Developer with respect to the Project to the

extent not otherwise used for repair or reconstruction of the Property, all revenues derived from agreements to which Developer is a party pursuant to which Developer participates in the proceeds of the operation or sale of any portion of the Property sold to a Vertical Builder, amounts paid to Developer from the proceeds of any assessment or special tax districts formed for purposes of providing funds for costs associated with the Project, and amounts paid to Developer from tax increment financing or other public financing, and grants and tax credits to reimburse Developer for Infrastructure and Stormwater Management Controls or other qualifying costs. Gross Revenues shall specifically exclude the proceeds of any capital contributed to Developer by its partners or members or the proceeds of any loan made to Developer. Gross Revenues includes Net Interim Lease Revenues to the extent provided in Section 6.1(a)(iii).

“**Hard Costs**” is defined in the Conveyance Agreement.

“**High IRR Period**” means the time period (i) commencing on the date that an IRR Statement shows that Developer has achieved a cumulative IRR in excess of 15% as of the end of the final Quarter of the applicable Reporting Period considering all First Tier Payments, Second Tier Payments, and Authority Second Tier Payments and (ii) ending on the date that a subsequent IRR Statement shows that Developer’s cumulative IRR as of the end of the final Quarter of the applicable Reporting Period, considering all First Tier Payments, Second Tier Payments, and Authority Second Tier Payments, is 15% or below.

“**Higher IRR Period**” means the time period (i) commencing on the date that an IRR Statement shows that Developer has achieved a cumulative IRR in excess of 25% as of the end of the final Quarter of the applicable Reporting Period considering all First Tier Payments, Second Tier Payments, and Authority Second Tier Payments and (ii) ending on the date that a subsequent IRR Statement shows that Developer’s cumulative IRR as of the end of the final Quarter of the applicable Reporting Period, considering all First Tier Payments, Second Tier Payments, and Authority Second Tier Payments, is 25% or below.

“**Housing Amounts**” means the amounts transferred to Authority for purposes of paying the Housing Costs under Section 3.6.

“**Housing Costs**” means the costs incurred by Authority to increase, improve, and preserve the City’s supply of housing for persons and families of very low-, low-, or moderate-income pursuant to the Housing Plan.

“**Housing Fund**” means a fund created by Authority for holding the Housing Amounts and applying such Housing Amounts on Housing Costs.

“**Housing Percentage**” means, for each IFD, 17.5%.

“**Housing Plan**” is defined in the DDA.

“**IFD**” means (i) an infrastructure financing district formed over all or any part of the Project Site that is established under the IFD Act to finance Qualified Project Costs, or (ii) if authorized under the IFD Act, a Project Area within an infrastructure financing district formed

over all or any part of the Project Site, which Project Area has been designated under the IFD Act to finance Qualified Project Costs.

“**IFD Act**” means the Infrastructure and Revitalization Financing District Act (Government Code § 53369 et seq.), as amended from time to time.

“**IFD Debt**” means any bonded indebtedness that an IFD or other Governmental Entity incurs to finance Qualified Project Costs that is secured by a pledge of Net Available Increment, but not including CFD Bonds.

“**IFD Debt Project Account**” means the funds or accounts, however denominated, held by the Fiscal Agent under an Indenture containing the net proceeds of IFD Debt to be used to finance Qualified Project Costs.

“**IFD Proceedings**” is defined in Section 6.4.

“**IFD Proceeds**” means, in any Fiscal Year, for an IFD, the cumulative amount of (i) the proceeds of IFD Debt for such IFD and (ii) the Net Available Increment generated in such Fiscal Year that are not used to (A) pay debt service on and replenish debt service reserve funds for any IFD Debt for such IFD, (B) repay the City for any Conditional City Increment used to pay IFD Debt for such IFD in the manner set forth in Section 3.5(d) and to the extent set forth in Section 3.3(e), (C) except to the extent IFD Proceeds are used for the purposes provided in Section 3.6, fund the Stage 2 Contribution as set forth in this Financing Plan, (D) pay amounts due under the Subordinate Pledge; and (E) pay administrative expenses of the IFD.

“**IFP**” means an infrastructure financing plan required for each IFD under the IFD Act.

“**Improvement Area**” means an improvement area within a community facilities district designated pursuant to section 53350 of the CFD Act.

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

“**Inclusionary Units**” is defined in the Housing Plan.

“**Increment**” means, within an IFD, the tax increment revenues generated from the property within such IFD from and after the base year established for such IFD.

“**Indenture**” means one or more indentures, trust agreements, fiscal agent agreements, financing agreements, or other documents containing the terms of any indebtedness that is secured by a pledge of and to be paid from Net Available Increment or Project Special Taxes.

“**Index**” is defined in the DDA.

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

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

“Initial Closing” means the date on which the first conveyance of the FOST Parcel by Quitclaim Deed from the Navy to Authority occurs in accordance with Article 3 of the Conveyance Agreement.

“Initial Consideration Term” means a term of ten (10) years (as such term may be extended pursuant to Section 4.2.2 of the Conveyance Agreement).

“Initial Major Phase” is defined in the DDA.

“Initial Major Phase Application” is defined in the DDA.

“Initial Navy Consideration” means the initial consideration to the Navy for acquisition of the Project Site, including the principal amount of \$55 million and all interest payable to the Navy on the unpaid principal amount.

“Installment Payment” is defined in the Conveyance Agreement.

“Interagency Cooperation Agreement” means that certain Interagency Cooperation Agreement, by and between the City and Authority, as amended from time to time.

“Interest Rate” is defined in the Conveyance Agreement.

“Interim Lease Revenues” means all cash, notes, or other monetary consideration of any kind paid to the Authority under the Interim Leases.

“Interim Leases” means leases under which Authority is the lessor encumbering land in the Project Site during the time such land is leased to or owned by Authority.

“IRR” means the internal rate of return, annualized, calculated on the Project’s Net Cash Flow by the Excel 2007 “IRR” function using quarterly Net Cash Flows. The Project’s Net Cash Flow shall be adjusted to show all costs incurred in the quarter paid and all revenues in the quarter received, provided that Pre-Development Costs are applied as of the Initial Closing. An example of the IRR calculation is attached to the Conveyance Agreement as Exhibit DD.

“IRR Statement” is defined in Section 1.3(b).

“Island Wide Costs” shall mean the Qualified Project Costs that benefit the Project Site as a whole; for illustration purposes, the categories of Qualified Project Costs that the parties anticipate will constitute Island Wide Costs (further due diligence is required before it will be possible to precisely define Qualified Project Costs; the parties have agreed in Section 3.8(e) to define the categories of Qualified Project Costs that constitute Island Wide Costs) are listed in Attachment B hereto.

“Liquidated Pre-Agreement Costs” is defined in Section 3.8(c)(ii).

“Lot” is defined in the DDA.

“Maintenance Account Balance” is defined in Section 2.7(e).

“Maintenance Budget” is defined in Section 2.7(b).

“Maintenance Commencement Date” means the date that the first park owned by the Authority is completed and open to the public.

“Maintenance Default” is defined in Section 2.7(f).

“Maintenance Period” means, in each year, the one-year period commencing July 1 and ending on June 30.

“Major Phase” is defined in the DDA.

“Major Phase Approval” is defined in the DDA.

“Marina Revenues” is defined in the DDA.

“Market Rate Lots” is defined in the Conveyance Agreement.

“Market Rate Unit” is defined in the Housing Plan.

“Material Breach” is defined in the DDA.

“Maximum Annual Developer Contribution” is defined in Section 2.7(d).

“Maximum Annual Stage 2 Lease Payment” means, as of the date of calculation, the sum of (i) the maximum annual lease payments evidenced by the Certificates of Participation after the execution and delivery of the final tranche of the Certificates of Participation that are due in a Fiscal Year and (ii) the estimated annual fees related to the Certificates of Participation that are due in a Fiscal Year and appropriated by the City from the General Fund along with annual lease payments related to the Certificates of Participation, including, but not limited to, the costs of insuring the leased asset and trustee fees.

“Maximum Project Special Tax Rate” is defined in Section 2.3(g).

“Minimum Affordable Percentage” is defined in the Housing Plan.

“Navy” is defined in the DDA.

“Navy Payment Escrow” means an escrow created by Authority to hold Interim Lease Revenues to be used solely to pay Installment Payments (principal plus interest at the Interest Rate).

“Navy Promissory Note” is described in Section 4.2.6 of the Conveyance Agreement.

“Net Available Increment” means, for each IFD, \$0.567 of every dollar of Increment (which amount will come from Increment that would have otherwise been allocated to City). Net Available Increment does not include Conditional City Increment.

“**Net Cash Flow**” means Gross Revenues received by Developer from the Project less Development Costs paid by Developer.

“**Net CFD Proceeds**” means the proceeds of CFD Bonds that are available or used to pay for Qualified Project Costs directly or by reimbursements to Developer and, when authorized pursuant to Section 2.8, to pay for the costs of Additional Community Facilities.

“**Net Interim Lease Revenues**” is defined in Section 6.1(a)(iv).

“**Net Sale Proceeds**” means the proceeds from the sale of Unconveyed Property by Authority or the compensation paid to Authority with respect to the sale of such Unconveyed Property, less the costs of the Authority associated with the marketing and sale of such Unconveyed Property.

“**Non-Developer Property**” means, collectively, the property in the Project Site (i) that was never acquired by Developer from Authority or (ii) that was reacquired by Authority through reverter.

“**Official Records**” is defined in the DDA.

“**Ongoing Maintenance Account**” means a separate account created by Authority and maintained by Authority to hold all Remainder Taxes transferred from the Remainder Taxes Holding Account pursuant to Section 2.7 to be used for financing Ongoing Park Maintenance during the applicable Maintenance Period.

“**Ongoing Park Maintenance**” means the costs of operating and maintaining Improvements constructed pursuant to the Parks and Open Space Plan within the Project Site, including installing landscaping, all personnel or third-party maintenance costs, costs of maintaining irrigation systems and other equipment directly related to maintenance, maintenance or replacement as needed of landscape areas, water features, bathrooms, trash receptacles, park benches, planting containers, picnic tables, and other equipment or fixtures installed in areas to be maintained, insurance costs, and any other related overhead costs, along with Authority personnel, administrative, and overhead costs related to maintenance or to contracting for and managing third-party maintenance.

“**Original Financing Plan**” is defined in Section 6.4.

“**Other Developer**” is defined in Section 1.4(a)(i).

“**Other Taxing Agencies**” means governmental taxing agencies or other entities that receive Increment and are authorized by the IFD Act or such other law to allocate or subordinate increment to an IFD.

“**Parks and Open Space Plan**” is defined in the DDA.

“**Payment Request**” is defined in the Acquisition and Reimbursement Agreement.

“**Permissible Financing Cost**” is defined in the Conveyance Agreement.

“**Person**” is defined in the DDA.

“**Pre-Development Costs**” is defined in the Conveyance Agreement.

“**Principal Payment Date**” means, (i) if CFD Bonds have not yet been issued for a CFD, September 1 of each year, and (ii) if CFD Bonds have been issued for a CFD, the calendar date on which principal or sinking fund payments on such CFD Bonds are, in any year, payable (for example, if the principal amount of CFD Bonds are payable on September 1, the Principal Payment Date shall be September 1, regardless of whether principal payments are actually due in any particular year).

“**Project**” is defined in the DDA.

“**Project Account**” is defined in Section 1.1(c)(i).

“**Project Area**” means a separately designated project area within the boundaries of an IFD, as permitted by the IFD Act.

“**Project Costs**” means, without duplication: (a) Development Costs; (b) Initial Navy Consideration; (c) Pre-Development Costs; and (d) any other amounts specifically identified in the DDA as a Project Cost.

“**Project Grants**” means State and federal funding.

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

“**Project Special Taxes**” means special taxes authorized to be levied in a CFD under the CFD Act, including all delinquent Project Special Taxes collected at any time by payment or through foreclosure proceeds.

“**Promissory Note**” is defined in the Conveyance Agreement.

“**Public Financing**” means, individually or collectively as the context requires, CFD Bonds, IFD Debt, and Alternative Financing.

“**Public Property**” is defined in the DDA.

“**Public Trust Parcels**” is defined in the DDA.

“**Qualified**” when used in reference to Project Costs, Pre-Development Costs, and other capital public facility costs, means: (a) with respect to a CFD, the Project Costs, the Pre-Development Costs (excluding any return on such Pre-Development Costs), and other authorized capital public facility costs, each to the extent authorized to be financed under the CFD Act, Tax Laws (if applicable), and this Financing Plan; (b) with respect to financing from Net Available Increment or IFD Debt, the Project Costs and the Pre-Development Costs (excluding any return on such Pre-Development Costs), each to the extent authorized to be financed under the IFD Act, Tax Laws (if applicable), and this Financing Plan; (c) with respect to an Alternative Financing, the Project Costs and the Pre-Development Costs (excluding any return on such Pre-

Development Costs), each to the extent authorized to be financed under the laws governing the Alternative Financing, Tax Laws (if applicable), and this Financing Plan; (d) with respect to Project Grants, the Project Costs, the Pre-Development Costs (excluding any return on such Pre-Development Costs), and other authorized capital public facility costs, each to the extent authorized to be financed under the terms of the Project Grant and this Financing Plan; and (e) with respect to Net Interim Lease Revenues, the Project Costs not including any Pre-Development Costs.

“Quarter” means a three-month period commencing on the first day of the Initial Closing and continuing until the Termination Date of the Conveyance Agreement.

“Reassessment” is defined in Section 3.7(a)(i).

“Records” is defined in Section 1.6(b).

“Redesign Costs” means the anticipated costs necessary to prepare, entitle and implement the Redesign Plan.

“Redesign Plan” means an Authority plan to re-entitle, redesign and rebuild portions of the Project.

“Reference Date” means the “Original Reference Date” as defined in the DDA.

“Remainder Taxes” means, in each year, as of the day following the Principal Payment Date for a CFD, all Project Special Taxes collected prior to such date in such CFD in excess of the total of: (a) debt service on the outstanding CFD Bonds for the applicable CFD due in the current calendar year, if any; (b) priority and any other reasonable administrative costs for the applicable CFD payable in that Fiscal Year; and (c) amounts levied to replenish the applicable reserve fund as of the Principal Payment Date, including amounts reserved for reasonable anticipated delinquencies, if any.

“Remainder Taxes Holding Account” is a separate single account created by Authority to hold and apply all transfers of Remainder Taxes pursuant to Section 2.7.

“Remainder Taxes Project Account” is a separate account created by City for each CFD and maintained by City to hold all Remainder Taxes for the corresponding CFD to be used for financing Ongoing Park Maintenance, Qualified Project Costs, or Additional Community Facilities in the manner set forth in this Financing Plan.

“Reporting Period” is defined in Section 1.3(b).

“Required Improvements” is defined in the DDA.

“RMA” means the rate and method of apportionment of Project Special Taxes for a CFD, adopted in accordance with applicable law.

“Schedule of Performance” is defined in the DDA.

“Second Tier Participation” means the consideration paid to the Navy of Net Cash Flow generated by the Project in excess of a Developer 22.5% IRR, as described in Section 1.3.

“Second Tier Payment” is defined in Section 1.3(c)(iii).

“Second Tranche” means, calculated separately for each CFD, one or more series of CFD Bonds issued after the CFD Conversion Date and secured by the levy of Project Special Taxes in such CFD to be used by City to finance Additional Community Facilities or for any other purpose authorized by the CFD Act.

“Selected Default” means an Event of Default under sections 16.2.1(a) and 16.2.3(d) of the DDA.

“Soft Costs” is defined in the Conveyance Agreement.

“Special Tax Requirement” is defined in Section 2.3(i).

“Stage 2” is defined in Section 4.1(d).

“Stage 2 Alternative Financing” is defined in Section 4.1(d).

“Stage 2 Qualified Project Costs” is defined in Section 4.1(d).

“Stage 2 Contribution” means, beginning in the first Fiscal Year in which in the initial tranche of Certificates of Participation is executed and delivered and continuing through the Fiscal Year in which the Stage 2 Contribution Termination Date occurs, an annual amount equal to \$550,000 that is payable from a combination of Remainder Taxes and Net Available Increment as set forth in this Financing Plan. The City will use the Stage 2 Contribution, in its discretion, either (i) to pay lease payments related to the Certificates of Participation, or (ii) with respect to any portion of the Stage 2 Contribution funded from Net Available Increment, to pay debt service on IFD Debt or (iii) with respect to any portion of the Stage 2 Contribution funded from Remainder Special Taxes, to pay debt service on CFD Bonds.

“Stage 2 Contribution Termination Date” means the earlier of (i) the final maturity date of the Certificates of Participation and (ii) the date on which the aggregate Stage 2 Contributions are equal to the Maximum Annual Stage 2 Lease Payment.

“State” is defined in the DDA.

“Statement of Indebtedness” means the report an IFD may file for each Fiscal Year to properly evidence the indebtedness of such IFD, whether or not required by the IFD Act.

“Stormwater Management Controls” is defined in the DDA, but is applicable in this Financing Plan only to the extent such facilities will be dedicated to the City.

“Subordinated Pledge” is defined in Section 3.4(a).

“Subordination Request” means a set of documents that include (i) a written request to Other Taxing Agencies to subordinate the receipt of such Other Taxing Agencies’ tax revenues to the payment of debt service on any IFD Debt secured by Net Available Increment, and (ii) calculations, explanations, and other substantial evidence showing that the tax revenues expected from the property in the IFD are expected to be available to pay both the debt service on the IFD Debt and the payments to the Other Taxing Agencies.

“Sub-Phase” is defined in the DDA.

“Sub-Phase Approval” is defined in the DDA.

“Subsequent Owner Property” means any Undeveloped Property within a CFD owned by a Person other than Developer.

“Tax Laws” means the Internal Revenue Code of 1986, as amended, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Internal Revenue Code.

“Taxable Parcel” means an assessor’s parcel of real property or other assessor’s parcel of property (e.g., a condominium parcel) within a CFD that is not an Exempt Parcel.

“Taxable Residential Unit” means: (a) Market Rate Units; and (b) Inclusionary Units.

“Term” is defined in the Conveyance Agreement.

“Termination Date” is defined in the Conveyance Agreement.

“Termination Notice” means a written notice from the Authority providing notice that the DDA has been terminated with respect to Developer for a portion of the Project Site.

“Termination Proceeds” is defined in Section 3.8(c)(ii).

“Total Installment Payments” means the total amount of the Installment Payments payable under the Conveyance Agreement (principal plus interest at the Interest Rate).

“Total Tax Obligation” means, with respect to a Taxable Residential Unit at the time of calculation, the sum of: (a) the ad valorem taxes actually levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation; (b) the Assigned Project Special Tax Rates levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation; (c) all installments of special assessments if the Taxable Residential Unit were developed at the time of calculation; and (d) all other special taxes (based on assigned special tax rates) or assessments secured by a lien on the Taxable Residential Unit levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation.

“Transferee” is defined in the DDA.

“2% Limitation” is defined in Section 2.3(e).

“Unconveyed Property” is defined in Section 6.3(a).

“Underwriter” is defined in Section 4.4(b)(v).

“Underwriter Force Majeure” is defined in Section 4.4(b)(v).

“Undeveloped Property” means, in any Fiscal Year, Taxable Parcels in a CFD that are not Developed Property.

“Vertical Builder” is defined in the Conveyance Agreement.

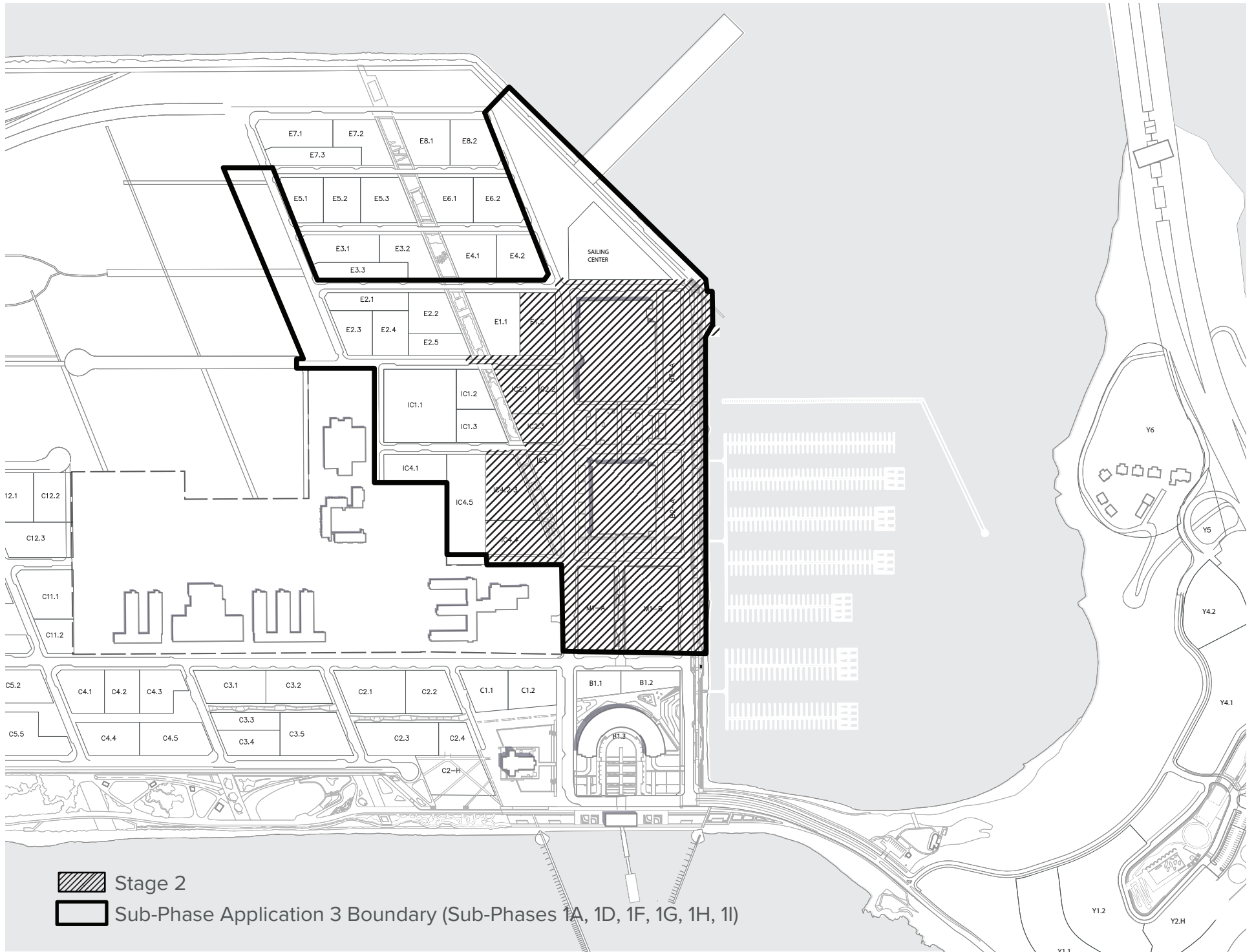
“Vertical Developer” is defined in the DDA.

“Work Program” a work program for a Redesign Plan submitted by Authority to the Navy.

Schedule 4.1(d)

Map of Stage 2

[ATTACHED]



SCHEDULE 4.1(d)

Attachment A

Form of Acquisition and Reimbursement Agreement

[TO COME]

Attachment B

Expected Categories of Island Wide Costs

[TO COME]

106473065.23

Treasure Island and Yerba Buena Island Development Project

BUDGET & FINANCE COMMITTEE | APRIL 17, 2024



Bob Beck | TIDA
Director

AnMarie Rodgers | TIDA
Deputy Director

Jamie Querubin | TIDA
Finance Manager

Leigh Lutenski | OEWD
*Deputy Director, Joint
Development*

Maintaining Momentum and Building on Success



Building Phase I



Key Program Elements of Phase 1

- 2,000 residential units (991 units complete or in construction)
- 16 acres of parks
- Ferry service to downtown SF
- Marina and water access
- 10,000 square feet of retail space

Infrastructure



Photo: TICD

\$2.5B Total Project Cost

- Geotechnical improvements
- New roadways, utilities, reservoirs
- New Utility Infrastructure
- Geotechnical Improvements
- Sea Level Rise Adaptation
- Community facility, transit, and housing subsidies

Housing Production

229 units complete
+ 745 units under construction now, complete by 2025
1,000 units!!



Treasure Island

- **Maceo May, 105 units affordable housing, complete & occupied**
- Starview Court, 138-unit affordable housing, anticipated June 2024
- Isle House, 250-units, anticipated completion July 2024
- Hawkins, 178-units, anticipated completion late 2024
- Parcel C3.4, 148-unit under construction, completion Q1 2025

Yerba Buena Island

- **The Bristol, 124 units, complete & occupied**
- Phase I townhomes and flats, 31 units, anticipated April 2024

Parks

Treasure Island & Yerba Buena Island will add the most parkland to SF since Golden Gate Park. Of the 300 acres planned:

- The Rocks Dog Park, OPEN!
- Clipper Cove Beach, OPEN!
- Panorama Park, City Accepted Grand Opening on May 11
- Signal Park, , City Accepted Grand Opening In May
- Cityside Park's Waterfront Landing is nearly complete & expected to open this summer
- Cultural Park & Chapel construction to start this year



Photo: TICD

Guiding Policy Objectives for Amendments

- Keep the existing public benefits
- Keep existing affordable housing plan (27.2%)
- Defer costs where possible to improve financial feasibility (w/o change to public benefits)
- Modernize sections/provisions in the DDA that are not comparable to other DAs and do not align with the project's current schedule
- Accelerate Treasure Island-generated revenues to finance the project through challenging economic period



Photo: TICD

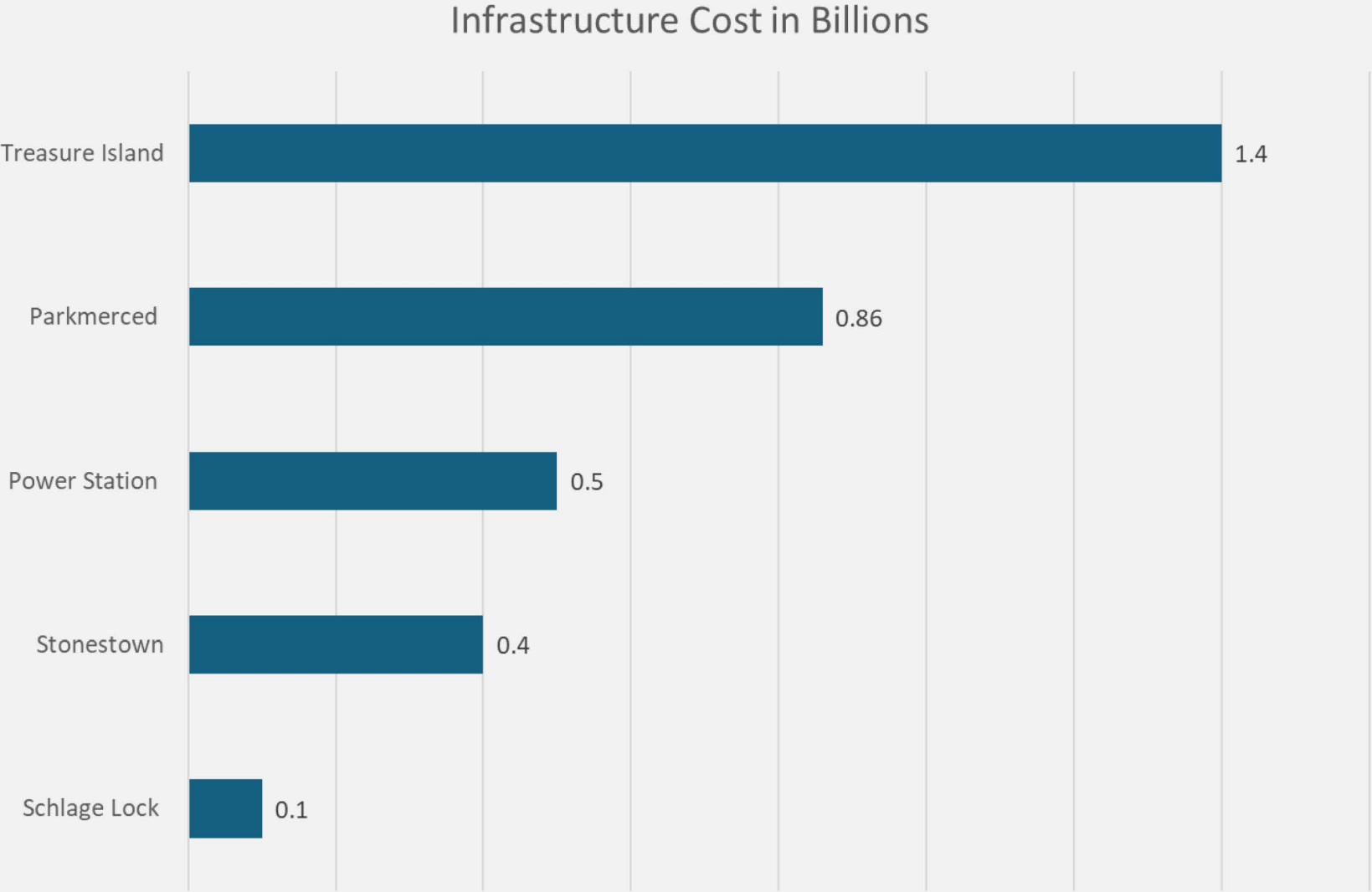


DISPOSITION AND DEVELOPMENT AGREEMENT (DDA) AMENDMENT



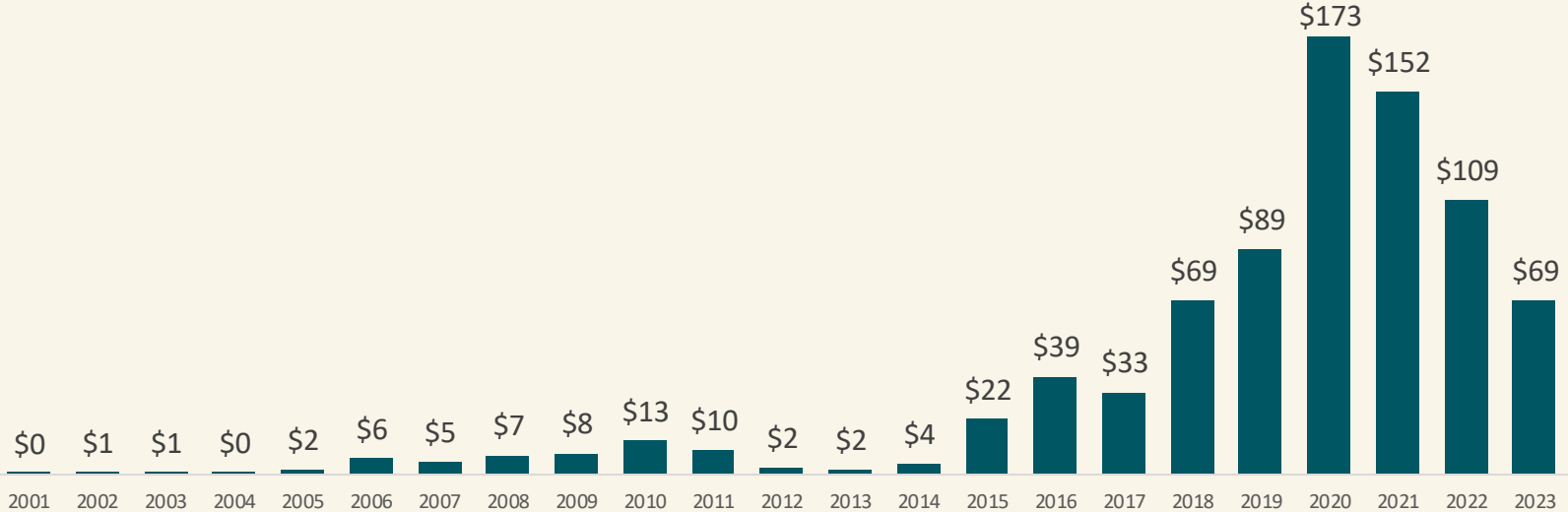
Investing in Treasure Island

Large Project Infrastructure Costs



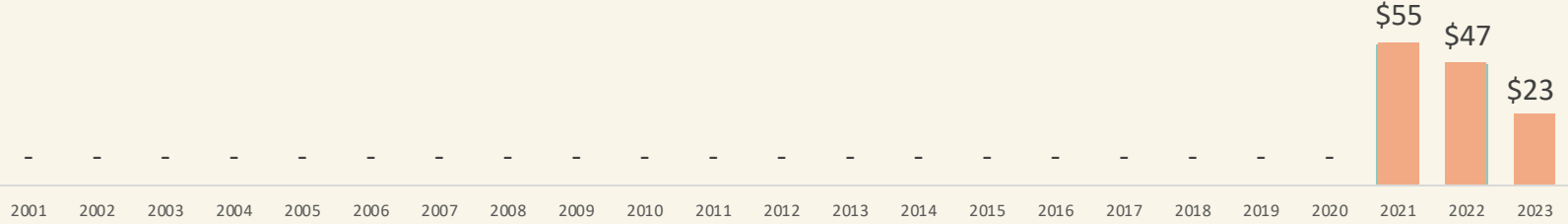
Infrastructure Investment vs. Reimbursement

Project Costs Eligible for Public Financing in Millions
 (includes \$50M of Financing Costs)



\$814 M
as of 2023

Municipal Bond Proceeds In Millions



\$125 M
as of 2023



Stage 2
Treasure Island
Total units: ~1,300

Stage 1
Treasure Island + YBI
Total units: ~2,000
Units built or under construction: ~1,000

DDA Financing Plan Amendment

- Accelerate \$115M of public financing in the form of Certificates of Participation (COPs) to fund required developer reimbursements for Stage 2 infrastructure costs. The total cost for Stage 2 is \$204M.
- COPs would be issued more quickly and expedite developer reimbursement in lieu of the project's other public financing sources, the Treasure Island special taxes or tax increment.
- The proposed Treasure Island COPs would be advanced in three separate issuances (FY 25-27), all of which would be appropriated in separate actions by the Board of Supervisors.
- TIDA completed a fiscal impact analysis to demonstrate that future tax growth generated by the Treasure Island development will provide sufficient revenues to fund COP payments over time.
- This strategy will enable the mobilization and construction resources from Stage 1 to move into work on Stage 2 next year.

DDA Financing Plan Amendment

Risk Mitigation Strategies

- Stage 2 Contribution: Residual property tax increment from the IRFD and residual special taxes from the CFD in the amount of \$550,000 per year will be redirected to offset lease payments paid by the General Fund.
- Required Reinvestment: All developer revenues from land sales and reimbursements from the IRFD/CFD districts must be dedicated to funding Project Costs, including funding for Stage 2, until the Stage 2 infrastructure is complete. This ensures that all developer revenues are being reinvested into completing Stage 2 or reserved for funding future stages.
- One-Time Use: The agreement states that this use of COPs is one-time only and will not be authorized for any subsequent development phase or sub-phase.
- Profit Participation: The project's existing profit participation terms between TIDA, the Navy, and the developer will continue to apply through this period.

Actions

- **Amended and Restated Disposition and Development Agreement approval** (Board File 240202)
- **Development Agreement approval** (Board File 240198)





Thank you !



April 8, 2024

Ms. Angela Calvillo, Clerk
Honorable Supervisor Matt Dorsey
Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Transmittal of Planning Department Case Number: 2007.0903PCA-03MAP-03GEN-05DVA-02
Treasure Island and Yerba Buena Island Development Project
Board File No. 240198 and 240199

Planning Commission Recommendation: Approval

Dear Ms. Calvillo and Supervisor Dorsey,

On April 4, 2024, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinances, introduced by Supervisor Matt Dorsey and Mayor London Breed that would amend the Treasure Island and Yerba Buena Island Development Agreement. The Ordinances also amend Planning Code Section 249.52 and Zoning Map HT14. At the hearing the Planning Commission recommended approval.

On March 6, 2024, the Planning Department published an Addendum to the FEIR. The Planning Department Environmental Review Staff have determined that the proposed amendments to the Development Agreement and its Financing Plan and the amendments to the TI/YBI SUD do not constitute a substantial project change. They also concluded that there have been no substantial changes in project circumstances that would require major revisions to the FEIR. This is due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts. Additionally, there is no new information of substantial importance that would change the conclusions set forth in the FEIR or Addendum.

Please find attached documents relating to the actions of the Commission. If you have any questions or require further information, please do not hesitate to contact me.

Sincerely,



Aaron Starr

Manager of Legislative Affairs

cc: Grace Park, Deputy City Attorney
Andrea Ruiz-Esquide, Deputy City Attorney
Madison Tam, Aide to Supervisor Dorsey
Lisa Gluckstein, Housing & Land Use Advisor to the Mayor
John Carroll, Office of the Clerk of the Board

Attachments :

Planning Code and Zoning Map Amendments – Resolution No. 21541
Planning Code and Zoning Map Amendments - Proposed Ordinance
Modification to Development Agreement and Financing Plan – Resolution No.21543
Modification to Development Agreement and Financing Plan – Proposed Ordinance
Planning Department Executive Summary

Draft Amendment to the Development Agreement
Treasure Island/Yerba Buena Island Development Summary of Fiscal Terms
Treasure Island- Height Zoning Map HT14 - Existing and Proposed
Treasure Island Bulk and Massing Figure 6 (Planning Code) – Existing and Proposed



PLANNING COMMISSION RESOLUTION NO. 21541

HEARING DATE: April 4, 2024

Record No.: 2007.0903PCA-03MAP-03

Project Address: Treasure Island/Yerba Buena Island

Zoning: Treasure Island/Yerba Buena Island Special Use District
Tidelands Trust Overlay

Height-Bulk: 25-TI – 450 Flex Zone - TI Height and Bulk District
35-Low Rise YBI – 75-Mid Rise YBI

Project Sponsor: Charles Shin
Treasure Island Community Development
615 Battery Street, Floor 6
San Francisco, CA 94111
(415) 905-5300

Legislative Sponsor: Mayor London Breed and Supervisor Matt Dorsey

Staff Contact: Jessica Look, Senior Planner
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RESOLUTION RECOMMENDING THAT THE BOARD OF SUPERVISORS APPROVE AMENDING THE PLANNING CODE TO REVISE THE TREASURE ISLAND / YERBA BUENA ISLAND SPECIAL USE DISTRICT (SUD), TO UPDATE THE TREASURE ISLAND BULK AND MASSING FIGURE, TO MAKE THE PROCESS FOR AMENDMENTS TO THE DESIGN FOR DEVELOPMENT DOCUMENT MORE FLEXIBLE, AND TO PROVIDE FOR ADDITIONAL CIRCUMSTANCES THAT MAY AUTHORIZE MINOR MODIFICATIONS TO THE STANDARDS IN THE SUD, AS DEFINED; REVISING THE ZONING MAP TO CHANGE HEIGHT DISTRICTS IN TREASURE ISLAND, TO PROVIDE FOR 5 ADDITIONAL FEET IN CERTAIN AREAS AND TO REMOVE THE “SPECIAL HEIGHT DISTRICT” DESIGNATION FROM TWO EASEMENTS ADJACENT TO BUILDINGS 2 AND 3; AND MAKING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN, AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE, SECTION 101.1, AND FINDINGS OF PUBLIC NECESSITY, CONVENIENCE, AND WELFARE UNDER PLANNING CODE, SECTION 302.

WHEREAS, On March 5, 2024, Mayor London Breed and Supervisor Matt Dorsey introduced a proposed Ordinance under Board of Supervisors (hereinafter “Board”) File Number 240199 which would revise the Planning Code to revise the Treasure Island/Yerba Buena Island Special Use District (SUD) and amend Height Map HT14 of the Zoning Map for Treasure Island/Yerba Buena Island.

WHEREAS, On March 12, Mayor London Breed and Supervisor Matt Dorsey introduced substitute legislation in the Ordinance under the Board, File Number 240199, which would revise the SUD’s provisions for Design for

Development amendments, specifically the process of referrals to, and coordination with, Treasure Island Development Authority.

WHEREAS, The Planning Code and Zoning Map Amendments and associated amendments to the Design for Development seek to incorporate adjustments based on lessons learned in implementation in Phase One of the Treasure Island / Yerba Buena Island Project, aim to address unforeseen constraints arising from updates to the California Building Code and include various administrative reformatting amendments deemed necessary in response to these changes.

WHEREAS, The proposed amendments are necessary in order to facilitate the development of the Project. The Project anticipates (1) up to 8,000 new residential units, at least 25 percent of which (2,000 units) will be made affordable to a broad range of very-low to moderate income households; (2) adaptive reuse of approximately 311,000 square feet of historic structures; (3) up to approximately 140,000 square feet of new retail uses and 100,000 square feet of commercial office space; (4) approximately 300 acres of parks and open space; (5) new and/or upgraded public facilities, including a joint police/fire station, a school, facilities for the Treasure Island Sailing Center and other community facilities; (6) a 400-500 room hotel; (7) landside improvements for a new 400 slip marina; and (8) transportation infrastructure, including a ferry/quay intermodal transit center;

WHEREAS, The progress to date on Treasure Island and Yerba Buena Island over the past twelve years is a reflection of the collaboration between island residents and community organizations that have been committed to the vision for a new Treasure and Yerba Buena Islands; and

WHEREAS, Continuing the Project is more important now than ever as realizing as many of Treasure Island's 8,000 planned housing units is critical to achieving the City's housing ambitious production goals and Treasure Island is the City's largest project underway in a moment when there is a tremendous push to build new housing in San Francisco; and

WHEREAS, Planning Commission (hereinafter "Commission") Approvals required for the Project include (1) approving the Planning Code Text Amendments and the Zoning Map Amendments and recommending them to the Board of Supervisors for their adoption; (2) adopting amendments to the Treasure Island/Yerba Buena Design for Development to facilitate implementation; and (3) approving amendments to the Treasure Island/Yerba Buena Development Agreement, and recommending them to the Board of Supervisors for their adoption; and

WHEREAS, The Planning Code Text Amendment would update the Treasure Island Bulk and Massing figure, make the process for amendments to the Design for Development document more flexible, and provide for additional circumstances that may authorize Minor Modifications to the standards in the SUD; and

WHEREAS, The Zoning Map Amendments would revise the Zoning Map to change height districts in Treasure Island, to provide for 5 additional feet in certain areas, and to remove the "Special Height District" designation from two easements adjacent to Buildings 2 and 3; and.

WHEREAS, The Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider initiation of the proposed Ordinance on April 4, 2024; and

WHEREAS, The Planning Department and TIDA prepared an Environmental Impact Report for the Project under the California Environmental Quality Act ("CEQA," Public Resources Code Sections 21,000 et. seq;) and the CEQA Guidelines (14 Cal. Code Regs. Sections 15,000 et seq,); and

WHEREAS, On June 7, 2011, pursuant to Resolution No. 246-11, the Board of Supervisors unanimously confirmed certification of the Final Environmental Impact Report ("FEIR") for the Project, and made certain environmental findings under CEQA, including adoption of a Mitigation Monitoring and Reporting Program and a Statement of Overriding Considerations, which resolution is on file with the Clerk of the Board of Supervisors in File No. 110328 and is incorporated herein by reference; and

WHEREAS, CEQA mandates that "when an environmental impact report has been prepared for a project, no subsequent or supplemental environmental impact report shall be required by the lead agency", unless the lead agency determines, on the basis of substantial evidence that the project or its circumstances have changed, or there is new information, and that those changes or new information would cause new significant impacts, or a substantial increase in the severity of previously identified impacts (CEQA Section 21166; CEQA Guidelines Section 15162); and

WHEREAS, The Planning Department prepared an Addendum to the FEIR to analyze the impacts of the proposed amendments to the Planning Code, Zoning Map, Design for Development, Development Agreement and Disposition and Development Agreement for the Project; and

WHEREAS, The addendum concluded that no supplemental or subsequent environmental review is required for the proposed amendments to the Planning Code, Zoning Map, Design for Development, Development Agreement and Disposition and Development Agreement for the Project, because the environmental impacts of these actions were adequately identified and analyzed under CEQA in the FEIR, and the proposed amendments would not result in any new or more severe environmental impacts than were identified previously; and

WHEREAS, The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, All pertinent documents may be found in the files of the Department, as the Custodian of Records, at 49 South Van Ness Avenue, Suite 1400, San Francisco; and

WHEREAS, The Commission has reviewed the proposed Ordinance; and

WHEREAS, The Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

FURTHER MOVED, That the Planning Commission hereby **approves** the proposed ordinance.

Findings

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The proposed amendments would assist in implementation of the Treasure Island/Yerba Buena Island Project, which will construct affordable and market-rate housing, commercial facilities, recreational facilities, and numerous public benefits on a underdeveloped site;
2. The proposed Planning Code and Zoning Map amendments are needed in companion with the Design for Development amendments which will incorporate adjustments based on lessons learned in implementation in Phase One of the Project, address unforeseen constraints arising from updates to the California Building Code and update reformatting response to these changes, thereby making it easier and accurate to use.
3. Development enabled by the Planning Code and Zoning Map amendments would strengthen the economic base of the Project site and the City as a whole by strengthening retail and other commercial functions in the Project site.
4. The the Planning Commission has reviewed and considered the addendum and the FEIR, and concurs with the Planning Department analysis and conclusions, finding that the addendum adequately identified and analyzed the environmental impacts of the proposed amendments, and that no additional environmental review is required under CEQA Section 21166 and CEQA Guidelines Sections 15162-15164, for the following reasons:
 - The Project with the proposed amendments will not have any new significant environmental effects or a substantial increase in the severity of previously identified significant impacts, beyond what was analyzed in the FEIR; and,
 - No substantial changes have occurred with respect to the circumstances under which the Project with the proposed amendments would be carried out that would lead to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR; and,
 - No new information of substantial importance to the Project analyzed in the FEIR has become available, which would indicate that (i) the Project with the proposed amendments will have significant effects not discussed in the FEIR; (ii) significant environmental effects identified in the FEIR will be substantially more severe; (iii) mitigation measures or alternatives found not feasible, which would reduce one or more significant effects, have become feasible but the City and TIDA refuse to implement them; or (iv) mitigation measures or alternatives, which are considerably different from those in the FEIR, will substantially reduce one or more significant effects, but the City and TIDA refuse to implement them; and, be it
5. The amendments to the Planning Code and Zoning Map are consistent with all requirements of Section 249.52, the General Plan, and the Development Agreement. General Plan and Planning Code 101.1 findings provided in Planning Commission Motion 18328 and further updated in this Resolution No.

21541 are hereby adopted by reference in this Resolution.

General Plan Compliance

On April 21, 2011, by Motion No. 18328 the Commission adopted findings regarding the Project's consistency with the General Plan, Planning Code Section 101.1, and all other approval actions associated with the development. The Commission incorporates those findings as if fully set forth herein. Since that time, there have been two adopted or revised Elements which are the Housing Element (2023) and the Safety and Resilience Element (2022). The proposed Ordinance is consistent with the following new Objectives and Policies of the General Plan, which supplement those findings of consistency in Motion No. 18328.

Housing Element

OBJECTIVE 1.B

ADVANCE EQUITABLE HOUSING

POLICY 5

Improve access to the available Affordable Rental and Homeownership units especially for disproportionately underserved racial and social groups.

POLICY 7

Pursue permanently affordable housing investments that are specific to the geographic, cultural, and support needs of recently arrived or newly independent residents or residents from marginalized groups, including transgender and LGBTQ+ people.

The Project is anticipated to construct up to 8,000 new residential units, including rental, homeownership and supportive housing units. At least 27.2 percent of the units will be made affordable to a broad range of very-low to moderate income households.

OBJECTIVE 4.A

SUBSTANTIALLY EXPAND THE AMOUNT OF PERMANENTLY AFFORDABLE HOUSING FOR EXTREMELY LOW- TO MODERATE-INCOME HOUSEHOLDS

OBJECTIVE 4.B

EXPAND SMALL AND MID-RISE MULTI-FAMILY HOUSING PRODUCTION TO SERVE OUR WORKFORCE, PRIORITIZING MIDDLE-INCOME HOUSEHOLDS

POLICY 15

Expand permanently affordable housing investments in Priority Equity Geographies to better serve American Indian, Black, and other People of color within income ranges underserved, including extremely-, very low-, and moderate-income households.

POLICY 23

Retain and increase the number of moderate- and middle-income households by increasing their homebuying opportunities and reversing the shortage in housing that is affordable to these households.

POLICY 24

Enable mixed-income development projects to maximize the number of permanently affordable housing units constructed, in balance with delivering other permanent community benefits that advance racial and social equity.

Situated in a Priority Equity Geography, the Project has to date successfully built over 100 new affordable housing units, and an additional approximately 200 units are presently under construction. Approval of the Project amendments will play a crucial role in expediting the completion of the planned 8,000 housing units within the development. While the 2011 Development Agreement incorporated a lower inclusionary rate than what is currently mandated and allowed some buildings being solely designated as market rate, the Project team and the City are working to ensure that Treasure Island becomes an intergrated mixed income community with community benefits accessible to all. Furthermore, the project aims to deliver roughly 300 acres of parks and open space, along with the development or enhancement of public facilities. These include a joint police/fire station, a school, facilities for the Treasure Island Sailing Center, new and improved infrastructure values at over \$2.5 billion and other community amenities

OBJECTIVE 4.C

DIVERSIFY HOUSING TYPES FOR ALL CULTURES, FAMILY STRUCTURES, AND ABILITIES.

POLICY 32

Promote and facilitate aging in place for seniors and multi-generational living that supports extended families and communal households.

The Project provides flexibility to build a range of housing types that could serve both seniors and families. The Project has completed construction of Maceo May, a 105-unit building that is fully affordable, and is also in the process of constructing Starview Court, which will consist of 138 units, all of which will be affordable. Parcel E1.2 will include a 100-unit building of fully affordable senior housing.

OBJECTIVE 5.A

CONNECT PEOPLE TO JOBS AND THEIR NEIGHBORHOOD WITH NUMEROUS, EQUITABLE, AND HEALTHY TRANSPORTATION AND MOBILITY OPTIONS.

POLICY 37

Facilitate neighborhoods where proximity to daily needs and high-quality community services and amenities promotes social connections, supports caregivers, reduces the need for private auto travel, and advances healthy activities.

POLICY 38

Ensure transportation investments create equitable access to transit and are planned in parallel with increase in housing capacity to advance well-connected neighborhoods consistent with the City's Connect SF vision, and encourage sustainable trips in new housing.

Despite the delay in toll adoption and the subsequent delay in dedicated funding for congestion management, the Project remains steadfast in its commitment to providing significant investments to ensure equitable access for all. The project is designed to provide pedestrian, bicycle, and transit improvements that aim to encourage

use of buses and ferries for off-Island trips and shuttles, walking, and bicycling for on-Island trips. In addition, the City is actively planning for transit service from the Islands to the East Bay and increase service to San Francisco, where riders could connect to other transit systems. Ferry service has now been provided between Treasure Island and the Downtown Ferry Terminal in San Francisco, where riders can walk to their places of employment in the Downtown or connect to BART and MUNI to reach other areas in the City and region. Alongside new streets and transportation facilities, the Project includes comprehensive improvements to pedestrian streetscapes, ensuring that biking and walking are safe, comfortable, and enjoyable modes of travel.

Safety and Resilience Element

OBJECTIVE 2.1.

CLIMATE RESILIENCE. PURSUE SYNERGISTIC EFFORTS THAT BOTH ELIMINATE GREENHOUSE GASES (CLIMATE MITIGATION) AND PROTECT PEOPLE, THE BUILT ENVIRONMENT, AND NATURE FROM THE UNAVOIDABLE IMPACTS OF THE CLIMATE CRISIS (CLIMATE ADAPTATION).

POLICY 2.1.4.

Ensure that City projects and private developments provide multi-benefit solutions that mitigate hazard risk and contribute to a zero-emission future.

The Project is designed to be a sustainable community and to incorporate progressively higher levels of sustainability over time. The Project would locate its highest residential density in close proximity to transit facilities and has earned a LEED Platinum certified neighborhood development, which is the highest designation possible for green, sustainable development. Sustainability strategies for transportation also include transit-oriented development, parking capacity controls, ramp metering, a comprehensive TDM program, and a dedicated funding stream through the Community Facilities District (CFD) to enable incremental adaptation of shoreline as the environment evolves.

OBJECTIVE 2.2.

MULTI-HAZARD RESILIENCE AND CO-BENEFITS. IN ADAPTATION AND MITIGATION INVESTMENTS TO MULTIPLE AND SIMULTANEOUS HAZARDS, MAXIMIZE RISK REDUCTION STRATEGIES AND THE RELATED COMMUNITY BENEFITS.

POLICY 2.2.4.

Adapt the City's bay and ocean shorelines to current and future climate flood hazards, including coastal flooding, sea level rise, groundwater rise, and extreme storms.

The Project would include strategies to protect against sea level rise, including raising the Island's base elevation by 36" of sea level rise – the mid-range of projections of sea level rise by 2100. Additionally, the finished grades for proposed building areas will be raised by the amount necessary for the mid-level range of sea level rise. The work will involve raising most of the perimeter of the island to a height that will accommodate three feet of sea level rise and the storm surge associated with a 100-year event without overtopping. Additionally, the perimeter of the island would be geotechnically improved to function as a berm such that existing coastal flooding will be mitigated. The crest elevation of shoreline structures will be set at an elevation that is 16 inches higher than what will be needed at the present time, and the design will be adaptable to higher levels of sea level rise by leaving a significant development setback of 350 feet on the West and the North of the Island. This will ensure that visual

obstructions and public access limitations do not occur for a sea level rise condition that are anticipated to remain for several decades.

OBJECTIVE 2.3.

NATURE-BASED SOLUTIONS. ENHANCE NATURE, BIODIVERSITY, AND PUBLIC OPEN SPACE THROUGH CLIMATE RESILIENCE STRATEGIES THAT MIMIC OR RESTORE ECOLOGICAL SYSTEMS AND FUNCTION.

POLICY 2.3.3.

Prioritize nature-based solutions as flood adaptation strategies, to enhance shoreline biodiversity and ecological function, manage stormwater, and protect against sea level rise and coastal flooding.

POLICY 2.3.5.

Educate and empower stakeholders and communities to know, grow, and steward local native plants and wildlife on private and public property.

Exhibit GG to the DDA contains the Treasure and Yerba Buena Island Parks and Open Space Plan. This Exhibit contains various requirements to promote local native plants and wildlife on public and private property. This Exhibit calls for a Yerba Buena Island Habitat Management Plan, which describes adaptive management strategies for the preservation, restoration, and enhancement of ecological resources and habitat on Yerba Buena Island. The goals and strategies outlined in the plan are an integral part of the YBI open space program. This Open Space Plan includes the trails, overlooks and developed open space areas that will be provided as part of the project as compared with the ongoing and long term management of biological resources, to be managed pursuant to the YBI HMP. Exhibit GG also requires a similar Habitat Management Plan to be prepared as part of the Major Phase Application to address habitat creation, management, and community participation in the Northern Shoreline Park and Wilds.

In addition to habitat management, a 20 - 25 acre organic farm will provide opportunities to grow a variety of crops including; fruits, vegetables, nursery plants and other permaculture products. Programming of the farm is biased towards production but a portion of the farm will be dedicated and open to community farming groups and community gardens.

Exhibit F of the DDA, Developer Obligations from the Community Facilities Plan also contains a requirement for the Developer to improve a site within the open space program to create an environmental learning center on the Island to help with interpretation and understanding of the ecological resources on Treasure Island and Yerba Buena Island. It is anticipated that the Environmental Education Center will start as interpretive signage in the early phases of the project and once the Open Space program has been substantially completed a site will be located on Treasure Island.

OBJECTIVE 3.2.

NEW BUILDINGS. MAXIMIZE THE SAFETY, ENVIRONMENTAL PERFORMANCE, AND CLIMATE ADAPTABILITY OF ALL NEW DEVELOPMENT.

POLICY 3.2.8.

During retrofits and new construction, prioritize building practices that emit lower greenhouse gasses and build resilience to multiple hazards at once, especially in Environmental Justice Communities.

Enhancing long-term sustainability, environmental performance, and reducing greenhouse gasses is one of the key principles guiding the Design for Development, and Treasure Island's architectural design has been envisioned with this goal in mind. Detailed standards for building energy use, water use, material selection, construction activity best practices, and other aspects of green building are included in the companion Green Building Specifications for Treasure and Yerba Buena Islands, Appendix A4 of the Design for Development. The minimum standards in the Green Building Specifications aim to reduce resource and energy consumption, encourage water and solid waste recycling, integrate renewable energy generation, enable rainwater capture, utilize reclaimed water for irrigation and toilets, support walking and other alternative to private automobile use, and support occupant and environmental health.

Exhibit O to the DDA, Developer Environmental Sustainability Obligations, also has various requirements to promote sustainability during new building construction, such as requiring alternatively fueled construction equipment for at least 15% of the construction fleet, diversion of at least 75% of construction debris from landfills back to the manufacturing process or reuse at appropriate sites, provisions for an on-site area for separation, storage, and loading of trash, recyclables, and compostable waste, and committing to good faith efforts to explore feasibility of installing automatic waste management systems.

Mitigation of Seismic Hazards: Throughout the area of vertical development, including the street areas, the fill materials and underlying naturally deposited sands on which the island rests will be consolidated through vibratory compaction through their 50'-70' depth. This is intended to mitigate the potential for liquefaction during future seismic events by pre-consolidating these fill materials. Following compaction of the materials from which the island was constructed, imported soil will be stockpiled on the development areas to simulate the dead weight of the future buildings and other improvements. This weight will induce the consolidation of the bay mud which underlies the sandy fill materials to mitigate settlement that would otherwise occur after the future buildings are constructed. After surcharging, the imported soil will be removed from the site to achieve the desired finished site elevation. Increasing the soil capacity also allows buildings up to 7-stories to be supported on conventional concrete mat foundations. Taller buildings will require deep foundations. All new buildings will include plumbing for reclaimed water to be used for irrigation, in toilets, and various commercial uses.

Mitigation of Sea Level Rise Hazard: The project aims to safeguard against sea level rise by raising the island's base elevation and building areas to accommodate a projected 36 inches of rise by 2100. Most of the island's perimeter will be elevated to withstand a 36 inch rise and storm surges without overtopping, while shoreline structures will be designed with a 16-inch buffer above present sea levels. A development setback of 350 feet on the West and North sides will ensure minimal visual obstructions and public access limitations due to anticipated sea level rise for several decades.

Planning Code Section 302 Findings.

The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

NOW THEREFORE BE IT RESOLVED that the Commission hereby APPROVES proposed Ordinance as described in this Resolution, and recommends it for adoption to the Board of Supervisors.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on April 4, 2024.

Jonas P. Ionin
Commission Secretary

AYES: Diamond, Moore, Braun, Koppel, Imperial, Williams

NOES:

ABSENT:

ADOPTED:

1 [Planning Code, Zoning Map - Treasure Island/Yerba Buena Island]

2
3 **Ordinance amending the Planning Code to revise the Treasure Island/Yerba Buena**
4 **Island Special Use District (SUD), to update the Treasure Island Bulk and Massing**
5 **figure, to make the process for amendments to the Design for Development document**
6 **more flexible, and to provide for additional circumstances that may authorize Minor**
7 **Modifications to the standards in the SUD and Design for Development; revising the**
8 **Zoning Map to change height districts in Treasure Island, to provide for five additional**
9 **feet in certain areas, and to remove the “Special Height District” designation from two**
10 **easements adjacent to Buildings 2 and 3; making findings under the California**
11 **Environmental Quality Act; and making findings of consistency with the General Plan,**
12 **and the eight priority policies of Planning Code, Section 101.1, and findings of public**
13 **necessity, convenience, and welfare under Planning Code, Section 302.**

14 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
15 **Additions to Codes** are in *single-underline italics Times New Roman font*.
16 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
17 **Board amendment additions** are in double-underlined Arial font.
18 **Board amendment deletions** are in ~~strikethrough Arial font~~.
19 **Asterisks (* * * *)** indicate the omission of unchanged Code
20 subsections or parts of tables.

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

22 Section 1. Planning and Environmental Findings.

23 (a) In companion legislation amending the Development Agreement associated with
24 the Treasure Island/Yerba Buena Island project (“Project”), the Board of Supervisors adopted
25 environmental findings pursuant to the California Environmental Quality Act (CEQA)
(California Public Resources Code Sections 21000 et seq.), the CEQA Guidelines (14 Cal.

1 Code Reg. Sections 15000 et seq.), and Chapter 31 of the Administrative Code. The Board of
2 Supervisors adopts these environmental findings as though fully set forth herein in relation to
3 this ordinance. A copy of said companion legislation is in Board of Supervisors File No.
4 _____ and its environmental findings are incorporated herein by reference.

5 (b) In companion legislation amending the Development Agreement associated with
6 the Treasure Island/Yerba Buena Island project, the Board of Supervisors adopted findings
7 that the actions contemplated in this ordinance are consistent, on balance, with the City's
8 General Plan and eight priority policies of Planning Code Section 101.1. The Board
9 incorporates these findings by reference and adopts these findings as its own. A copy of said
10 companion legislation is in Board of Supervisors File No. 240198.

11 (c) Pursuant to Planning Code Section 302, this Board finds that this Planning Code
12 amendment will serve the public necessity, convenience, and welfare for the reasons set forth
13 in Planning Commission Resolution No. _____, adopted on _____, and the Board
14 adopts such reasons as its own. A copy of said resolution is on file with the Clerk of the Board
15 of Supervisors in File No. _____ and is incorporated herein by reference.

16
17 Section 2. Article 2 of the Planning Code is hereby amended by revising Section
18 249.52, to read as follows:

19 **SEC. 249.52. TREASURE ISLAND/YERBA BUENA ISLAND SPECIAL USE**
20 **DISTRICT.**

21 * * * *

22 (d) **Relationship to Design for Development.** The Treasure Island + Yerba Buena
23 Island Design for Development ("Design for Development"), adopted by the Planning
24 Commission (Motion No. 18330) and approved by the Board of Supervisors as part of this
25 Special Use District, and as may be amended from time to time as provided herein, sets forth

1 development and use Standards and Guidelines applicable within this Special Use District.
2 Said Design for Development is hereby incorporated by reference. Any term used in this
3 Special Use District and not otherwise defined shall have the meaning ascribed to it in the
4 Design for Development. TIDA shall have exclusive jurisdiction and approval rights over
5 amendments to the Design for Development that affect only horizontal development. Other
6 than as specified above, the Planning Commission may initiate and adopt amendments to the
7 Design for Development, or may approve amendments to the Design for Development upon
8 ~~application~~ recommendation by TIDA or a written request or application from an owner or lessee of
9 property (or ~~his or her~~ their authorized agent) within this Special Use District. ~~provided,~~
10 ~~however, that p~~ Prior to taking any action to amend the Design for Development, the Planning
11 Commission or Planning Director shall refer the matter to the TIDA Board for review and the
12 TIDA Board shall have 30 days to submit its recommendation to the Planning Commission,
13 unless extended as set forth below. This referral to the TIDA Board shall not be necessary in the
14 following instances: (1) when TIDA is the party requesting the proposed amendments, or (2) when the
15 TIDA Board concurs with the proposed amendments initiated by an owner or lessee of property and
16 recommends the amendments to the Planning Commission. The Planning Commission ~~shall~~ may
17 approve, conditionally approve, or disapprove the proposed amendments within 30 days of
18 receipt of the TIDA Board's recommendation or concurrence or, if the TIDA Board fails to
19 submit a recommendation after the proposed amendments are referred to the TIDA Board by the
20 Planning Commission or Planning Director, within 30 days of the expiration of the TIDA Board's
21 30-day review period. If there is no regular meeting of the TIDA Board within such 30-day review
22 period, then such period shall be extended until the next regular meeting of the TIDA Board; provided,
23 however, that the TIDA Board's review period shall not exceed 60 days from the date the proposed
24 amendments are referred by the Planning Commission or Planning Director. The Planning
25 Commission may not approve an amendment to the Design for Development if it finds that the

1 amendment is inconsistent with this Special Use District, the General Plan, and the approved
2 Development Agreement by and between the City and County of San Francisco and Treasure
3 Island Community Development, LLC relative to the development of Naval Station Treasure
4 Island (File No. 110226) (the "Development Agreement").

5 **(e) Development Controls.** Development and uses of property within this Special
6 Use District shall be regulated by the controls contained herein and in the Design for
7 Development, provided, however, that if there is any inconsistency between this Special Use
8 District and the Design for Development, this Special Use District shall control.

9 * * * *

10 **(6) Building Standards.**

11 * * * *

12 **(C) Building Bulk.** With respect to development on Treasure Island, the
13 applicable bulk limitations shall be as set forth on Figure 6. With respect to development on
14 Yerba Buena Island, the following requirements shall apply: (i) buildings extending more than
15 35 feet above grade shall, above the third floor, step back a minimum distance of 10 feet
16 horizontal for every 10 feet vertical; (ii) buildings fronting on the downhill edge of a street or
17 Drive Court where buildings on the uphill side are allowed shall have a maximum height of 25
18 feet, however for no more than 50% of the width of a residential townhouse unit or lot, but in
19 no instance more than 18-foot increments, the maximum height may be increased to 35 feet;
20 (iii) the height extension referenced in (ii) may not be joined to a similar extension or an
21 adjoining unit or lot and must be configured in a manner that allows potential views from an
22 adjacent uphill unit or lot both over and through the subject unit or lot; (iv) buildings shall be no
23 longer than 150 feet in length, and the maximum plan dimension of a building or structure
24 shall be the greatest plan dimension parallel to the long axis of the building at a given level;
25 (v) the maximum apparent face or elevation length shall be 75 feet; (vi) Mid-rise Buildings on

1 block 4Y (as identified on Figure 1) shall be subject to additional bulk and massing
2 requirements set forth in Section Y4.5.5 of the Design for Development; and (vii) on blocks
3 1Y, 2Y, 3Y and 4Y, a minimum of 1 cross stairway running perpendicular to the topographical
4 contours of the land and no closer than 150 feet from either end of the parcel (measured
5 parallel to the topographical contours) shall be required and integrated into the Island-wide
6 pedestrian trail system.

7 [The existing “Figure 6: Treasure Island Bulk & Massing” is hereby repealed and
8 replaced with the new “Figure 6: Treasure Island Bulk and Massing,” which is on file with the
9 Clerk of the Board of Supervisors in File No. 240199, and is incorporated in this ordinance by
10 this reference. The Code publisher is instructed to include the new “Figure 6: Treasure Island
11 Bulk and Massing” in the Code at the end of subsection (e)(6)(C). This bracketed passage
12 shall not be reprinted in the Code]

13 * * * *

14 **(g) Review and Approval of Vertical Development.**

15 * * * *

16 **(4) Schematic Design Document Applications under Planning**
17 **Commission Jurisdiction.**

18 * * * *

19 **(D) Modifications to Standards.** Modification of the Standards set forth
20 in this Special Use District and contained in the Design for Development may be approved on
21 a project-by-project basis as follows:

22 **(i) No Modifications.** No modifications or variances are
23 permitted for the following Standards in this Special Use District: district-wide maximum off-
24 street auto parking ratios, and height limits.

25

1 **(ii) Major Modifications.** A Major Modification shall be (i) any
2 deviation of more than 10% ~~percent~~ from any quantitative Standard in this Special Use District
3 or the Design for Development or (ii) any modification of the maximum building floor plates. A
4 major modification may be approved only by the Planning Commission at a public hearing,
5 and the Planning Commission's review at such hearing shall be limited to the Major
6 Modification. Notwithstanding any other provisions of this Section 249.52, the Planning
7 Director may refer a proposed modification, even if not otherwise classified as a Major
8 Modification, to the Planning Commission as a Major Modification if the Planning Director
9 determines that the proposed modification does not meet the intent of the Standards set forth
10 in the Design for Development. The Planning Commission may not impose conditions of
11 approval that conflict with the Development Requirements (as such term is defined in the
12 Development Agreement).

13 **(iii) Minor Modifications.**

14 a. Any modification to the building standards of this Special
15 Use District and contained in the Design for Development not considered a Major Modification
16 pursuant to subsection (ii) above shall be deemed to be a Minor Modification. Except as
17 permitted in accordance with subsection (ii) above, a Minor Modification is not subject to
18 review by the Planning Commission.

19 b. In addition to the Minor Modifications of 10% or less from any
20 quantitative Standard in this SUD or the Design for Development, the Planning Director may also
21 grant a deviation from the building standards in this SUD or the Design for Development to the extent
22 necessary to reconcile any inconsistency between the provisions of the SUD, the Design for
23 Development, the Development Agreement or any attachment thereto (including but not limited to the
24 Infrastructure Plan referenced in the Development Agreement), or to comply with the requirements or
25 specifications imposed by any agency with jurisdiction over all or a portion of the Project, in a manner

1 that advances the intent of the SUD, Design for Development, or the Development Agreement
2 (including the agreements and plans referenced in the Development Agreement that the parties must
3 comply with), or is minor or incidental.

4 c. The Planning Director may grant any other deviations from
5 the building standards in this SUD or the Design for Development to the extent necessary to address
6 Changing Building Technologies or Unforeseen Site Circumstances, as defined herein, or, at the
7 Director's election, may request Planning Commission review of any such request for a deviation,
8 provided the Director or the Planning Commission (as applicable) in granting such deviation, makes
9 findings that the granting of such deviation:

10 1. is necessary or desirable to avoid a hardship of
11 complying with the text of this SUD and/or the Design for Development because of an Unforeseen Site
12 Circumstance or to Changing Building Technologies; and

13 2. the deviation will not result in a building of greater
14 total gross floor area than would be permitted if the minor deviations were not otherwise granted and
15 is generally consistent with urban form anticipated by the SUD and the Design for Development; and

16 3. will not be materially detrimental to the public welfare
17 or materially injurious to the property or improvements in the vicinity; and

18 4. such deviation will be consistent with the General Plan
19 and in harmony with the general purpose and intent of the SUD and the Design for Development.

20 d. For the purposes of this SUD and the Design for Development,
21 "Changing Building Technologies" shall mean new generally prevailing and market standard building
22 and engineering technologies, features, means, methods or materials (collectively, "Technologies").

23 e. For purposes of this SUD and the Design for Development,
24 "Unforeseen Site Circumstances" shall mean unanticipated circumstances related to site conditions,
25

1 such as topography, grading, geological features, final infrastructure configurations, or soil
2 conditions.

3 * * * *

4
5 Section 3. The Planning Code is hereby amended in accordance with Planning Code
6 Section 106 by revising Height Map HT14 of the Zoning Map, as follows:

7 (a) To change the maximum height on various parcels; to change the note associated
8 with the (*) sign; and to add a note associated with the sign (+) to the Special Height District,
9 as follows, and as depicted on Figures A.1 (Treasure Island – Existing Height Limits/Zoning
10 Map HT14) and A.2 (Treasure Island – Proposed Height Limits/Zoning Map HT14). These
11 figures are on file with the Clerk of the Board of Supervisors in File No. _____, and are
12 incorporated in this ordinance by this reference.

| Height District or Note Superseded/Added | New Height District or Note |
|--|--|
| 40-TI* | 45-TI* |
| 60-TI | 65-TI |
| 70-TI | 75-TI |
| (*) May be exceeded up to a maximum of 52 feet in certain circumstances (see T4.3.9 and T4.4.7) along the Shared Public Way only | (*) May be exceeded up to a maximum of 55 feet in certain circumstances (see T4.3.9 and T4.4.8) along the Shared Public Way only |
| (N/A) | (+) Heights vary; see Figure T4.t |

23
24 (b) To remove the “Special Height District” designation from two easements located
25 immediately adjacent to and south of Building 2 and north of B2-A for the length of Building 2

1 and immediately adjacent to and south of Building 3 and north of B3-A for the length of
2 Building 3, as shown on Figure A.2, Treasure Island – Proposed Height Limits/Zoning Map
3 HT14. This figure is on file with the Clerk of the Board of Supervisors in File No. 240199, and
4 is incorporated in this ordinance by this reference.

5 (c) To repeal and replace the existing Treasure Island – Existing Height Limits/Zoning
6 Map HT14 with the new Treasure Island – Proposed Height Limits/Zoning Map HT14. These
7 figures are on file with the Clerk of the Board of Supervisors in File No. 240199, described as
8 Figures A.1 and A.2, respectively, and are incorporated in this ordinance by this reference.

9

10 Section 4. Effective Date. This ordinance shall become effective 30 days after
11 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
12 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
13 of Supervisors overrides the Mayor’s veto of the ordinance.

14

15 Section 5. Scope of Ordinance.

16 In enacting this ordinance, the Board of Supervisors intends to amend only those
17 words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks,
18 charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly
19 shown in this ordinance as additions, deletions, Board amendment additions, and Board
20 amendment deletions in accordance with the “Note” that appears under the official title of the
21 ordinance.

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However, notwithstanding the prior sentence, as stated in Section 2 of this ordinance in connection with the amendment of Planning Code Section 249.52(e)(6)(C), this ordinance repeals and replaces an existing “Figure 6: Treasure Island Bulk & Massing” with a new “Figure 6: Treasure Island Bulk and Massing.”

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/ Andrea Ruiz-Esquide
ANDREA RUIZ-ESQUIDE
Deputy City Attorney

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PLANNING COMMISSION RESOLUTION NO. 21543

HEARING DATE: APRIL 4, 2024

Record No.: 2007.0903DVA-2
Project Address Treasure Island/Yerba Buena Island
Zoning: Treasure Island and Yerba Buena Island Zoning District
25-TI – 450 Flex Zone - TI Height and Bulk District
35-Low Rise YBI – 75-Mid Rise YBI
Treasure Island/Yerba Buena Island Special Use District
Tidelands Trust Overlay
Project Sponsor: Charles Shin
Treasure Island Community Development
615 Battery Street, Floor 6
San Francisco, CA 94111
415.905.5300
Legislative Sponsor Mayor London Breed and Supervisor Matt Dorsey, District 6
Staff Contact: Jessica Look, Senior Planner
jessica.look@sfgov.org (628) 652-7455

RESOLUTION APPROVING AN AMENDMENT TO DEVELOPMENT AGREEMENT BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC FOR CERTAIN REAL PROPERTY LOCATED ON TREASURE ISLAND AND YERBA BUENA ISLAND, INCLUDING CHANGES TO THE ATTACHED FINANCING PLAN AND AFFIRMING FINDINGS, INCLUDING FINDINGS THAT THE AGREEMENTS ARE CONSISTENT WITH THE CITY'S GENERAL PLAN AND EIGHT PRIORITY POLICIES OF CITY PLANNING CODE SECTION 101.1 AND AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

WHEREAS, Chapter 56 of the San Francisco Administrative Code sets forth the procedure by which a request for a development agreement and amendments thereto will be processed and approved in the City and County of San Francisco;

WHEREAS, On April 21, 2011 pursuant to Motion 18326, the Planning Commission unanimously approved a series of entitlement and transaction documents for the Project, including certain environmental findings under the California Environmental Quality Act ("CEQA"), Mitigation Monitoring and Reporting Program.

WHEREAS, On April 21, 2011, the Planning Commission adopted Motion No. 18327 and 18328, recommending to the Board of Supervisors approval of the General Plan Amendments consistent with the Treasure Island/ Yerba Buena Island Special Use District, Motion No. 18330 approving the Treasure Island/ Yerba Buena Island Design for Development, Resolution No. 18329, recommending to the Board of Supervisors approval of amendments to the Planning Code and Zoning Map amendments to establish the Treasure Island/ Yerba Buena Island Special Use District and Height and Bulk districts, and Resolution No. 18333, recommending to the Board of Supervisors approval of a Development Agreement between the City and County of San Francisco and Treasure Island Development Corporation LLC (“Development Agreement”);

WHEREAS, On March 5, 2024 Mayor London Breed and Supervisor Matt Dorsey introduced a proposed ordinance, filed under Board of Supervisors (hereinafter “Board”) File Number 240198, which would amend the Development Agreement between Treasure Island Development Corporation, LLC and the City and County of San Francisco. The proposed amendment would update the Financing Plan exhibit to describe the City’s intent to accelerate up to a maximum of \$115 million of general fund-backed public financing into the Project (“Stage 2 Alternative Financing”), likely through a Certificate of Participation, to support continued construction for Stage 2 infrastructure necessary to allow for the development of new parks and shoreline improvements, and market rate and affordable housing parcels for approximately 1,300 units of new housing. The Stage 2 Alternative Financing is anticipated to be structured over the next 3-5 years and would reimburse the Developer for eligible Stage 2 infrastructure costs sooner than they would otherwise be reimbursed through the existing public financing structure; and

WHEREAS, The Stage 2 Alternative Financing would be paid by the City’s general fund and would be structured over the next 3-5 years, tied to the expected capital expenditures for the Stage 2 infrastructure, after the Developer has satisfied various conditions for issuance of such public financing and reimbursement from such proceeds; and

WHEREAS, A fiscal impact study was completed by City consultant Keyser Marston Associates and projects that Treasure Island and Yerba Buena Island will generate an average of approximately \$4.4 million in ongoing net recurring revenues from fiscal year 2025 thru fiscal year 2030, with an additional approximately \$10 million per year in transfer taxes and one-time construction related revenues contingent on assumed land sales and unit sales in this time period, and that by fiscal year 2040, the net recurring revenues generated from Treasure Island and Yerba Buena Island (not including transfer taxes or one-time construction related revenues) are projected to exceed annual required payments for up to \$115 million of Stage 2 Alternative Financing; and

WHEREAS, If the proposed changes to the Financing Plan are approved authorizing the Stage 2 Alternative Financing, City staff will return to the Board of Supervisors at a future date to request Board authorization to proceed with the Project specific Stage 2 Alternative Financing; and

WHEREAS, On March 20, 2024, the Director of Planning received a written request from Treasure Island Development Corporation, LLC (“Project Sponsor”) to amend the Development Agreement pursuant to Chapter 56 of the San Francisco Administrative Code, consistent with the terms of the ordinance introduced by Mayor London Breed and Supervisor Matt Dorsey;

WHEREAS, In furtherance of the Project and the City's role in subsequent approval actions relating to the Project, the City and Treasure Island Development Corporation, LLC negotiated an amendment to the Development Agreement for development of the Project site, which is attached as Exhibit A;

WHEREAS, The City has determined that as a result of the development of the Project site in accordance with the Development Agreement and amendment thereto, clear benefits to the public will accrue that could not be obtained through application of existing City ordinances, regulations, and policies, as more particularly described in the Development Agreement and the proposed amendment thereto and the proposed ordinance contained in Board of Supervisors File No. 18333.

WHEREAS, The amendment to the Development Agreement shall be executed by the Director of Planning and City Attorney, subject to prior approval by the Board of Supervisors.

WHEREAS, The Planning Department and TIDA prepared an Environmental Impact Report for the Project under the California Environmental Quality Act ("CEQA," Public Resources Code Sections 21,000 et. seq;) and the CEQA Guidelines (14 Cal. Code Regs. Sections 15,000 et seq.); and

WHEREAS, On June 7, 2011, pursuant to Resolution No. 246-11, the Board of Supervisors unanimously confirmed certification of the Final Environmental Impact Report ("FEIR") for the Project, and made certain environmental findings under CEQA, including adoption of a Mitigation Monitoring and Reporting Program and a Statement of Overriding Considerations, which resolution is on file with the Clerk of the Board of Supervisors in File No. 110328 and is incorporated herein by reference; and

WHEREAS, CEQA mandates that "when an environmental impact report has been prepared for a project, no subsequent or supplemental environmental impact report shall be required by the lead agency", unless the lead agency determines, on the basis of substantial evidence that the project or its circumstances have changed, or there is new information, and that those changes or new information would cause new significant impacts, or a substantial increase in the severity of previously identified impacts (CEQA Section 21166; CEQA Guidelines Section 15162); and

WHEREAS, The Planning Department prepared an Addendum to the FEIR to analyze the impacts of the proposed amendments to the Planning Code, Zoning Map, Design for Development, Development Agreement and Disposition and Development Agreement for the Project; and

WHEREAS, On April 21, 2011, by Motion No. 18328 and further updated in Resolution No. 21541, the Commission adopted findings regarding the Project's consistency with the General Plan, Planning Code Section 101.1, and all other approval actions associated with the development therein, which findings appropriately support the Commission's resolution as set forth herein and are hereby incorporated by this reference as if fully set forth herein;

WHEREAS, The Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties;

WHEREAS, All pertinent documents may be found in the files of the Department, as the Custodian of Records, at 49 South Van Ness Avenue, Suite 1400, San Francisco;

WHEREAS, The Planning Commission has reviewed the proposed Ordinance;

WHEREAS, The Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

NOW BE IT THEREFORE RESOLVED That the Planning Commission hereby approves a Resolution recommending that the Board of Supervisors approve the proposed ordinance and amendment to the Development Agreement, in substantially the form attached hereto as Exhibit A.

AND BE IT FURTHER RESOLVED, That the Commission finds that the application, public notice, Planning Commission hearing, and Planning Director reporting requirements regarding the Development Agreement negotiations contained in Administrative Code Chapter 56 required of the Planning Commission and the Planning Director have been substantially satisfied in light of the regular meetings held since 2023, the public informational hearings provided by the Planning Department staff at the Planning Commission, and the information contained in the Director's Report.

AND BE IT FURTHER RESOLVED, That the Commission authorizes the Planning Director to take such actions and make such changes as deemed necessary and appropriate to implement this Commission's approval and to incorporate recommendations or changes from other City agencies and/or the Board, provided that such changes do not materially increase any obligations of the City or materially decrease any benefits to the City contained in the Development Agreement, including the amendment thereto attached as Exhibit A.

Findings

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The proposed amendments would assist in implementation of the Treasure Island/Yerba Buena Island Project, which will construct affordable and market-rate housing, commercial facilities, recreational facilities, and numerous public benefits on an underdeveloped site;
2. The proposed amendment would allow the Treasure Island/Yerba Buena Island Project to deliver affordable housing units in a consistent and timely manner;
3. The proposed amendment would allow the Treasure Island/Yerba Buena Island Project to finance essential infrastructure resulting in a vibrant, safe, and well-connected neighborhood with substantial open space and thoughtful connections between private buildings and the public realm;
4. The proposed amendment would allow the Treasure Island/Yerba Buena Island Project to finance parks and open spaces in a neighborhood historically devoid of such amenities;
5. The Project Sponsor has diligently pursued vertical and horizontal development at the Project Site and

consistently since April 21, 2011.

6. The proposed amendment would allow implementation of the Treasure Island/Verba Buena Island Project requires a significant level of infrastructure investment to prepare the island geotechnically, raise the elevation for sea level rise, and install modern utilities, streets, parks, and other community facilities to create a brand new urban neighborhood. The scale and cost of this investment is projected at \$2.5 billion, which is uniquely high among large projects in San Francisco. The proposed amendments would provide a fiscal resource that addresses the significant scale and scope of this project.
7. The proposed amendment would further enable the ongoing advancement of the project, already distinguished with LEED-ND Platinum plan certification—the highest accolade attainable for eco-friendly, sustainable development. Treasure Island stands as one of the most outstanding LEED-ND projects, and notably, the largest to achieve such recognition. These amendments are pivotal in ensuring Treasure Island's continuous progress toward fostering a sustainable community, leveraging cutting-edge innovations in infrastructure, housing, and transportation.
8. The amendments to the Development Agreement are consistent with the General Plan and Planning Code 101.1 findings provided in Planning Commission Motion 18328 and further updated in this Resolution No. 21541 are hereby adopted by reference in this Motion.
9. The Planning Commission has reviewed and concurs with the conclusions of the Addendum and the FEIR, and finds that there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the FEIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the FEIR, as more fully set forth in Planning Commission Resolution 21541 approving amendments to the Planning Code and the Zoning Map. No further environmental review is required.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on April 4, 2024.

Jonas P. Ionin
Commission Secretary

AYES: Diamond, Moore, Braun, Koppel, Imperial, Williams

NOES:

ABSENT:

ADOPTED: April 4, 2024

1 [Development Agreement Amendment - Treasure Island Community Development, LLC -
2 Treasure Island]

3 **Ordinance amending a Development Agreement between the City and County of San**
4 **Francisco and Treasure Island Community Development, LLC, a California limited**
5 **liability company, for the Treasure Island project and to amend the Financing Plan;**
6 **making findings under the California Environmental Quality Act; making findings of**
7 **consistency with the General Plan, and with the eight priority policies of Planning**
8 **Code, Section 101.1(b); and making findings of public necessity, convenience, and**
9 **welfare under Planning Code, Section 302.**

10 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
11 **Additions to Codes** are in *single-underline italics Times New Roman font*.
12 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
13 **Board amendment additions** are in double-underlined Arial font.
14 **Board amendment deletions** are in ~~strikethrough Arial font~~.
15 **Asterisks (* * * *)** indicate the omission of unchanged Code
16 subsections or parts of tables.

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

18 Section 1. Background and Findings.

19 (a) The City and County of San Francisco (the "City") created the Treasure Island
20 Development Authority (the "Authority") in 1997 to serve as the entity responsible for the
21 reuse and development of Naval Station Treasure Island, which encompasses Treasure
22 Island (also referred to as "TI") and portions of Yerba Buena Island (also referred to as "YBI").

23 (b) On June 28, 2011, the Authority and Treasure Island Community Development,
24 LLC ("Developer") entered a Disposition and Development Agreement (the "Treasure
25 Island/Yerba Buena Island DDA" or "DDA"). On the same date, the City and Developer
entered a Development Agreement (the "DA"). The Board of Supervisors approved the DA in

1 Ordinance No. 95-11, Clerk of the Board of Supervisors File No. 110226. Ordinance No. 95-
2 11 and related DA documents and approvals are on file with the Clerk of the Board and
3 incorporated by reference in this ordinance.

4 (c) The DA, DDA, and the Special Use District in Planning Code Section 249.52
5 contemplate a project (the "Project") on Treasure Island and Yerba Buena Island that includes
6 up to 8,000 units of housing, 140,000 square feet of commercial and retail space, 100,000
7 square feet of office space, and up to approximately 300 acres of parks and open space, a
8 ferry terminal, new and upgraded streets, and extensive bicycle, pedestrian, and transit
9 facilities.

10
11 Section 2. Environmental Findings.

12 (a) On June 7, 2011 pursuant to Resolution No. 246-11, which was approved by the
13 Mayor, the Board of Supervisors unanimously confirmed certification of the final
14 environmental impact report ("FEIR") prepared for the Project under the California
15 Environmental Quality Act ("CEQA," Public Resources Code Sections 21000 et. seq;) and the
16 CEQA Guidelines (14 Cal. Code Regs. Sections 15000 et seq.), and made certain
17 environmental findings, including adoption of a Mitigation Monitoring and Reporting Program
18 and a Statement of Overriding Considerations. Said Resolution is on file with the Clerk of the
19 Board of Supervisors in File No 110328.

20 (b) CEQA authorizes lead agencies to prepare addenda to previously-prepared
21 environmental documents when they consider adopting a revised project, and the conditions
22 for preparing subsequent or supplemental environmental review are not met (CEQA Section
23 21166; Guidelines Sections 15162 and 15164).

24 (c) The Planning Department considered the impacts of the proposed amendments to
25 the Development Agreement, as well as concurrent proposed amendments to the Planning

1 Code, Zoning Map, and Disposition and Development Agreement for the Project, and
2 prepared an addendum to the FEIR.

3 (d) The addendum to the FEIR concluded that no supplemental or subsequent
4 environmental review is required for the proposed amendments to the Development
5 Agreement, Planning Code, Zoning Map, and Disposition and Development Agreement for the
6 Project, because the environmental impacts of these actions were adequately identified and
7 analyzed under CEQA in the FEIR, and the proposed amendments would not result in any
8 new or more severe environmental impacts than were identified previously.

9 (e) The Board of Supervisors has reviewed and considered the addendum and the
10 FEIR, and concurs with the Planning Department analysis and conclusions, finding that the
11 addendum adequately identified and analyzed the environmental impacts of the proposed
12 amendments to the Development Agreement, Planning Code, Zoning Map, and Disposition
13 and Development Agreement for the Project, and that no additional environmental review is
14 required under CEQA Section 21166 and CEQA Guidelines Sections 15162-15164, for the
15 following reasons:

16 (1) The Project with the proposed amendments will not have any new
17 significant environmental effects or a substantial increase in the severity of previously
18 identified significant impacts, beyond what was analyzed in the FEIR; and,

19 (2) No substantial changes have occurred with respect to the circumstances
20 under which the Project would be carried out, with the proposed amendments, that would
21 lead to new significant environmental effects, or a substantial increase in the severity of
22 effects identified in the FEIR; and,

23 (3) no new information of substantial importance to the Project analyzed in
24 the FEIR has become available, which would indicate that (i) the Project with the proposed
25 amendments will have significant effects not discussed in the FEIR; (ii) significant

1 environmental effects identified in the FEIR will be substantially more severe; (iii) mitigation
2 measures or alternatives found not feasible, which would reduce one or more significant
3 effects, have become feasible but the City and TIDA refuse to implement them; or (iv)
4 mitigation measures or alternatives, which are considerably different from those in the
5 FEIR, will substantially reduce one or more significant effects, but the City and TIDA refuse
6 to implement them.

7

8 Section 3. General Plan and Planning Code Findings.

9 (a) On _____, the Planning Commission, in Resolution No. _____,
10 adopted findings that the actions contemplated in this ordinance are consistent, on balance,
11 with the City's General Plan and eight priority policies of Planning Code Section 101.1. The
12 Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of
13 the Board of Supervisors in File No. _____, and is incorporated herein by reference.

14 (b) Pursuant to Planning Code Section 302, this Board finds that this ordinance will
15 serve the public necessity, convenience, and welfare for the reasons set forth in Planning
16 Commission Resolution No. _____, and the Board adopts such reasons as its own.
17 A copy of said resolution is on file with the Clerk of the Board of Supervisors in File No.
18 _____ and is incorporated herein by reference.

19

20 Section 4. Development Agreement Amendment.

21 (a) The Board of Supervisors approves an amendment to the Development
22 Agreement, to revise Exhibit D, the Financing Plan, to make certain changes consistent with
23 those changes being made to the Financing Plan as attached to the DDA, to describe the
24 City's intent to accelerate revenues into the Project for the purpose of ensuring Stage 2 of the
25 Project is financially feasible and proceeds and which changes to the DDA, through an

1 amendment to the DDA (the “DDA Amendment”), in addition to other changes, are being
2 considered by the Board of Supervisors concurrently with the consideration of this Ordinance.

3 (b) The Board of Supervisors also approves certain other changes to DA Exhibit A,
4 Project Site, to reflect revisions to the Marina lease boundaries; DA Exhibit B, Legal
5 Description, to reflect revisions to the Marina lease boundaries; and, DA Exhibit C, Project
6 Approvals, to reflect revisions to the Project Approvals consistent with amendments to certain
7 documents as included in the DDA Amendment being considered concurrently with the
8 consideration of this Ordinance.

9 (c) The Board of Supervisors authorizes the execution, delivery, and performance
10 by the City of the amendment to the Development Agreement as follows: (i) the Director of
11 Planning and (other City officials listed thereon) are authorized to execute and deliver the
12 Development Agreement; and (ii) the Director of Planning and other applicable City officials
13 are authorized to take all actions reasonably necessary or prudent to perform the City's
14 obligations under the Development Agreement in accordance with the terms of the
15 Development Agreement amendment.

16 (d) The Board of Supervisors finds that this ordinance satisfies the requirements of
17 both Article 11 of the Development Agreement and Chapter 56 of the Administrative Code as
18 governing the amendment of the Development Agreement.

19
20 Section 5. Effective Date. This ordinance shall become effective 30 days after
21 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the

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1 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
2 of Supervisors overrides the Mayor's veto of the ordinance.

3

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

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7 By: /s/ HEIDI J. GEWERTZ
8 HEIDI J. GEWERTZ
9 Deputy City Attorney

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EXECUTIVE SUMMARY

PLANNING CODE, DESIGN FOR DEVELOPMENT AND DEVELOPMENT AGREEMENT AMENDMENTS

HEARING DATE: April 4, 2024

Record No.: 2007.0903PCA-03MAP-03GEN-05DVA-02
Project Address: Treasure Island and Yerba Buena Island
Zoning: Treasure Island and Yerba Buena Island Zoning District
25-TI – 450 Flex Zone - TI Height and Bulk District
35-Low Rise YBI – 75-Mid Rise YBI
Treasure Island/Yerba Buena Island Special Use District
Tidelands Trust Overlay
Project Sponsor: Charles Shin
Treasure Island Community Development
615 Battery Street, Floor 6
San Francisco, CA 94111
(415) 905-5300
Legislative Sponsor Mayor London Breed and Supervisor Matt Dorsey, District 6
Staff Contact: Jessica Look, Senior Planner
jessica.look@sfgov.org (628) 652-7455

Environmental

Review: Addendum to FEIR - On April 7, 2011, the Planning Commission certified the Final Environmental Impact Report on March 6, 2011, the Planning Department published an Addendum to the FEIR.

Recommendation: Approval

Summary

Development on Treasure Island has made significant progress in the last several years towards completion of the first stage of construction. Today, there are nearly 1,000 homes near completion along with parks, utilities, public art, new streets and ferry service, and yet the project is at risk of slowing due to infrastructure delays, increased construction costs, and the challenging economy. Since early 2023, the project's developer, Treasure Island

Community Development, LLC (“TICD”) and Office of Economic and Workforce Development (“OEWD”) have been in conversation with the City and the Treasure Island Development Authority (“TIDA”) highlighting areas of possible change that could improve the delivery, financial feasibility, sustainability of the Yerba Buena Island and Treasure Island Development project (the “Project”). TICD shared updated project cost and economic outlook projections demonstrating the financial constraints the project was facing, including the difficulty in securing traditional financing for the construction of infrastructure necessary to commence the next building phase, Stage 2.

From Spring 2023 through today, the OEWD has led an effort with TICD, TIDA, City Administrator's Office, Controller's Office, Mayor's Office, and Planning Department, to revise certain areas of the Disposition and Development Agreement (“DDA”), Development Agreement (“DA”), Planning Code, Zoning Map, and Design for Development to improve the feasibility and delivery of the Project as well as reaffirm certain existing provisions.

The Treasure Island/Yerba Buena Island Development Project (the “Treasure Island Project”) was approved by the San Francisco Board of Supervisors in June 2011 pursuant to a Development Agreement (San Francisco Board of Supervisors in Ordinance No. 0095-11, the “Development Agreement”). The Development Agreement is a legally-binding contract between the City and Project Sponsor that lays out the obligations of and benefits afforded the Project Sponsor and the City. The Development Agreement establishes the overall framework for the project and the public benefits negotiated by the City, in exchange for a guarantee of the right of the Project Sponsor to build the project in accordance with the Special Use District established in the Planning Code and the Design for Development (design standards and guidelines for the project) while the Agreement is in effect. The Development Agreement was approved by the Planning Commission and the Board of Supervisors, and executed by the directors of other key agencies, specifically the Treasure Island Development Authority (TIDA). Since the project involves the development of City-owned land, the project includes a Disposition and Development Agreement, or “DDA”, that contains the financial arrangements between the City and the master developer and also many of the kinds of provisions typically found in a DA for developments on sites that are primarily privately-owned. The DDA is an agreement between TIDA and Treasure Island Community Development, and contains 33 exhibits including the Financing plan, the Housing Plan, Infrastructure Plan, Parks and Open Space Plan, Schedule of Performance, and other provisions. Amendments to the DDA require action before the TIDA Board and Board of Supervisors. Amendments to the DA, which operates as the primary entitlement for the development, requires action before the Planning Commission and the Board of Supervisors.

On March 5, 2024, Mayor London Breed and Supervisor Matt Dorsey co-sponsored and introduced legislation at the Board of Supervisors to approve the Amended and Restated DDA, First Amendment to the DA, and amendments to the Planning Code and Zoning Map. Pursuant to the same legislative processes required to approve the original DDA, a hearing before the TIDA Board of Directors was required to approve all related changes to the Amended and Restated DDA. That hearing occurred on March 13, 2024, and the TIDA Board of Directors recommended approval to the Amended and Restated DDA and voted unanimously to recommend approval to the Planning Commission for the Design for Development document.

Description of the Development Agreement Amendment

The proposed amendment would update the Financing Plan exhibit within the DA to align with the same modifications being proposed in the DDA Financing Plan exhibit. One of the primary goals for the proposed amendments is to accelerate fiscal resources for the project and revise provisions in the Financing Plan that have economically constrained the Project. The City and developer propose to use general fund Certificates of

Participation (COP) to partially finance the next major stage of infrastructure development in the project (Stage 2). The approximately \$115 million COP will fund the remaining costs of infrastructure in Stage 2 that are required in order for the housing and community benefits to be delivered in this major phase. The existing project agreements already commit the City to fund these infrastructure costs through the established Infrastructure and Revitalization Financing District (IRFD), the Community Facilities District (CFD), or other public sources, but there is not sufficient capacity in the existing CFD or IRFD to invest in the project now. With a near-term COP, the City can accelerate its planned investment in the project to catalyze the development of the next stage in a moment when it would not otherwise be able to advance in a timely manner. These changes would not affect the program of development or the delivery of public benefits.

The proposed amendment would update Exhibit C, Project Approvals, to reflect revisions to the Project Approvals consistent with amendments to certain documents as included in the DDA Amendment. Notwithstanding the noticing for this item, the parties have determined that amendments to Exhibit A, Project Site, and Exhibit B, Legal Description, that would reflect revisions to the Marina lease boundaries, are unnecessary and therefore no amendments to these exhibits will be made.

Key Changes:

- Amend the Financing Plan to describe the City's intent to accelerate revenues into the project for the purpose of reimbursing up to \$115 million of Stage 2 costs in the near-term (see more detail in Attachment B – TI/YBI Summary of Fiscal Terms):
 - \$115 million in City-supported capital funds (e.g. Certificates of Participation or COPs) to accelerate funding for Stage 2 infrastructure (the COPs constitute Stage 2 Alternative Financing in the Financing Plan);
 - COPs would be structured over the next 3-5 years based on development milestones to pay for eligible infrastructure costs;
 - Like other certificates of participation used by the City to finance capital projects, the COPs will represent lease payments to be made by the City from the City's General Fund for an existing City asset; staff expects that, except for the Stage 2 Contribution described below, the lease payments will be paid from General Fund revenues derived from the Project that would not exist but for the Project;
 - The Financing Plan already contemplates various sources of public financing for the project and the COPs revenue would fit into this definition. As such, the mechanics of how the funds are disbursed will be subject to the project's existing Acquisition and Reimbursement Agreement.
- Amend the Acquisition and Reimbursement Agreement to allow for a more expedited reimbursement process for costs reimbursed by the Stage 2 Alternative Financing to enable the developer's cashflow to fund Stage 2.

Risk Mitigation Strategies

To address the additional cost burden to the General Fund as a result of the COPs and to address the need to continue ongoing project investments, the Financing Plan has also been revised to include the following risk mitigation strategies (see more detail in Attachment B – TI/YBI Summary of Fiscal Terms):

- The amended Financing Plan redirects residual property tax increment from the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (IRFD) and residual special taxes from one or more improvement areas in City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (CFD) in the amount of \$550,000 per year to directly offset lease payments paid by the General Fund. The annual contribution (“Stage 2 Contribution”) will start in the first year the COPs are issued and continue to the earlier of (i) the final maturity date of the COPs and (ii) the date on which the aggregate Stage 2 Contributions are equal to the one year of debt service.
- Require that certain developer revenues (land sale revenues, reimbursements from the IRFD and CFD) be reinvested into the Project until the Stage 2 infrastructure is complete (as defined in a variety of ways in the Financing Plan).

Description of Amendments for the Design for Development

The Treasure Island and Yerba Buena Island Design for Development is a document which, together with the Special Use District in the Planning Code, sets forth the specific standards and guidelines for the development, including, but not limited to, site coverage, building height and bulk, setbacks, tower placement, street frontage, parking and loading and open space. The proposed amendments to the Design for Development seek to incorporate adjustments based on lessons learned in implementation in Phase One. Furthermore, these amendments aim to address unforeseen constraints arising from site conditions and updates to the California Building Code. The proposed amendments affect only vertical improvements, that is the development within individual buildings or structures in accordance with any applicable Vertical Development and Disposition Agreement (Vertical DDA). Most of these changes would not result in any change to building form or massing and none would result in an increase to the overall development program for the Islands.

Staff has included an Exhibit D to this report, which contains only the amended pages with redlines and edited pages. For a complete PDF of the entire Design for Development document with inserts of the redline pages, please visit <https://shorturl.at/AGRVO>

Key Changes

Below are the key changes to the Design for Development. Please refer to Exhibit C which is an expanded list with additional details and reasons for change.

- **Elevator Overrun and Windscreen Allowance:** Introduces provisions for elevator overruns and transparent windscreens to accommodate commercially desirable high-speed elevators and foster habitable rooftop areas, particularly considering the windy microclimate at Treasure Island.
- **Max Height Revisions:** Adds 5 feet to the maximum height limits for buildings in certain areas of the height

map (40' to 45', 60' to 65', 70' to 75'), to accommodate desired floor counts within constraints while meeting other building and design requirements for stoops and mechanical equipment.

- **Max Floor Plate Adjustment:** Increases maximum floor plate dimensions from 10,500 square feet to 10,600 square feet for specific types of buildings to regain lost net square footage from changes to fire code between California Building Code 2007 and 2023. There will be no change to max plan length, max apparent face, or max diagonal dimensions.
- **Stoops Modification:** Adds previously granted minor modifications provisions to certain vertical developments for issues that were unforeseen at the time of the project's initial approval. Exempts 100% affordable supportive or transitional housing projects from requirement, where needs and safety of population require monitored access.
- **Mid-block Fenestration Flexibility:** Provides more flexibility in design relative to the California Building Code, which imposes overlapping constraints on such fenestration.
- **Rooftop Mechanical Screening:** Clarifies that rooftop mechanical equipment greater than 4 feet in height should be screened from sightlines at or below roof level.
- **Yerba Buena Island Height Extensions:** Permits "mirroring" of permitted height extensions for a townhome, up to a maximum of two units. This would increase efficiency between adjacent units, particular of plumbing systems.
- **Yerba Buena Island Irrigation:** Eliminates a provision that implied permanent irrigation was not required for drought-tolerant vegetation.
- **Process for Design for Development Amendment.** Conforms to proposed amendments in the SUD to provide flexibility in the process for amending the Design for Development.
- **Alphabetization of Definitions:** Relocating erroneously alphabetized definitions within the Definitions Appendix for clarity and organization.

Description of Amendments to the Planning Code and Zoning Map

Changes to the Design for Development align with certain sections within the Treasure Island/Yerba Buena Island Special Use District (SUD) planning code section 249.52 and Zoning Map Height 14 (H14). As such, additional amendments have also been proposed to this code section and zoning map sheet to ensure coherence and compliance with the Design for Development. The following is proposed to be amended.

Zoning Map H14 (Height Map):

- Adds 5 feet to the maximum height limits for buildings in certain areas of the zoning map, to accommodate desired floor counts within constraints while meeting other building and design requirements for stoops and mechanical equipment. This will also make the Zoning Map consistent with the Design for Development Height Map.
- Other amendments to footnotes which would make the Zoning Map consistent with the Design for

Development Height Map. This is to add “Heights vary, see Figure T4.T and in second footnote, change 52’ to 55’ and change T4.4.7 to T4.4.7.

- Correction of Special Height District Designation: This amendment rectifies an inaccurately coded designation. It would remove from the Zoning Height Map, the “Special Height District” designation on two strips of land, the first immediately south of Building 2 and north of B2-A and immediately south of Building 3 and north of B3-A. The incorrect designation is also in conflict with the intent of the land in question, which is described in D4D Figures T4.c, T4.d, and T4.t, and standard T4.1.4, as horizontal building easements.
- For additional details, see Exhibit E- Treasure Island Height Zoning Map HT14 – Existing and Proposed

Planning Code Section 249.52 – Treasure Island / Yerba Buena Island Special Use District

- Figure 6 – to update the figure to match D4D. Max Floor Plate Adjustment: Increases maximum floor plate dimensions from 10,500 square feet to 10,600 square feet for specific types of buildings to regain lost net square footage from changes to fire code between California Building Code 2007 and 2023. For additional details, see Exhibit E, TI Bulk and Massing Figure 6 – Existing and Proposed
- Provisions for Unforeseen Circumstances or Changing Building Technologies: To provide for additional relief that may be provided by the Planning Director in instances of unforeseen circumstances or changing technological paradigms, as long as overall gross floor area remains constant.
- Adding additional flexibility to the process for amending the Design for Development document.
- For additional details please refer to the proposed Planning Code and Zoning Map ordinance. The draft Resolution to approve the Ordinance are also included in packet.

Required Commission Action

In order for the Project to proceed, the Commission must:

1. Approve the Planning Code Text Amendments and the Zoning Map Amendments and recommend them to the Board of Supervisors for their adoption (Board File No. 240199)
2. Adopt amendments to the Treasure Island/Verba Buena Design for Development to facilitate implementation; and
3. Approve amendments to the Treasure Island/Verba Buena Development Agreement, and recommend them to the Board of Supervisors for their adoption (Board File 240198)

Issues and Other Considerations

- **Public Comment & Outreach.**

- **Support/Opposition:** The Department has not received any letters in support or in opposition to the Project.
- **Outreach:** Treasure Island Community Development (TICD), the master developer of the Island, has engaged in a robust community outreach program throughout the development of the Project. The general planning principles for the Islands were developed through numerous public workshops and meetings held over a more than 15-year period in a collaborative effort between City and Developer. Overall, community planning played a crucial role in shaping the redevelopment of Treasure Island, ensuring that the project reflected the priorities and aspirations of the local community while also aligning with broader planning objectives for the city of San Francisco.

On January 20, 2024, TICD participated in a community open house entitled “Treasure Island Transition Talks”. The community meeting was hosted by District 6 Supervisor Matt Dorsey with One Treasure Island and a collaboration of City agencies. The City agencies included Treasure Island Development Authority (TIDA), San Francisco County Transportation Authority (SFCTA), San Francisco Planning Department, and Treasure Island Mobility Management Agency (TIMMA)

The event featured three stations providing updates on neighborhood planning, including proposed updates to the Island's Project Agreements, community development and equity efforts, and near-term and long-term transportation improvement plans. Approximately 68 community members attended the open house and were encouraged to participate in a survey about their experience. The majority of survey respondents found the event valuable and informative about the changes on the Island. TICD remains committed to participating in future open houses.

- The Treasure Island/Verba Buena Island Project encompasses a multi-phased, mixed-use development plan, adhering to the terms of the Development Agreement. This project involves the construction of various residential, commercial, community facilities, and open space amenities. It is envisioned to accommodate up to 8,000 new residential units, with a commitment that at least 25% (2,000 units) will be designated as affordable housing for a diverse spectrum of very-low to moderate income households. Additionally, the project will incorporate the adaptive reuse of approximately 311,000 square feet of historic structures, as well as the integration of around 140,000 square feet of new retail space, 100,000 square feet of commercial office space, and approximately 300 acres of parks and open space. Furthermore, it will entail the establishment and enhancement of public facilities, including a joint police/fire station, a school, amenities for the Treasure Island Sailing Center, and other community services. The project's scope also extends to landside improvements for a new 400-slip marina, alongside transportation infrastructure enhancements, notably a ferry/quay intermodal transit center.
- Since the Project has been approved in 2011, the Developer has proceeded to substantially complete backbone infrastructure in Sub-Phases 1YA and 1YB (on Yerba Buena Island), and Sub-Phases 1B, 1C, and 1E (on Treasure Island) to support the construction of up to approximately 2,000 residential units, of which 974 have either been completed or are currently under construction, and of which 315 are

below market rate. Developer has also obtained approval of Sub-Phases 1A, 1D, 1F, 1G, 1H, and 1I on Treasure Island and has initiated preliminary construction activities (demolition and geotechnical) in these Sub-Phases. The next stage of development on Treasure Island will support up to 1,500 residential units, including 250 below market rate units and a 240-bed behavioral health project, all of which are needed for the City to address its housing needs, including advancing toward its housing production goals established under its Housing Element 2022 Update of the General Plan and the Mayor's Housing for All implementation strategy.

- **Project Approvals to Date.** Prior to submittal of the current DA modification request, and amendments to the planning code, height map and Design for Development, the Project has received the following approvals from the Planning Director and/or Planning Commission.
 - On April 7, 2011, the Planning Commission adopted Motion No. 18326, certifying the Final Environmental Impact Report; through Motion No. 18326, adopted findings pursuant to CEQA for the Project (including a statement of overriding considerations and a mitigation monitoring and reporting plan); adopted Motion No. 18327, recommending to the Board of Supervisors approval of the General Plan Amendments consistent with the Treasure Island/Yerba Buena Special Use District; adopted Motion No. 18330, approving the Treasure Island and Yerba Buena Island Design for Development; adopted Resolution No. 18329, recommending to the Board of Supervisors approval of amendments to the Planning Code and Zoning Map to establish the Treasure Island/Yerba Buena Special Use District and Height and Bulk districts; and adopted Resolution No. 18333, recommending to the Board of Supervisors approval of a Development Agreement between the City and County of San Francisco and Treasure Island Development Corporation, LLC. The Project was finally approved by the Board of Supervisors on April 21, 2011.
 - On September 12, 2018, the Planning Department has granted minor modifications to the Treasure Island Special Use District and the Design for Development on a project-by-project basis for the following items: Transparency (Standard T5.4.2), Individual Access (Standard T5.3.1) and Setback Zone: Grade separation of ground floor units (Standard T5.3.9), Datum Point for Measuring Height (Standard Y4.4.2). Sustainable Building Design: Irrigation (Standard T5.2.2). Please see Exhibit I for further information.

Environmental Review

On April 7, 2011, the Planning Commission certified the Final Environmental Impact Report (FEIR) for the Project. On March 6, 2024, the Planning Department published an Addendum to the FEIR. Planning Department Environmental Review Staff have determined that the proposed amendments to the Development Agreement and its Financing Plan, the amendments to the TI/YBI SUD and the amendments to the Design for Development do not constitute a substantial project change and that there have been no substantial changes in project circumstances that would require major revisions to the FEIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the FEIR or Addendum. The FEIR and the Addendum have been available for Commission and public review. Addendum is attached to this report as Exhibit J.

Public Comment

As of the date of this report, the Planning Department has not received any public comment on the proposed amendments to the DA, the planning code, zoning map or the Design for Development document.

RECOMMENDATION: Approval

Attachments:

Planning Code and Zoning Map Amendments – Draft Resolution
Planning Code and Zoning Map Amendments - Proposed Ordinance
Design for Development Amendments - Draft Motion
Modification to Development Agreement and Financing Plan – Draft Resolution
Modification to Development Agreement and Financing Plan – Proposed Ordinance

Exhibit A – Draft Amendment to the Development Agreement
Exhibit B- Treasure Island/Yerba Buena Island Development Summary of Fiscal Terms
Exhibit C- List of Design for Development Amendments
Exhibit D- Redline version of respective Design for Development pages where amendments are being proposed
Exhibit E- Treasure Island- Height Zoning Map HT14 - Existing and Proposed
Exhibit F- Treasure Island Bulk and Massing Figure 6 (Planning Code) – Existing and Proposed
Exhibit G- Development Agreement Director’s Report
Exhibit H- Letter from TICD to Planning Requesting Amendments dated March 20, 2024 (with attachments)
Exhibit I – Modifications to the Treasure Island Design for Development, Sept. 12, 2018.
Exhibit J - TI / YBI FEIR Addendum

This document is exempt from payment of a recording fee pursuant to California Government Code Section 27383

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

Treasure Island Development Authority
c/o Office of Economic and Workforce Development
City Hall, Room 448
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attention: Treasure Island Project Director

Treasure Island/Yerba Buena Island
APN: [_____]

Space Above Reserved for Recorder's Use

FIRST AMENDMENT TO
DEVELOPMENT AGREEMENT

between

THE CITY AND COUNTY OF SAN FRANCISCO

and

TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC

RELATIVE TO TREASURE ISLAND/YERBA BUENA ISLAND

FIRST AMENDMENT TO DEVELOPMENT AGREEMENT

This FIRST AMENDMENT TO DEVELOPMENT AGREEMENT (this “**First Amendment**”) is made as of _____, 2024 (the “**Effective Date**”) by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “**City**”), and TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC, a California limited liability company (“**Developer**”), pursuant to the authority of Section 65864 *et seq.* of the California Government Code and Chapter 56 of the Administrative Code.

RECITALS

A. The City and Developer entered into that certain Development Agreement, dated for reference purposes only as of June 28, 2011 and recorded in the Official Records of the City and County of San Francisco (the “**Official Records**”) on August 10, 2011 as Document No. 2011-J235240 (the “**Development Agreement**”). All initially capitalized terms used but not defined in this First Amendment shall have the meaning given to such terms in the Development Agreement. The Development Agreement relates to certain property, as shown in the attached Exhibit A and more particularly described in the attached Exhibit B (the “**Project Site**”).

B. On June 7, 2011, the Board of Supervisors by Resolution 241-11 approved that certain Disposition and Development Agreement (Treasure Island/Yerba Buena Island) between the Parties (as amended, the “**Original DDA**”). The Parties subsequently entered into the Original DDA, dated for reference purposes only as of June 28, 2011 (the “**Original Reference Date**”). The Original DDA was subsequently amended by that certain First Amendment to Disposition and Development Agreement (Treasure Island/Yerba Buena Island) dated as of October 23, 2015 and recorded in the Official Records on November 5, 2015 as document No. 2015-K153304, and by that certain Second Amendment to Disposition and Development Agreement (Treasure Island/Yerba Buena Island) dated as of January 18, 2018 and recorded in the Official Records on January 22, 2018 as document No. 2018-K569072.

C. Since the Original Reference Date, the Project has faced a series of challenges, including at least six years of permitting and construction delays arising from, among other things, CEQA litigation, significant construction cost increases, a global pandemic, a rapid rise in interest rates, and a softening of the San Francisco residential condominium and rental markets. Despite these challenges, Developer has proceeded to substantially complete Infrastructure and Stormwater Management Controls within Sub-Phase 1 (on Yerba Buena Island), and Sub-Phase 2 (on Treasure Island) to support the construction of up to approximately 2,000 residential units, of which 974 have either been completed or are currently under construction, and of which 315 are below market rate. Developer has also obtained approval of Sub-Phase 3 on Treasure Island and has initiated preliminary construction activities (demolition and geotechnical) in this Sub-Phase. However, in light of these delays and challenging market conditions, Developer now faces potential delays in its ability to finance and build the necessary Infrastructure and Stormwater Management Controls for the next sub-phase of development on Treasure Island, which is intended to support up to 1,500 residential units, including 250 affordable housing units and a 240 bed behavioral health project, all of which are needed for the City to achieve its housing production goals established under its Housing Element 2022 Update of the General Plan and the Mayor’s Housing for All implementation strategy.

D. In light of these significant Project challenges, the Authority and Developer, together with the City, have negotiated a financial package that will allow Developer and Vertical Developers to continue with horizontal and vertical development, contribute to the City's housing production goals and provide the Authority with the remainder of the Major Phase 1 public improvements in a timely manner. This First Amendment addresses a subset of those challenges by, among other things, amending the Financing Plan to reflect the City's and Developer's commitment to the Project.

E. The Parties now wish to execute and record this First Amendment to set forth certain modifications to the Development Agreement to reflect the City's and Developer's commitment to the Project.

A G R E E M E N T S

NOW, THEREFORE, in consideration of the foregoing Recitals, the covenants and agreements set forth in this First Amendment and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Developer and City hereby agree as follows:

1. EXHIBITS

Exhibit C (Project Approvals) is hereby deleted in its entirety and amended and restated by Exhibit C attached hereto.

Exhibit D (Financing Plan) is hereby deleted in its entirety and amended and restated by Exhibit D attached hereto.

2. NOTICE ADDRESSES

The Parties hereby include a statement of the current addresses of the Parties for purposes of notices delivered in accordance with Section 11.9 of the Development Agreement:

To the City:

Office of Economic and Workforce Development
City Hall, Room 448
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Treasure Island Project Director

with a copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Real Estate/Finance

To Developer:

Treasure Island Community Development, LLC
c/o Lennar
2000 FivePoint, 3rd Floor
Irvine, California 92618
Attn: Sandy Goldberg; Laura Mask

with a copy to:

Wilson Meany
4 Embarcadero Center, Suite 3330
San Francisco, California 94111
Attn: Chris Meany; Controller

with a copy to:

Gibson, Dunn & Crutcher LLP
One Embarcadero Center, Suite 2600
San Francisco, California 94111-3715
Attn: Neil H. Sekhri

3. NO OTHER MODIFICATIONS

Except as expressly provided in this First Amendment, the terms and provisions of the Development Agreement are unmodified.

4. COUNTERPARTS

This First Amendment may be signed in counterparts, each of which shall be an original and all of which together shall constitute one instrument.

[Signatures on following page.]

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment as of the Effective Date.

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Rich Hillis
Director of Planning

Approved as to form:

DAVID CHIU,
City Attorney

By: _____
Heidi Gewertz
Deputy City Attorney

Approved on _____, 202_

Board of Supervisors Ordinance No. _____

[Signatures continue on following page.]

DEVELOPER:

TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC,
a California limited liability company

[INSERT TICD SIGNATURE BLOCK]

Consented to by:

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

By: _____
Name: [_____]]
Its: [_____]]

TREASURE ISLAND SERIES 2, LLC,
a Delaware limited liability company

By: _____
Name: [_____]]
Its: [_____]]

TREASURE ISLAND SERIES 3, LLC,
a Delaware limited liability company

By: _____
Name: [_____]]
Its: [_____]]

NOTARY ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____)SS
COUNTY OF _____)

On _____

before me, _____, a Notary Public, personally appeared

who 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 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

NOTARY ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____)SS
COUNTY OF _____)

On _____

before me, _____, a Notary Public, personally appeared

who 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 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

Exhibit A

Project Site

[To Be Attached]

Exhibit B

Legal Description of Project Site

[To Be Attached]

Exhibit C

Project Approvals

- Certification of Environmental Impact Report, State Clearinghouse No. 2008012105 (Planning Commission Motion No. 18325; TIDA Resolution No. 11-14-04/21)
- Development Agreement (Board of Supervisors Ordinance No. 95-11; San Francisco Municipal Transportation Agency Resolution No. 11-0059; San Francisco Public Utilities Commission Resolution No. Resolution No. 11-0068)
- Disposition and Development Agreement (TIDA Resolution No. 11-18-04/21; Board of Supervisors Ordinance No. 241-11)
- Design for Development (D4D) (Planning Commission Motion No. 18330)
- Interagency Cooperation Agreement (ICA) (TIDA Resolution No. 11-24-04/27; SFMTA Resolution No. 11-0059; SFPUC Resolution No. 11-0068)
- Amendments to the San Francisco General Plan, amending the Commerce and Industry Element, Community Facilities Element, Housing Element, Recreation and Open Space Element, Transportation Element, Urban Design Element, and Land Use Index, maps and figures in various elements, and by adopting and adding the Treasure Island/Yerba Buena Island Area Plan (Board of Supervisors Ordinance No. 97-11)
- Amendments to the San Francisco Planning Code by amending Sections 102.5 and 201 to include the Treasure Island/Yerba Buena Island districts; amending Section 105 relating to height and bulk limits for Treasure Island/Yerba Buena Island; adding Section 249.52 to establish the Treasure Island/Yerba Buena Island Special Use District (which incorporates by reference the Design for Development); adding Section 263.26 to establish the Treasure Island/Yerba Buena Island Height and Bulk District; and amending the bulk limits table associated with Section 270 to refer to the Treasure Island/Yerba Buena Island Height and Bulk District (Board of Supervisors Ordinance No. 98-11)
- Amendment to the Zoning Map of the City and County of San Francisco by adding new Sectional Map ZN14 to show the zoning designations of Treasure Island/Yerba Buena Island; adding new Sectional Map HT14 to establish the Height and Bulk District for Treasure Island/Yerba Buena Island; adding new Sectional Map SU14 to establish the Treasure Island/Yerba Buena Island Special Use District (Board of Supervisors Ordinance No. 96-11)
- Adopting CEQA Findings and a Mitigation Monitoring and Reporting Program (TIDA Resolution No. 11-15-04/21; Board of Resolution No. 246-11; Planning Commission Motion No. 18326; San Francisco Municipal Transportation Agency Resolution No. 11-0059; San Francisco Public Utilities Commission Resolution No. Resolution No. 11-0068)

- Adopting the Subdivision Code of the City and County of San Francisco for Treasure Island and Yerba Buena Islands (Board of Supervisors Ordinance No. 99-11)
- Amended and Restated Disposition and Development Agreement (TIDA Resolution No. [____]); Board of Supervisors Resolution No. [____])
- First Amendment to Development Agreement (Board of Supervisors Ordinance No. [____])
- Amendments to the San Francisco Planning Code to revise the Treasure Island / Yerba Buena Island Special Use District (SUD), to update the Treasure Island Bulk and Massing figure, and to provide for additional circumstances that may authorize Minor Modifications to the standards in the SUD, as defined; revising the Zoning Map to change height districts in Treasure Island, to provide for 5 additional feet in certain districts and make other minor changes (Board of Supervisors Ordinance No. [____])

Exhibit D

Financing Plan

[To Be Attached]

107121005.6

Exhibit EE

**AMENDED AND RESTATED FINANCING PLAN
(TREASURE ISLAND/YERBA BUENA ISLAND)**

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TABLE OF CONTENTS

| | <u>Page</u> |
|---|--------------------|
| <u>1.</u> <u>OVERVIEW</u> | 1 |
| <u>1.1</u> <u>Project Purposes; Project Accounts</u> | 1 |
| <u>1.2</u> <u>Funding Sources for Project Costs</u> | 3 |
| <u>1.3</u> <u>Distribution of Net Cash Flow</u> | 4 |
| <u>1.4</u> <u>Reimbursements of Additional Consideration</u> | 9 |
| <u>1.5</u> <u>Consultants</u> | 10 |
| <u>1.6</u> <u>Recordkeeping</u> | 10 |
| <u>1.7</u> <u>Unreimbursed Authority Costs</u> | 12 |
| <u>2.</u> <u>COMMUNITY FACILITIES DISTRICT FINANCING</u> | 12 |
| <u>2.1</u> <u>Formation of CFDs</u> | 12 |
| <u>2.2</u> <u>Scope of CFD-Financed Costs</u> | 13 |
| <u>2.3</u> <u>Parameters of CFD Formation</u> | 13 |
| <u>2.4</u> <u>Issuance of CFD Bonds</u> | 17 |
| <u>2.5</u> <u>Use of Proceeds</u> | 18 |
| <u>2.6</u> <u>Miscellaneous CFD Provisions</u> | 18 |
| <u>2.7</u> <u>Ongoing Park Maintenance</u> | 21 |
| <u>2.8</u> <u>CFD Limitations</u> | 24 |
| <u>3.</u> <u>INFRASTRUCTURE FINANCING DISTRICT FINANCING</u> | 25 |
| <u>3.1</u> <u>Formation of IFDs</u> | 25 |
| <u>3.2</u> <u>Scope of IFD-Financed Costs</u> | 26 |
| <u>3.3</u> <u>Issuance of IFD Debt</u> | 26 |
| <u>3.4</u> <u>Pledge of Net Available Increment</u> | 27 |
| <u>3.5</u> <u>Budget Procedures</u> | 28 |
| <u>3.6</u> <u>Housing Costs</u> | 29 |
| <u>3.7</u> <u>Miscellaneous IFD Provisions</u> | 30 |
| <u>3.8</u> <u>IFDs and Net Available Increment Upon Termination</u> | 32 |
| <u>3.9</u> <u>Net Available Increment Under Certain Situations</u> | 33 |
| <u>4.</u> <u>ALTERNATIVE FINANCING AND PUBLIC FINANCING GENERALLY</u> | 34 |
| <u>4.1</u> <u>Alternative Financing</u> | 34 |
| <u>4.2</u> <u>Formation and Issuance Alternatives</u> | 39 |
| <u>4.3</u> <u>Grants</u> | 39 |

| | | |
|-----|--|----|
| 4.4 | Provisions Applicable To All Public Financings | 39 |
| 4.5 | Terms of the Public Financings | 41 |
| 4.6 | Reimbursements for Qualified Project Costs | 42 |
| 5. | INTENTIONALLY OMITTED | 43 |
| 6. | MISCELLANEOUS PROVISIONS | 43 |
| 6.1 | Interim Lease Revenues | 43 |
| 6.2 | Marina Revenues | 44 |
| 6.3 | Key Money | 44 |
| 6.4 | Inconsistencies with the CFD and the IFD | 44 |
| 7. | INTERPRETATION; DEFINITIONS | 45 |
| 7.1 | Interpretation of Agreement | 45 |
| 7.2 | Defined Terms | 45 |

LIST OF ATTACHMENTS

- | | |
|---------------|---|
| Attachment A. | Form of Acquisition and Reimbursement Agreement |
| Attachment B. | Expected Categories of Island Wide Costs |

AMENDED AND RESTATED FINANCING PLAN (TREASURE ISLAND/YERBA BUENA ISLAND)

This AMENDED AND RESTATED FINANCING PLAN (Treasure Island/Yerba Buena Island) (the “**Financing Plan**”) implements and is part of both the DDA and the City DA. As used in this Financing Plan, capitalized terms used herein have the definitions given to them in Section 7.2.

1. OVERVIEW

1.1 Project Purposes; Project Accounts

(a) Funding Goals. Developer and Authority are entering into the DDA, and Developer and City are entering into the City DA, both of which include this Financing Plan as an exhibit, with the following financial goals for the Project (collectively, the “**Funding Goals**”):

(i) Ensure that the proposed Project is economically and fiscally feasible.

(ii) Ensure timely delivery of Infrastructure and Stormwater Management Controls to support the City’s delivery of housing, generally, and Affordable Housing Units, in particular.

(iii) Fund the proposed Project’s capital costs and on-going operation and maintenance costs relating to the development and long-term operation of the Project Site (including community facilities, open space maintenance and transportation) from revenues generated by the Project that would not exist but for the Project, including land sales, lease revenues, project-generated public financing revenues, and other tax and General Fund revenues created by the Project – in a manner that does not negatively impact the City’s General Fund revenues over the life of the Project, except as otherwise set forth herein.

(iv) Ensure that the provision of the community benefits and facilities described in the DDA and City DA are a priority of the Project.

(v) Provide a mechanism for Authority and Navy participation in Net Cash Flow from the development of the Project in the event Developer achieves a return in excess of agreed upon rates of return, and as consistent with the terms of the Conveyance Agreement.

(vi) Incorporate the legal restrictions on the allowable uses of Gross Revenues arising under (i) the Conveyance Agreement and (ii) State law applicable to the Public Trust Parcels.

(vii) Provide mechanisms and Funding Sources that will allow Developer to maximize Developer’s IRR.

(viii) Maximize Funding Sources available to finance Qualified Project Costs, by, among other things, to the extent reasonably feasible and consistent with this Financing Plan, using tax-exempt debt.

(ix) Minimize the costs to Developer (such as costs of credit enhancement) associated with the Funding Sources to the extent reasonably feasible and to use debt requiring credit enhancement only with Developer's written consent.

(x) Provide financing of the Housing Costs in the manner set forth in Section 3.6 and Section 3.7(c).

(xi) Implement sound and prudent public fiscal policies that protect the City's General Fund, Authority's general funds, and the City's and Authority's respective financial standings and fiduciary obligations, while operating within the constraints of this Financing Plan and, as applicable, the IFD Act, the CFD Act, the CFD Goals, and Tax Laws.

(b) Purpose of Financing Plan. The purpose of this Financing Plan is to establish the contractual framework for mutual cooperation between Authority, City, and Developer in achieving the Funding Goals necessary to implement the Project. Accordingly, Authority and City shall take all actions reasonably necessary, and Developer shall cooperate reasonably with the efforts of:

(i) City to form requested CFDs, adopt RMAs, and levy Project Special Taxes within CFDs and incur CFD Bonds to pay as applicable Qualified Project Costs, Ongoing Park Maintenance, and, when authorized pursuant to Section 2.8, Additional Community Facilities.

(ii) City to form requested IFDs and to approve IFPs for each IFD that provide for the issuance of IFD Debt that is consistent with the Funding Goals to pay Qualified Project Costs.

(iii) City to allocate and approve IFPs that provide for the application of Net Available Increment to pay Qualified Project Costs as provided in this Financing Plan, and to allocate Conditional City Increment to pay debt service on IFD Debt as provided in this Financing Plan.

(iv) City to take steps required to provide Alternative Financing to the Project as provided in this Financing Plan.

(v) City and Authority to finance Ongoing Park Maintenance in the manner described in this Financing Plan.

(c) Project Accounts.

(i) Developer shall, and shall require all Transferees to, establish and maintain one or more accounts (each, a "**Project Account**") with

the San Francisco branches of financial institutions Approved by Authority to which all Gross Revenues shall be deposited. Financial institutions holding Project Accounts may be changed from time to time with Approval of Authority and Developer.

(ii) Developer shall, and shall require all Transferees: (A) not to commingle funds held in a Project Account with funds not related to the Project, including Affiliate accounts; and (B) to retain and make statements and all other records related to Project Accounts available for Authority's review and audit in accordance with Section 1.6.

(d) Security Interest in Project Accounts. Provided (A) Developer has completed all Developer Construction Obligations and (B) Authority has received an IRR Statement showing that Developer has achieved a cumulative IRR of more than 22.5% at the end of the last Quarter of the Reporting Period covered by such IRR Statement, Developer and Authority shall cooperate reasonably with one another to provide Authority and the Navy with security for Developer's obligation to make payments in accordance with Section 1.3. Security will be in the form of perfected security interests in the Project Accounts superior to any other security interests, evidenced by a UCC-1 financing statement and a control agreement with each financial institution holding a Project Account, or by other arrangements Approved by both Developer and Authority.

1.2 Funding Sources for Project Costs

(a) Funding Sources. Sources of public funding that will be used to pay or reimburse Developer for Qualified Project Costs include, but are not limited to: (A) Public Financing; (B) proceeds of Project Grants that Authority procures to the extent applied to Project Costs under Section 4.3; (C) Project Special Taxes and Remainder Taxes; (D) Net Available Increment and other Increment allocated to Qualified Project Costs pursuant to Section 3.7(c); and (E) Net Interim Lease Revenues described in Section 6.1(a)(iv). The sources identified in clauses (A)-(E) are collectively referred to in this Financing Plan as "**Funding Sources**."

(b) Limited Public Obligation. Other than as set forth in this Financing Plan, including with respect to Alternative Financing, Developer acknowledges that in no event may the City's General Fund or any of Authority's general funds be obligated to finance the Qualified Project Costs without City's or Authority's express written consent, as applicable.

(c) Developer Sources.

(i) Developer Contributions for Project Costs. Developer's sources for Project Costs include: (A) Developer equity; (B) Gross Revenues; (C) Developer construction and development financing; and (D) proceeds of Project Grants that Developer procures.

(ii) Developer Construction Obligations. Developer acknowledges that the Developer Construction Obligations will not be affected if Project Costs exceed the actual Funding Sources.

1.3 Distribution of Net Cash Flow

(a) Implementation of Conveyance Agreement.

(i) Under the Conveyance Agreement, Authority and the Navy agreed that the Net Cash Flow from the Project will be shared by the Navy after certain thresholds are met. Authority shall also share in the Net Cash Flow after certain thresholds are met. This Section 1.3 implements (i) the provisions of the Conveyance Agreement and (ii) Authority and Developer's agreement with respect to the sharing of Net Cash Flow between them.

(ii) To the extent Authority has not paid the Initial Navy Consideration with Net Interim Lease Revenues pursuant to Section 6.1(a)(ii) or as otherwise provided in this Financing Plan, Developer will pay to Authority or Navy (on behalf of Authority) the Initial Navy Consideration in the manner described in Section 4.2 of the Conveyance Agreement and any related late payment penalties caused by Developer's failure to make timely payments to Navy, on behalf of Authority, as such penalties are imposed pursuant to Section 4.3.4 of the Conveyance Agreement.

(b) Calculation of IRR. Within forty-five (45) days after the expiration of the eighth full calendar Quarter occurring after the Initial Closing and forty-five (45) days after the expiration of each subsequent Quarter during the Term of the Conveyance Agreement with respect to the Navy, and until the Cash Flow Distribution Termination Date with respect to Authority, Developer shall submit a reasonably detailed statement to Authority and the Navy (the "**IRR Statement**") accompanied by an Accounting consistent with the Conveyance Agreement showing (i) for any IRR Statement provided during the Initial Consideration Term, the cumulative IRR achieved as of the end of each of the eight (8) immediately prior Quarters, and (ii) for any IRR Statement provided after expiration of the Initial Consideration Term, the cumulative IRR achieved as of the end of each of the six (6) prior Quarters (the eight or six Quarter Period, as applicable, the "**Reporting Period**"). The IRR Statement shall also calculate the average IRR over the Reporting Period, calculated by adding the cumulative IRR shown for each Quarter in the Reporting Period and dividing the total by the number of Quarters in the Reporting Period.

(c) Share of Net Cash Flow.

(i) Until the IRR Statement shows that Developer has achieved an average IRR of more than 18.00% over the Reporting Period, all Net Cash Flow shall be distributed to Developer.

(ii) If the IRR Statement shows that Developer has achieved an average IRR of more than 18.00% over the applicable Reporting Period, then

Developer, on behalf of Authority, shall within forty-five (45) days after the end of the last Quarter of the applicable Reporting Period until the earlier of (A) such time as the aggregate amount of First Tier Payments equals Fifty Million Dollars (\$50,000,000) (“**First Tier Compensation**”) and (B) the Termination Date, pay the Navy an amount that would reduce the cumulative IRR as of the end of the Reporting Period to 18.00% (each, a “**First Tier Payment**”). Developer shall pay to Navy on behalf of Authority any related late payment penalties caused by Developer’s failure to make timely payments to Navy, on behalf of Authority, as such penalties are imposed pursuant to Section 4.3.4 of the Conveyance Agreement.

(iii) If an IRR Statement shows that Developer has achieved, after reducing Net Cash Flow by the amount of any First Tier Payments, an average IRR of more than 22.5% within the applicable Reporting Period, then Developer, on behalf of Authority, shall within forty-five (45) days after the end of the last Quarter of the applicable Reporting Period, for the periods specified below, pay (A) during the Term, to the Navy 35% of the total amount of Net Cash Flow that would reduce the cumulative Developer’s IRR to 22.5% as of the end of the Reporting Period (per the calculation methodology provided for in Exhibit DD to the Conveyance Agreement) (each, a “**Second Tier Payment**”) and (B) to Authority, (i) during the Term, 10% of the total amount of Net Cash Flow and (ii) after the Term and continuing until the Cash Flow Distribution Termination Date, 45% of the total amount of Net Cash Flow, in each case that would reduce the cumulative IRR to 22.5% as of the end of the Reporting Period (per the calculation methodology provided for in Exhibit DD to the Conveyance Agreement) (an “**Authority Second Tier Payment**”). Developer shall pay to Navy, on behalf of Authority, any related late payment penalties caused by Developer’s failure to make timely payments to Navy, on behalf of Authority, as such penalties are imposed pursuant to Section 4.3.4 of the Conveyance Agreement.

(iv) If an IRR Statement shows that Developer has achieved, after reducing Net Cash Flow by the amount of any First Tier Payments, Second Tier Payments, and Authority Second Tier Payments, an average IRR of more than 25.0% within the applicable Reporting Period, then Developer shall within forty-five (45) days after the end of the last Quarter of the applicable Reporting Period until the Cash Flow Distribution Termination Date, pay Authority an additional 5% of the total amount of Net Cash Flow that would reduce the cumulative Developer’s IRR to 25.0% as of the end of the Reporting Period (per the calculation methodology provided for in Exhibit DD to the Conveyance Agreement) (each, an “**Authority Third Tier Payment**”), such that the share of Net Cash Flow above the IRR threshold of 25% to the Navy, Authority, and Developer are 35%, 15%, and 50%, respectively, during the Term, and 0%, 50%, and 50%, respectively, after the Term.

(v) Exhibit DD to the Conveyance Agreement provides a demonstration of the IRR calculation and the sharing of Net Cash Flow.

(d) Accounting. Developer shall maintain accurate books and records specific to the Project setting forth all components used for determining the Additional Consideration and the Authority Consideration, including, without limitation, each component of Net Cash Flow, and to determine the amount of Redesign Costs and credits against Initial Navy Consideration and Additional Consideration. Each IRR Statement submitted by Developer shall be accompanied by a complete Accounting. The Accounting shall be in conformance with GAAP where applicable, or with respect to the IRR Statement, in conformance with appropriate industry standards.

(e) Reconciliation of Final Conveyance Agreement IRR.

(i) Developer shall, within one hundred and eighty (180) days after the Termination Date, submit a final Accounting to Authority and the Navy, showing Developer's cumulative IRR for the entire term of the Project through the Termination Date (the "**Final Conveyance Agreement IRR**") and all payments of Additional Consideration made to the Navy on behalf of Authority hereunder during the period specified in Section 1.3(c) and all payments of Authority Consideration made to Authority hereunder during the same period (the "**Final Conveyance Agreement IRR Statement**"). The Final Conveyance Agreement IRR Statement and Accounting shall be performed and certified by an independent CPA in accordance with appropriate industry standards.

(ii) If the Final Conveyance Agreement IRR Statement and Accounting discloses that the Final Conveyance Agreement IRR exceeded 18% but the First Tier Payments to the Navy were less than the amount required by Section 1.3(c)(ii), Developer shall pay to the Navy on behalf of Authority the amount of Net Cash Flow necessary to reduce the Final Conveyance Agreement IRR to 18%, so long as the total of all First Tier Payments does not exceed the maximum amount required by Section 1.3(c)(ii).

(iii) If the Final Conveyance Agreement IRR Statement and Accounting discloses that the Final Conveyance Agreement IRR exceeded 22.5%, but the Second Tier Payments totaled less than 35% of Net Cash Flow for the Project during the Term above a 22.5% Final Conveyance Agreement IRR, then Developer shall cause to be paid to Navy on behalf of Authority the amount of Net Cash Flow necessary to raise the total of Second Tier Payments to equal 35% of all Net Cash Flow during the Term above a 22.5% Final Conveyance Agreement IRR.

(iv) If the Final Conveyance Agreement IRR Statement and Accounting discloses that the Final Conveyance Agreement IRR exceeded 22.5%, but Authority Second Tier Payments during the Term totaled less than 10% of Net Cash Flow for the Project during the Term above a 22.5% Final Conveyance Agreement IRR, then Developer shall cause to be paid to Authority the amount of Net Cash Flow necessary to raise the total of Authority Second Tier Payments during the Term to equal 10% of all Net Cash Flow during the Term above a 22.5% Final Conveyance Agreement IRR.

(v) If the Final Conveyance Agreement IRR Statement and Accounting discloses that the Final Conveyance Agreement IRR exceeded 25.0%, but Authority Third Tier Payments during the Term totaled less than 5% of Net Cash Flow for the Project during the Term above a 25.0% Final Conveyance Agreement IRR, then Developer shall cause to be paid to Authority the amount of Net Cash Flow necessary to raise the total of Authority Third Tier Payments during the Term to equal 5% of all Net Cash Flow during the Term above a 25.0% Final Conveyance Agreement IRR.

(f) Reconciliation of Final IRR.

(i) Developer shall, within one hundred and eighty (180) days after the Cash Flow Distribution Termination Date, submit a final Accounting to Authority, showing Developer's cumulative IRR for the entire term of the Project through the Cash Flow Distribution Termination Date (the "**Final IRR**") and all payments of Authority Consideration made to Authority hereunder (the "**Final IRR Statement**"). The Final IRR Statement and Accounting shall be performed and certified by an independent CPA in accordance with appropriate industry standards.

(ii) If the Final IRR Statement and Accounting discloses that the Final IRR exceeded 22.5%, but during the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date, Authority Second Tier Payments hereunder totaled less than 45% of Net Cash Flow for the Project above a 22.5% Final IRR during the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date, then Developer shall cause to be paid to Authority the amount of Net Cash Flow necessary to raise the total of Authority Second Tier Payments to equal 45% of all Net Cash Flow above a 22.5% Final IRR for the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date.

(iii) If the Final IRR Statement and Accounting discloses that the Final IRR exceeded 25.0%, but Authority Third Tier Payments hereunder totaled less than 5% of Net Cash Flow for the Project above a 25.0% Final IRR during the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date, then Developer shall cause to be paid to Authority the amount of Net Cash Flow necessary to raise the total of Authority Third Tier Payments to equal 5% of all Net Cash Flow above a 25.0% Final IRR during the period beginning one day after the Term and continuing until the Cash Flow Distribution Termination Date.

(g) Reconciliation of Redesign Costs. Within one hundred eighty (180) days after completion of all planning, entitlement, design and rebuilding work required under the Redesign Plan, as evidenced by City acceptance of all public improvements and final building inspection sign-off for all improvements as identified in the Work Program, Developer shall provide Authority and the Navy with a statement that includes an Accounting of all Redesign Costs actually incurred by Developer and

Authority and a statement of the amount to be credited against Initial Consideration in accordance with Section 4.3.6.2 of the Conveyance Agreement. The Accounting shall be performed and certified by an independent CPA in accordance with GAAP.

(h) Submission of IRR Statements. Developer shall continue to submit the IRR Statement and Accounting (A) to the Navy and Authority until the Termination Date, and (B) to Authority only following the Termination Date until the Cash Flow Distribution Termination Date.

(i) Compliance with Conveyance Agreement. Developer shall provide Authority with all information and shall cooperate with Authority to the extent necessary for Authority to comply with its reporting and audit obligations under the Conveyance Agreement.

(j) Audit. Authority shall be entitled from time to time to audit Developer's books, records, and accounts pertaining to the Net Cash Flow and all components thereof, the payment of Additional Consideration, the calculation and payment relating to the Authority Second Tier Payments and Authority Third Tier Payments, the calculation, payments and credits relating to the Redesign Costs, and shall be entitled to allow the Navy to undertake an audit to the extent described in Section 4.3.7 of the Conveyance Agreement. Such audit shall be conducted during normal business hours upon ten (10) business days' notice at the principal place of business of Developer and other places where records are kept. Authority shall provide Developer with copies of any audit performed. If it shall be determined as a result of such audit that there has been a deficiency in the payment of any Additional Consideration, Authority Second Tier Payments and Authority Third Tier Payments, Developer shall immediately pay any such deficiency with interest at the Default Interest Rate. In addition, if it shall be determined as a result of such audit that an Accounting has understated the Net Cash Flow for the applicable period by more than five percent (5%), Developer shall be required to pay, in addition to interest as aforesaid, all of Authority's costs and expenses and all of the Navy's costs and expenses connected with the audit or review of Developer's accounts and records for the Project. All such payments shall be paid within thirty (30) days of receipt of written notice to Authority of such underpayment and such audit costs shall not be allowed as a Development Cost. The issue of whether Net Cash Flow is understated or overstated by five percent (5%) or more may be arbitrated according to the procedures in section 15 of the DDA, but the arbitration must be conducted by arbitrators who have at least ten (10) years' experience in arbitrating disputes involving complex financial accounting.

(k) Excess Land Appreciation Structure Profits. To the extent it is commercially reasonable to do so and consistent with market practices for each product type at the time, all sales agreements, leases or subleases, as applicable, between a Vertical Developer and Developer will require Vertical Developer to pay Developer a percentage of any net profits above a mutually agreed-upon forecasted rate arising from the Excess Land Appreciation Structure. The net profits from the Excess Land Appreciation Structure actually received by Developer shall constitute Gross Revenues.

1.4 Reimbursements of Additional Consideration

(a) Additional Consideration in Event of Termination. In the event that Authority terminates all or any portion of the DDA before the issuance of the last Certificate of Completion for the Project for any reason, Authority shall do the following:

(i) require that any other developer that agrees to develop the property in the Project Site (the “**Other Developer**”) make payments of Net Cash Flow to Authority in the same manner as set forth in Section 1.3;

(ii) in calculating the amount of the First Tier Payments and Second Tier Payments to be paid to the Navy, Authority shall calculate such amounts based on the cumulative IRR for the Project Site as a whole, and not on the cumulative IRR of any particular developer’s project;

(iii) to ensure that Authority has sufficient funds, however, to pay the Navy its First Tier Compensation, the First Tier Payments shall be calculated separately for Developer and each Other Developer, and any First Tier Payments payable under the separate calculations shall be paid to Authority by Developer and each Other Developer, as applicable, and held as a deposit to be used to pay the Navy its First Tier Compensation (calculated based on the Project Site as a whole) as and when due, with any excess remaining on deposit with the Authority pending the payment of the full amount of the First Tier Compensation to the Navy;

(iv) if, following the payment of the First Tier Compensation to the Navy, the amount Authority collected from Developer and each Other Developer is greater than the amount of the First Tier Compensation actually paid to the Navy, then Developer and each Other Developer shall be reimbursed such excess amounts pro rata (based upon the cumulative amount Developer and each Other Developer paid in First Tier Payments);

(v) to ensure that Authority has sufficient funds to pay the Navy its Second Tier Participation, the Second Tier Payments shall be calculated separately for Developer and each Other Developer, and any Second Tier Payments payable under the separate calculations shall be paid to Authority by Developer and each Other Developer, as applicable, and held as a deposit, to be used to pay the Navy its Second Tier Participation (calculated based on the Project Site as a whole) as and when due, with any excess remaining on deposit with the Authority pending the calculation of the Final Conveyance Agreement IRR for the Project Site as a whole; and

(vi) if, following the determination of the Final Conveyance Agreement IRR for the Project Site as a whole, the amount Authority has on deposit from Developer and each Other Developer from Second Tier Payments is greater than the amount of Second Tier Participation actually paid to the Navy, then Developer and each Other Developer shall be reimbursed such excess

amounts pro rata (based upon the cumulative amount Developer and each Other Developer paid in Second Tier Payments over the Term).

1.5 Consultants

(a) Authority Consultants. City and Authority, following consultation with Developer, will select any consultants necessary to implement their respective portions of this Financing Plan, including the formation of any IFD and CFD and the issuance of any Public Financing. To the extent that similar consultants are retained customarily by local agencies in California that engage in public financing similar or of similar complexity to the Public Financing, the consultants may include special tax consultants, tax increment fiscal consultants, appraisers, property insurance providers, financial advisors, bond underwriters, absorption consultants, bond counsel, bond trustees, escrow agents, and escrow verification agents. City's and Authority's reasonable out-of-pocket costs that are not contingent upon the issuance of a Public Financing will be advanced by Developer pursuant to a deposit agreement to be entered into among City, Authority, and Developer, and Developer shall be entitled to reimbursement of such advances from the proceeds of the Public Financing if authorized by the applicable CFD Act, the IFD Act, Tax Laws, and other governing law. To the extent not advanced by Developer, City's and Authority's reasonable out-of-pocket costs that are customarily paid by local agencies in the State for Public Financing consultants will be reimbursed from the proceeds of a Public Financing to the extent permitted under the CFD Act, the IFD Act, applicable Tax Laws, and other governing law.

(b) Developer Consultants. Developer may engage its own consultants to advise it on matters related to this Financing Plan or any Public Financing, and its reasonable out-of-pocket costs will be reimbursed from the proceeds of a Public Financing to the extent permitted under the CFD Act, the IFD Act, applicable Tax Laws, and other governing law. To the extent Developer is not reimbursed from the proceeds of a Public Financing, such costs will be Soft Costs.

1.6 Recordkeeping

(a) Annual Reports.

(i) Commencing as of the date that Developer obtains the Major Phase Approval for the Initial Major Phase and ending on the later of (A) the date on which Developer has received the final Certificate of Completion for all of the Infrastructure and Stormwater Management Controls and (B) the earlier of (i) the date on which Developer has been reimbursed for all Qualified Project Costs and (ii) the date on which there are no further Gross Revenues available to reimburse Developer for Qualified Project Costs, Developer shall prepare and deliver to Authority an annual financial report on the Project no later than four (4) months following the end of each Developer Fiscal Year for which a report is due (each, an "**Annual Report**"). If Developer obtains a Major Phase Approval less than six (6) months before the end of a Developer Fiscal Year, Developer may include reporting for that Major Phase in the Annual Report for the next

Developer Fiscal Year. If any Annual Report shows any material discrepancy, then Developer must correct the discrepancy in its Records, and Developer and the Authority agree to meet and confer on the best method for correcting any overpayment or underpayment by the end of the next quarter in the Developer Fiscal Year.

(ii) Annual Reports must include the following information, reported separately for each Major Phase for which a Major Phase Approval has been obtained and in the aggregate for the Project as a whole: (A) updated estimates of and actual Project Costs, Qualified Project Costs, and Gross Revenues; (B) if applicable, variances from the prior Annual Report; (C) a statement reflecting the application of any Net Cash Flow that Developer has received during the prior Developer Fiscal Year; (D) a statement of Qualified Project Costs reimbursed from Funding Sources; (E) a statement of Qualified Project Costs previously incurred but not yet reimbursed from the Funding Sources; (F) new development expected to occur or that is occurring, the assessed value of which is expected to be included on the secured real property tax roll for the next Fiscal Year; and (G) any sales of Lots under article 17 of the DDA that are expected to occur and the assessed value of which is expected to be included on the secured real property tax roll for the next Fiscal Year.

(iii) Developer's Annual Report must cover the entire Project, even if Developer has Transferred part or all of its interest in a Major Phase or Sub-Phase to a Transferee.

(iv) Developer's obligation to provide Annual Reports will terminate as to any portion of the Project as to which the DDA is terminated after Developer has provided to Authority the Annual Report covering the Developer Fiscal Year during which the termination took effect.

(b) Developer Books and Records. Developer shall maintain books and records of all: (i) Gross Revenues; (ii) application of Funding Sources to Qualified Project Costs; and (iii) Project Costs, organized by Major Phases, in accordance with generally accepted accounting principles consistently applied, or in another auditable form Approved by Authority (the "**Records**"). Developer shall maintain Records for each Major Phase in the City or at another location Approved by Authority for at least four (4) years after the applicable Major Phase closing date. After reasonable notice, Developer shall make the Records available to Authority at reasonable times.

(c) Authority Records. Authority shall provide copies of its audited financial statements relating to the Project Site to Developer as soon as practicable following their public filing or release.

(d) City Records. City shall provide copies of its audited financial statements relating to the Project Site to Developer as soon as practicable following its public filing or release.

(e) Accounting. Developer, City, and Authority will separately track the use of all Funding Sources and any revenues generated from the Project as a whole and from the Public Trust Parcels in order to ensure that they are used only for purposes consistent with this Financing Plan and applicable law.

1.7 Authority's Unreimbursed Costs. If: (a) Developer commits a Material Breach under the DDA; (b) Authority obtains a final judgment for the payment of any related amount under article 15 of the DDA; and (c) Authority makes demand for payment of the amount of the final judgment on any Adequate Security, but does not receive payment within thirty (30) days after Authority's written demand, then Authority may, to the extent permitted under applicable law, recover from any available proceeds of a Public Financing the amount of the final judgment, plus Authority's costs of collection and interest at the rate of ten percent (10%) per annum of the amount of the final judgment, calculated from the date the payment was due until paid in full, compounded annually.

2. COMMUNITY FACILITIES DISTRICT FINANCING

2.1 Formation of CFDs

(a) Formation. City shall establish all CFDs from time to time as Developer acquires Sub-Phases under the DDA. All CFDs will be formed and administered to achieve the Funding Goals and in accordance with the CFD Act and the CFD Goals. Developer acknowledges that the CFD Goals will prevail over any inconsistent terms in this Financing Plan, unless the Board of Supervisors in its sole discretion Approves a waiver of the CFD Goals. Any CFD may include separate Improvement Areas and tax zones. In addition, Developer and City may agree to identify property for future annexation and additional public capital facilities for the Project to be financed under the CFD Act in the CFD formation documents.

(b) Taxable Parcels. Developer and City intend that Project Special Taxes will be levied against all Taxable Parcels for the purposes described in this Financing Plan and agree that all Exempt Parcels will be exempt from Project Special Taxes.

(c) Petition

(i) At any time, and from time to time, after Authority acquires all or part of the Project Site from the Navy, Developer may petition City under the CFD Act from time to time to establish one or more CFDs within the Sub-Phase. In its petition, Developer may include proposed specifications for the CFD, including Assigned Project Special Tax Rates, Project Special Tax rates, CFD boundaries and any proposed Improvement Areas and tax zones within the CFD (which may include one or more Sub-Phases or Major Phases), the identity of any property to be annexed into the CFD at a later date, the total tax burden that will result from the imposition of the Project Special Taxes (subject to the 2% Limitation for Taxable Residential Units), and other provisions. Developer's proposed specifications will be based on Developer's development plans, market

analysis, and required preferences, but in all cases will be subject to this Financing Plan, the Funding Goals, and the CFD Goals.

(ii) Following City's receipt of a petition, Developer and City will meet with City's Public Financing consultants to determine reasonable and appropriate terms of the proposed CFD that are consistent with Developer's petition and the Funding Goals.

(d) Authorized Uses. Each CFD shall be authorized to finance all of the Qualified Project Costs, Additional Community Facilities, and Ongoing Park Maintenance, irrespective of the geographic location of the improvements financed or maintained.

(e) Joint Community Facilities Agreements. Under the CFD Act, City may be required to enter into a joint community facilities agreement with another Governmental Entity that will own or operate any of the Infrastructure and Stormwater Management Controls. Authority and the City have agreed that the Interagency Cooperation Agreement, which will be executed in connection with the DDA, is a joint community facilities agreement under the CFD Act for all of the Infrastructure and Stormwater Management Controls to be financed by CFDs and owned or operated by the Authority. City and Developer agree that they will take all steps necessary to procure the authorization and execution of any other required joint community facilities agreement with a Governmental Entity other than Authority before the issuance of any CFD Bonds that will finance Infrastructure and Stormwater Management Controls that will be owned or operated by such Governmental Entity other than Authority.

(f) Notice of Special Tax Lien. Project Special Taxes will be secured by recordation in the Official Records of continuing liens against all Taxable Parcels in the applicable CFD.

2.2 Scope of CFD-Financed Costs

(a) Authorized Costs. A CFD may finance only Qualified Project Costs, Additional Community Facilities, and Ongoing Park Maintenance that: (a) are financeable under the CFD Act; and (b) qualify under Tax Laws, if CFD Bonds are issued and if CFD Bonds are issued as tax-exempt bonds.

2.3 Parameters of CFD Formation

(a) Cooperation. Developer and City agree to cooperate reasonably in developing an RMA for each CFD that is consistent with this Financing Plan and, to the extent consistent with this Financing Plan, Developer's petition. Developer and City will each use good-faith reasonable efforts at all times to furnish timely to the other, or to obtain and then furnish to the other, any information necessary to develop an RMA, such as legal boundaries of the property to be included and Developer's plans for the types, sizes, numbers, and timing for construction of Buildings, within the applicable CFD. Each CFD will be subject to its own RMA and authorized bonded indebtedness limit.

(b) RMA Consultants and Approval. The RMA for any CFD will be: (i) developed by City's special tax consultant, in consultation with Developer and City's staff and other consultants; (ii) consistent with Developer's petition to the extent consistent with this Financing Plan; and (iii) subject to Approval of the Board of Supervisors in the resolution of formation. Project Special Taxes on any Taxable Parcel must not exceed any applicable maximum rate specified in the CFD Goals and this Financing Plan, unless otherwise Approved by the Board of Supervisors and Developer.

(c) Priority Administrative Costs. In the formation process for each CFD, City and Developer will agree on the amount of annual CFD administrative costs that will have first priority for payment by Project Special Tax based on: (i) actual administration costs of other community facilities districts of the City; (ii) the CFD's complexity and size; and (iii) cumulative administration costs for all anticipated CFDs for the Project. The contracts for consultants administering the CFDs and the calculation of any City staff time deemed administration expenses will be determined in accordance with article 19 of the DDA.

(d) Assigned Project Special Tax Rates for Developed Property. Each RMA will specify Project Special Tax rates for Developed Property within the CFD (each an "**Assigned Project Special Tax Rate**"). The Assigned Project Special Tax Rates for Developed Property may vary based on sizes, densities, types of Buildings to be constructed, and other relevant factors when the CFD is formed. Each RMA will establish Assigned Project Special Tax Rates assuming that any First Tranche CFD Bonds issued will have a debt service coverage-ratio of one hundred ten percent (110%), unless City and Developer Approve a higher ratio to market the First Tranche CFD Bonds effectively.

(e) Total Tax Obligation. The Assigned Project Special Tax Rates will be set so that the Total Tax Obligation on any Taxable Residential Unit within a CFD will not exceed two percent (2%) of the projected sales price of that Taxable Residential Unit calculated at the time of the resolution of intention to form the CFD (the "**2% Limitation**"). If an RMA is modified to increase the Project Special Tax rates, the Assigned Project Special Tax Rates will be modified so that the Total Tax Obligation on any Taxable Residential Unit within a CFD does not exceed the 2% Limitation when the proposed modification goes into effect. The 2% Limitation will not apply to non-residential property in a CFD.

(f) Classification of Assessor's Parcels. Each RMA will provide for the taxation of Developed Property and Undeveloped Property. Each RMA will identify all Exempt Parcels, which will be exempt from payment of Project Special Taxes.

(g) Backup and Maximum Project Special Tax Rates. Each RMA will provide for: (i) backup Project Special Tax rates that will be applied to each Taxable Parcel in a tract map, Improvement Area, tax zone, condominium plan, or other identifiable area on Developed Property (each a "**Backup Project Special Tax Rate**"); and (ii) maximum Project Special Tax rates on Developed Property and Undeveloped Property (each a "**Maximum Project Special Tax Rate**"). The Maximum Project

Special Tax Rate for a Taxable Parcel of Developed Property will be the greater of the applicable Assigned Project Special Tax Rate or the applicable Backup Project Special Tax Rate. Developer and City will structure the Backup Project Special Tax Rates and Maximum Project Special Tax Rates for a CFD to be consistent with the funding goals established for the CFD, considering Developer's development plans and preferences for structuring the Project Special Tax rates within the applicable CFD, and this Financing Plan.

(h) Escalation of Special Tax Rates. At Developer's request, each RMA will provide for annual increases in the Project Special Tax rates so long as the total projected taxes levied for a CFD do not exceed any maximum specified in the CFD Act.

(i) Priority for Annual Levy of Special Taxes. Each RMA will provide for the levy of Project Special Taxes to fund debt service (not including capitalized interest), administrative costs, and Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities to be financed by the CFD each year of its term (collectively, the "**Special Tax Requirement**") according to the priorities set in the Indenture, until the Special Tax Requirement is fully satisfied. Each RMA must reflect the priorities set forth below:

(i) First, Project Special Taxes will be levied on each Taxable Parcel of Developed Property at the applicable Assigned Project Special Tax Rate, regardless of whether City has issued CFD Bonds or the debt service requirements for any existing CFD Bonds, before applying any capitalized interest.

(ii) Second, to the extent the funds to be collected under clause (i) will not be sufficient to satisfy the Special Tax Requirement in full after application of any capitalized interest, Project Special Taxes will be levied proportionately on each Taxable Parcel of Subsequent Owner Property, up to one hundred percent (100%) of the applicable Maximum Project Special Tax Rate.

(iii) Third, to the extent the funds to be collected under clauses (i) and (ii) will not be sufficient to satisfy the Special Tax Requirement in full after application of any capitalized interest, Project Special Taxes will be levied proportionately on each Taxable Parcel of Undeveloped Property that is not Subsequent Owner Property, up to one hundred percent (100%) of the applicable Maximum Project Special Tax Rate.

(iv) Fourth, to the extent the funds to be collected under clauses (i), (ii), and (iii) will not be sufficient to satisfy the Special Tax Requirement in full after application of any capitalized interest, additional Project Special Taxes will be levied proportionately on each Taxable Parcel of Developed Property, so long as the total levy on Developed Property under clauses (i) and (iv) does not exceed the applicable Maximum Project Special Tax Rate.

(j) Use of Remainder Taxes.

(i) Developer and City contemplate that, within each CFD, Qualified Project Costs and Ongoing Park Maintenance will be paid from Remainder Taxes both before and after the issuance of CFD Bonds for such CFD and after the final maturity of any CFD Bonds for such CFD. Accordingly, each RMA will provide that Remainder Taxes may be used to finance Ongoing Park Maintenance and Qualified Project Costs. For each CFD, annually, on the day following each Principal Payment Date for such CFD, all Remainder Taxes for such CFD will be deposited in the applicable Remainder Taxes Project Account.

(ii) With respect to all CFDs:

(A) Before the Maintenance Commencement Date, for each CFD, annually, on or before October 1 of each year, Remainder Taxes for each CFD shall be deposited in the Remainder Taxes Project Account for such CFD and applied, in the following order of priority, (1) for the period specified in the definition of Stage 2 Contribution, to fund all or any portion of the Stage 2 Contribution annually, and (2) from time to time at Developer's request, to finance Qualified Project Costs.

(B) After the Maintenance Commencement Date, for all CFDs, annually, on or before October 1 of each year, Remainder Taxes for all CFDs shall be transferred to Authority and held in the Remainder Taxes Holding Account and applied as set forth in Section 2.7.

(iii) Any amounts transferred to City pursuant to Section 2.7(c)(i)(B), shall be deposited to the Remainder Taxes Project Accounts pro rata (based on the ratio of Maximum Project Special Tax Rates) and shall be applied as follows:

(A) Prior to the CFD Conversion Date, amounts on deposit in the Remainder Taxes Project Accounts shall be applied, in the following order of priority, (1) for the period specified in the definition of Stage 2 Contribution, to fund all or any portion of the Stage 2 Contribution annually, and (2) from time to time at Developer's request, to finance Qualified Project Costs.

(B) After the CFD Conversion Date, amounts on deposit in the Remainder Taxes Project Accounts shall be applied, in the City's discretion, (1) to pay debt service on and replenish debt service reserve funds for Alternative Financings, including funding all or any portion of the Stage 2 Contribution annually, and (2) to finance Additional Community Facilities or for any other use authorized by the CFD Act.

(k) No Pledge for Debt Service. Remainder Taxes deposited in the Remainder Taxes Project Accounts or transferred to Authority for deposit in the Remainder Taxes Holding Account or the Ongoing Maintenance Account, will not be

deemed or construed to be pledged for payment of debt service on any CFD Bonds, and neither Developer nor any other Person will have the right to demand or require that Authority, City, or Fiscal Agent, as applicable, use funds in the Remainder Taxes Project Accounts, the Remainder Taxes Holding Account, or the Ongoing Maintenance Account to pay debt service on CFD Bonds.

(l) Prepayment. The RMA will include provisions allowing a property owner within the CFD that is not in default of its obligation to pay Project Special Taxes to prepay Project Special Taxes in full or in part based on a formula that will require payment of the property owner's anticipated total Project Special Tax obligation; provided, however, that prepayment shall not be allowed if it impacts the financing of Ongoing Park Maintenance without the written consent of the Authority. Prepaid Project Special Taxes will be placed in a segregated account in accordance with the applicable Indenture. The RMA and the Indenture will specify the use of prepaid Project Special Taxes.

(m) Amendment to RMA. Each RMA must be consistent with this Financing Plan. Nothing in this Financing Plan will prevent an amendment of any RMA for a CFD under its terms or under Change Proceedings.

(n) Reducing Project Special Tax Rates Before Issuance of First Tranche CFD Bonds. An RMA may contain a provision that allows Developer to request that the Total Tax Obligation be recalculated and Project Special Tax rates be reduced before any First Tranche CFD Bonds are issued so that the Total Tax Obligation does not exceed two percent (2%) of the actual or projected sales prices of Taxable Residential Units at the time of recalculation. Subject to the CFD Act, but only if expressly permitted and defined in the RMA, after consultation with Developer regarding its request, City shall reduce Project Special Tax rates in a CFD administratively without the vote of the qualified CFD electors before First Tranche CFD Bonds for such CFD are issued notwithstanding Sections 2.3(j), 2.7, or 2.6(a). If expressly permitted and defined in the RMA, a reduction in one taxing category does not have to be proportionate to the reduction in any other taxing category (i.e., disproportionate reductions may be expressly allowed in the RMA). If the Maximum Project Special Tax Rate is permanently reduced, City will record timely an appropriate instrument in the Official Records.

2.4 Issuance of CFD Bonds

(a) Issuance. Subject to Approval of the Board of Supervisors and Sections 4.4 and 4.5, City, on behalf of the CFD, intends to issue CFD Bonds for purposes of this Financing Plan. Developer may submit written requests that City issue First Tranche CFD Bonds, specifying requested issuance dates, amounts, and main financing terms. Following Developer's request, Developer and City will meet with City's public financing consultants to determine reasonable and appropriate issuance dates, amounts, and main financing terms that are consistent with the Funding Goals.

(b) Payment Dates. So that Remainder Taxes may be calculated on the same date for all CFDs and CFD Bonds, each issue of CFD Bonds shall have interest payment dates of March 1 and September 1, with principal due on September 1.

(c) Value-to-Lien Ratio. The appraised or assessed value-to-lien ratio required for each First Tranche CFD Bond issue will be three to one (3:1), unless otherwise required by the CFD Act or the mutual agreement of Developer and City.

(d) Coverage Ratio. To preserve the ability to finance Ongoing Park Maintenance, an issue of First Tranche CFD Bonds will not have a debt service coverage-ratio of less than one hundred ten percent (110%), unless otherwise agreed to by City. Each issue of First Tranche CFD Bonds will be structured with a debt service coverage-ratio that maximizes the proceeds of First Tranche CFD Bonds but is consistent with sound municipal financing practices to the City's reasonable satisfaction, based on calculations, explanations, and other substantial evidence provided by Developer.

(e) Term. Subject to Section 2.8, First Tranche CFD Bonds will have a term of not less than thirty (30) years and not more than forty (40) years unless Developer and City agree otherwise.

(f) Second Tranche CFD Bonds. After the CFD Conversion Date for a CFD, City has the right in its sole discretion to issue Second Tranche CFD Bonds in such CFD as set forth in this Financing Plan.

2.5 Use of Proceeds

(a) First Tranche CFD Bond Proceeds. Subject to Tax Laws, the CFD Act, and the CFD Goals, First Tranche CFD Bond proceeds will be used in the following order of priority: (i) to fund required reserves and pay costs of issuance; (ii) to fund capitalized interest amounts, if any; (iii) to pay Qualified Pre-Development Costs (which do not include any return on such Pre-Development Costs); and (iv) to pay outstanding Qualified Project Costs and, when authorized pursuant to Section 2.8(e), outstanding Additional Community Facilities. The remainder will be deposited into the CFD Bonds Project Account as designated in the Indenture and must be used only to pay for Qualified Project Costs and those Additional Community Facilities authorized pursuant to Section 2.8(c).

(b) Qualified Project Costs; Additional Community Facilities. By this Financing Plan, City covenants to use the proceeds of First Tranche CFD Bonds on deposit in CFD Bonds Project Accounts or as otherwise provided in the applicable Indenture and, subject to Sections 2.3(j) and 2.7, all Remainder Taxes on deposit in each Remainder Taxes Project Account to finance Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities. In furtherance of this covenant, City shall levy Project Special Taxes in each Fiscal Year in strict accordance with the applicable RMA and this Financing Plan.

2.6 Miscellaneous CFD Provisions

(a) Change Proceedings. Subject to the limitations in this Financing Plan, including the Funding Goals, and so long as the proposed changes do not adversely affect the issuance or amount of Second Tranche CFD Bonds or the application, timing of receipt, or overall amount of Remainder Taxes to pay Ongoing Park Maintenance and Additional Community Facilities pursuant to Section 2.8, City will not reject unreasonably Developer's request to conduct Change Proceedings under the CFD Act to: (i) make any changes to an RMA, including amending the rates and method of apportionment of Project Special Taxes; (ii) increase or decrease the authorized bonded indebtedness limit within a CFD; (iii) annex property into a CFD; (iv) add additional public capital facilities for the Project; or (v) take other actions reasonably requested by Developer. For purposes of this Section 2.6(a), Developer acknowledges that any reduction in the Project Special Tax rates set forth in an RMA through Change Proceedings shall require the consent of City, which may be granted in its discretion. Except as set forth in the previous sentence, for purposes of this Section 2.6(a), City agrees that none of the following changes will be deemed to adversely affect the ability of City to issue Second Tranche CFD Bonds or apply the Remainder Taxes to Ongoing Park Maintenance or Additional Community Facilities pursuant to Section 2.8: (x) increasing the Project Special Tax rates in an RMA for any land use classification; (y) increasing the authorized bonded indebtedness limit; and (z) authorizing the financing of additional public capital facilities for the Project.

(b) Maintaining Levy of CFD Financing. Under section 3 of article XIII C of the California Constitution, voters may, under certain circumstances, vote to reduce or repeal the levy of special taxes in a community facilities district. However, the California Constitution does not allow the reduction or repeal to result in an impairment of contract. The purpose of this Section 2.6(b) is to give notice that: (i) both the DDA and the City DA (including, in both cases, this Financing Plan) is a contract between Developer and Authority (in the case of the DDA) and Developer and City (in case of the City DA); (ii) the financing of the Qualified Project Costs and the Additional Community Facilities through the application of CFD Bond proceeds (which are secured by Project Special Taxes) and Remainder Taxes (as described in Section 2.3(j) and Section 2.7) is an essential part of the consideration for the contracts; (iii) the financing of Ongoing Park Maintenance through the application of Remainder Taxes is an essential part of the consideration for the contracts; and (iv) any reduction in City's ability to levy and collect Project Special Taxes would materially impair those contracts. To further preserve the contracts discussed above, City agrees that: (y) until all First Tranche CFD Bonds have been repaid in full or defeased before maturity for any reason other than a refunding, it will not initiate or conduct proceedings under the CFD Act to reduce the Project Special Tax rates without Developer's written consent or if legally compelled to do so (e.g., by a final order of a court of competent jurisdiction); and (z) if the voters adopt an initiative ordinance under section 3 of article XIII C of the California Constitution that purports to reduce, repeal, or otherwise alter the Project Special Tax rates before all First Tranche CFD Bonds have been repaid in full or defeased before maturity for any reason other than a refunding, City will meet and confer with Developer to consider commencing and pursuing reasonable legal action to preserve City's ability to comply with this Financing Plan.

(c) Covenant to Foreclose. City will covenant with CFD bondholders to foreclose the lien of delinquent Project Special Taxes consistent with the general practice for community facilities districts in California and otherwise as determined by City in consultation with its underwriter or financial advisor for the CFD indebtedness and other consultants, subject to applicable laws.

(d) Reserve Fund Earnings. The Indenture for each issue of First Tranche CFD Bonds will provide that earnings on any reserve fund that are not then needed to replenish the reserve fund to the reserve requirement will be transferred to: (i) the CFD Bonds Project Account for allowed uses until it is closed in accordance with the Indenture; then (ii) the debt service fund held by the Fiscal Agent under the Indenture.

(e) Authorization of Reimbursements. City will take all actions necessary to satisfy section 53314.9 of the Government Code or any similar statute subsequently enacted to use First Tranche CFD Bond proceeds and Remainder Taxes to reimburse Developer for: (i) CFD formation and First Tranche CFD Bond issuance deposits; and (ii) advance funding of Qualified Project Costs.

(f) Material Changes to the CFD Act. If material changes to the CFD Act after the Reference Date make CFD Bonds or Remainder Taxes unavailable or severely impair their use as a source for financing the Qualified Project Costs or Additional Community Facilities, City and Developer will negotiate in good faith as to a substitute public financing program equivalent in nature and function to CFDs.

(g) CFD Goals. Until the CFD Conversion Date for a CFD, the City shall not change or amend the CFD Goals as they apply to such CFD if such changes or amendments adversely impact the Project or are inconsistent with this Financing Plan unless such changes or amendments are required under the CFD Act or other controlling State or federal law or, with respect to such CFD, as otherwise Approved by Developer in its sole discretion.

(h) Private Placement of CFD Bonds. Subject to Board of Supervisors Approval and Section 4.4(b), upon Developer's written request, City shall issue CFD Bonds in a private placement to a small number of investors (which may include Developer and its Affiliates). In connection with any such private placement, City and the investors may agree upon terms regarding the security of such CFD Bonds other than as required by this Agreement, including, but not limited to, the 3:1 value-to-lien ratio of Section 2.4(c); provided, however, any CFD Bonds must have a debt service coverage-ratio of at least one hundred ten percent (110%) unless City consents to a lower amount. Subject to Board of Supervisors Approval and the CFD Goals, if the CFD Bonds are sold to Developer or its Affiliates, and if the CFD Bonds are not subject to transfer, credit enhancement may not be required.

(i) Levy for Ongoing Park Maintenance. For each CFD, prior to its CFD Conversion Date, Ongoing Park Maintenance shall be payable from Remainder Taxes and other sources identified in Section 2.7. For each CFD, after its CFD Conversion Date, Ongoing Park Maintenance may be payable from Project Special Taxes

or Remainder Taxes. In both cases, Ongoing Park Maintenance may be funded irrespective of the issuance of CFD Bonds (First Tranche or Second Tranche) and irrespective of whether there are unreimbursed Qualified Project Costs or Additional Community Facilities. Accordingly, each RMA shall provide for the financing of Ongoing Park Maintenance for the duration of the CFD.

2.7 Ongoing Park Maintenance

(a) Maintenance Budget. Not later than April 1 of each year following the Maintenance Commencement Date, Authority shall prepare a preliminary budget of the Estimated Maintenance Costs for the immediately succeeding Maintenance Period. The Estimated Maintenance Costs shall be determined by (i) estimating the costs of the Ongoing Park Maintenance to be incurred during the immediately succeeding Maintenance Period and (ii) subtracting (A) any funds, revenues, and Project Grants that are received for maintenance purposes, (B) any funds on deposit in the Remainder Taxes Holding Account, and (C) any funds on deposit in the Ongoing Maintenance Account that are not committed to the payment of Ongoing Park Maintenance during the current Maintenance Period.

(b) Delivery of Maintenance Budget. Upon completion by Authority, the preliminary budget will promptly be delivered to Developer for review. Developer shall have fifteen (15) days to review and comment on the preliminary budget. Authority will duly evaluate and implement the reasonable suggestions made by Developer, and Authority shall distribute a final version of the budget to Developer (as finalized, the “**Maintenance Budget**”). The Maintenance Budget shall also be delivered to the City upon completion. The Maintenance Budget must be completed by no later than June 1 in any given year.

(c) Calculation of Developer Maintenance Payment. Authority shall annually calculate the Developer Maintenance Payment at the same time that the Maintenance Budget is completed.

(i) If, on the date of calculation, the amount on deposit in the Ongoing Maintenance Account that is not committed to the payment of Ongoing Park Maintenance during the current Maintenance Period plus the amount on deposit in the Remainder Taxes Holding Account equals or exceeds the Estimated Maintenance Costs set forth in the applicable Maintenance Budget, then Authority shall (A) transfer funds from the Remainder Taxes Holding Account to the Ongoing Maintenance Account in such amount as is necessary so that the amounts on deposit in the Ongoing Maintenance Account equals the Estimated Maintenance Costs, (B) transfer the remaining funds on deposit in the Remainder Taxes Holding Account to City for deposit in the Remainder Taxes Project Accounts as set forth in Section 2.3(j)(iii), and (C) notify Developer that the Developer Maintenance Payment for such Maintenance Period shall be \$0.

(ii) If, on the date of calculation, the amount of the Estimated Maintenance Costs set forth in the applicable Maintenance Budget exceeds the

amount on deposit in the Ongoing Maintenance Account and the Remainder Taxes Holding Account, then Authority (A) shall transfer the entire balance of the Remainder Taxes Holding Account to the Ongoing Maintenance Account and (B) may request in writing that Developer make a Developer Maintenance Payment in an amount equal to the lesser of:

(1) the difference between the Estimated Maintenance Costs set forth in such Maintenance Budget and amounts on deposit in the Ongoing Maintenance Account and Remainder Taxes Holding Account on such date of calculation; and

(2) the Maximum Annual Developer Contribution.

(d) Maximum Annual Developer Contribution. On any date of calculation, the Developer Maintenance Payment shall not exceed the lesser of (“**Maximum Annual Developer Contribution**”):

(i) (A) for the first five years in which Maintenance Budgets are prepared following the Maintenance Commencement Date, the greater of (1) \$1,500,000 or (2) \$1,500,000 plus the portion of the Maximum Annual Developer Contribution for each previous year, if any, that was not paid to Authority; and (B) for each year after the first five years in which Maintenance Budgets are prepared following the Maintenance Commencement Date, the greater of (1) \$3,000,000, or (2) \$3,000,000 plus the portion of the Maximum Annual Developer Contribution for each previous year, if any, that was not paid to Authority; or

(ii) the Maintenance Account Balance.

(e) Maintenance Account Balance. On the Reference Date, Authority shall be credited with a non-cash balance (the “**Maintenance Account Balance**”) of Fourteen Million Three Hundred Twenty Thousand Dollars (\$14,320,000). Each Developer Maintenance Payment (whether through payments under Section 2.7(f) or through Conditional Maintenance Tax payments under Section 2.7(g)) shall reduce the Maintenance Account Balance by the corresponding amount. At the end of each Fiscal Year, commencing at the end of the Fiscal Year in which the Reference Date occurs, the Maintenance Account Balance shall be credited with interest based on the percentage increase in the Index over the prior twelve month period (except that the first interest credit shall be based on the period from the Reference Date to the end of the Fiscal Year in which the Reference Date occurs). Developer’s obligation to pay any Developer Maintenance Payment shall cease when the Maintenance Account Balance is reduced to \$0. The Maintenance Account Balance shall not increase at any time after the account is first established, other than as a result of the accrual of interest earnings as set forth herein.

(f) Time of Payment. Developer shall make the Developer Maintenance Payment by the later of (i) June 30 in the year in which the written request is made by Authority or (ii) thirty (30) days following receipt of the written request from Authority. The failure to pay the Maintenance Payment by the later of such dates shall be deemed a “**Maintenance Default.**”

(g) Security for Payment. To secure the payments required in this Section 2.7, the RMA for each CFD shall contain provisions for a Conditional Maintenance Tax. Each RMA shall provide that the Conditional Maintenance Tax shall be levied only as follows:

(i) The Conditional Maintenance Tax may only be levied on property that is (A) owned by Developer at the time of the levy and (B) not subject to a purchase and sale agreement for the sale to a third party that is scheduled to close within six (6) months after the date of the levy.

(ii) The Conditional Maintenance Tax may only be levied in the calendar year in which City receives written notice from Authority that a Maintenance Default has occurred.

(iii) The Conditional Maintenance Tax may only be levied once in a calendar year.

(iv) The Conditional Maintenance Tax may only be levied on a parcel of property authorized by clause (i) in the amount of such parcel’s pro rata share (based on acreage of such parcel to all parcels authorized by clause (i)) of the amount of the Maintenance Default.

(v) The Conditional Maintenance Tax shall be hand billed by City to Developer, and Developer shall have thirty (30) days to pay the amount due.

(vi) The failure by Developer to pay the Conditional Maintenance Tax within the time established by clause (v) shall subject the property upon which it is levied to foreclosure by City. The Conditional Maintenance Tax shall have the same lien priority and penalties as the Project Special Taxes.

(vii) The Conditional Maintenance Tax shall terminate and shall no longer be levied when, following the Maintenance Commencement Date, the Maintenance Account Balance is \$0.

(h) Payment of Remaining Balance. If upon Completion of the Northern Wilds, as identified in the Parks and Open Space Plan, a balance remains in the Maintenance Account Balance, Developer, upon Authority’s written request, shall pay Authority an amount equal to the remaining balance of the Maintenance Account Balance. Authority shall restrict the use of such funds to a segregated parks and open

space fund, conservancy, or other separate fund or entity with use restricted to operation and maintenance of the parks and open spaces in the Project Area.

2.8 CFD Limitations

(a) City and Developer agree that each CFD will be formed so that the proceeds of CFD Bonds and Remainder Taxes may be applied to accomplish the following goals in the manner set forth in this Financing Plan: (i) to finance Qualified Project Costs; (ii) to finance Additional Community Facilities; and (iii) to finance Ongoing Park Maintenance. To accomplish these goals, and subject to the limitations set forth in this Section 2.8, and in light of the 2% Limitation and the CFD Goals:

(i) each CFD will be authorized to finance the Qualified Project Costs, the Additional Community Facilities, and the Ongoing Park Maintenance;

(ii) for each CFD, the term for levying Project Special Taxes will be established at no less than 999 years from the first issuance of CFD Bonds in such CFD; and

(iii) for each CFD, the amount of authorized bonded indebtedness will be established to allow the issuance of the First Tranche CFD Bonds to finance Qualified Project Costs and the Second Tranche CFD Bonds to finance Additional Community Facilities.

(b) The CFD Conversion Date shall be calculated separately for each CFD.

(c) Until the CFD Conversion Date, in a CFD, CFD Bonds will be issued exclusively to finance Qualified Project Costs unless Developer, in its sole discretion, consents in writing to the issuance of CFD Bonds for such CFD to finance Additional Community Facilities. After the CFD Conversion Date in such CFD, City may issue CFD Bonds to finance Additional Community Facilities or for any other purpose authorized under the CFD Act.

(d) City and Developer agree that, within a CFD, City shall not be obligated to issue First Tranche CFD Bonds (including refunding bonds) with a final maturity of later than the date that is forty-two (42) years after the issuance of the first series of First Tranche CFD Bonds in such CFD without the Approval of Board of Supervisors in its sole discretion. Unless City and Developer agree otherwise, any CFD Bonds issued to refund First Tranche CFD Bonds shall comply with applicable provisions of the CFD Act pursuant to which refunding bonds will not result in a reduction of the total authorized amount of the bonded indebtedness of a CFD and, in any event, the final maturity date of the refunding bonds shall not exceed the latest maturity date of the First Tranche CFD Bonds being refunded. The previous sentence shall not prevent the issuance of a series of First Tranche CFD Bonds for new money and refunding purposes, so long as the portion of the First Tranche CFD Bonds attributable to the refunding purpose meets the requirements of the previous sentence.

(e) The City intends to include open space improvements, transportation facilities, renewable energy and other sustainability projects, and other public infrastructure within the authorized list of Additional Community Facilities for each CFD, including, but not limited to, future improvements necessary to ensure that the shoreline, public facilities, and public access improvements will be protected should sea level rise at the perimeter of the Project Site as set forth in the Infrastructure Plan (the “**Future Sea Level Rise Improvements**”). If required to be constructed or installed pursuant to the appropriate regulating authorities, City agrees to finance the Future Sea Level Rise Improvements through the proceeds of the Second Tranche CFD Bonds and any Remainder Taxes that become available to City after the CFD Conversion Date pursuant to this Financing Plan, all in the manner required by the appropriate regulating authorities. However, notwithstanding the discretion vested in Developer with respect to the decision to fund Additional Community Facilities from CFD Bonds prior to the CFD Conversion Date for each CFD pursuant to Section 2.8(c), if, prior to the CFD Conversion Date for a CFD, sea levels in the waters at the perimeter of the Project Site rise by more than sixteen (16) inches from the levels in existence on the Reference Date, as defined in the Infrastructure Plan, Developer and City will finance Future Sea Level Rise Improvements from First Tranche CFD Bonds for the CFD.

(f) Pursuant to the definition contained in Section 7.2, the term “**CFD**” means an Improvement Area if one has been so designated. Accordingly, wherever the word “**CFD**” appears in this Section 2.8, it also means Improvement Area (with the result being that the CFD Conversion Date shall be calculated separately for each Improvement Area).

3. INFRASTRUCTURE FINANCING DISTRICT FINANCING

3.1 Formation of IFDs

(a) Formation. At any time, and from time to time, after Authority acquires all or part of the Project Site from the Navy, Developer may request in writing that City establish one or more IFDs under the IFD Act over all or any part of the property so acquired. For the avoidance of doubt, establishing an IFD includes annexing territory to an existing IFD. In its written request, Developer may include proposed specifications for the IFD, including IFD boundaries. Developer’s proposed specifications will be based on Developer’s development plans, market analysis, and required preferences, but in all cases will be subject to this Financing Plan, the Funding Goals, and compliance with the IFD Act. To ensure compliance with the replacement housing provisions of the IFD Act in the formation of an IFD, City shall consider any input provided by Authority as to the specifics of the IFD formation.

(b) Boundaries. As soon as reasonably practical after receipt of a written request from Developer, City will establish each IFD over all of the property identified in the written request. The IFD shall include separate Project Areas, as requested by Developer in writing.

(c) Authorized Facilities. Each IFD shall be authorized to finance all of the Qualified Project Costs, irrespective of the geographic location of the improvements financed.

(d) Cooperation. Developer and City shall cooperate reasonably in developing the IFP for each IFD that is consistent with this Financing Plan. Developer and City will each use good-faith reasonable efforts at all times to furnish timely to the other, or to obtain and then furnish to the other, any information necessary to develop the IFP for each IFD. Developer and City agree that, for an IFD for which a Statement of Indebtedness is required under the IFD Act or otherwise, (i) the IFP will include a declaration that the IFD's obligation to use Net Available Increment for the purposes specified in this Financing Plan constitutes an indebtedness of the IFD and (ii) the IFP will provide that the IFD will include the amount of such indebtedness in each applicable annual Statement of Indebtedness for the IFD.

3.2 Scope of IFD-Financed Costs

(a) Authorization. An IFD may finance only Qualified Project Costs that are financeable under the IFD Act.

(b) Communitywide Significance. On the Reference Date, City found and determined that the Qualified Project Costs to be financed by the IFDs are of communitywide significance that provide significant benefits to an area larger than the area of the Project Site (which will be the cumulative boundaries of all IFDs). The Board of Supervisors may be required under the IFD Act to make additional specific findings with respect to financing Qualified Project Costs under the IFD Act. City shall assist in making such findings as and when requested by Developer, subject to applicable law.

3.3 Issuance of IFD Debt

(a) Issuance. Subject to Board of Supervisors Approval and Sections 4.4 and 4.5, City will cause the IFP for each IFD to provide for the issuance of IFD Debt for purposes of this Financing Plan following Developer's submission of a written request to issue IFD Debt. Developer may, at any time and from time to time in its discretion, submit written requests that an IFD issue IFD Debt, specifying requested issuance dates, amounts, and main financing terms. Following each Developer's request, Developer and City will meet with City's public financing consultants to determine reasonable and appropriate issuance dates, amounts, and main financing terms that are consistent with Developer's request and the Funding Goals. Each IFP will provide that an IFD may not issue IFD Debt without first receiving a written request from Developer.

(b) Coverage Ratio. Each issue of IFD Debt will be structured with a debt service coverage-ratio that maximizes the proceeds of IFD Debt but is consistent with sound municipal financing practices and assures, to City's reasonable satisfaction, based on calculations, explanations, and other substantial evidence provided by Developer, that the IFD will have sufficient Net Available Increment to pay

administrative expenses and is unlikely to need the Conditional City Increment to pay debt service on the IFD Debt.

(c) Term. Unless Developer and City agree otherwise, the IFP for each IFD will provide for IFD Debt that will have a term that maximizes the proceeds of IFD Debt but is consistent with sound municipal financing practices and any limitations on the amount of Net Available Increment.

(d) IFD Debt Proceeds. Subject to Tax Laws and the IFD Act, the proceeds of each IFD Debt will be used in the following order of priority: (i) to fund required reserves and pay costs of issuance; (ii) to pay Qualified Pre-Development Costs (which do not include any return on such Pre-Development Costs); and (iii) to pay outstanding Qualified Project Costs. The remainder will be deposited into the IFD Debt Project Account as designated in the Indenture and must be used only to pay for Qualified Project Costs.

(e) Conditional City Increment. Developer and City agree that, if permitted under existing law, City would have subordinated its right to receive its share of Increment other than Net Available Increment to the payment of debt service on IFD Debt. However, under existing law (including the IFD Act), the City cannot do so. Accordingly, City and Developer agree that, for each IFD, City will allocate in the IFP Conditional City Increment to such IFD for the limited purpose of paying debt service on IFD Debt in the event that Net Available Increment is insufficient for that purpose. For each IFD, the IFP will provide that, after first paying or setting aside amounts needed for debt service due during such Fiscal Year on IFD Debt for such IFD secured by or payable from Net Available Increment, such IFD shall repay the City out of Net Available Increment for any Conditional City Increment used to pay debt service on IFD Debt for such IFD as set forth in this Section 3.3(e) in an amount equal to the Conditional City Increment used to pay debt service on the IFD Debt plus interest through the date of repayment of the amount of Conditional City Increment used to pay debt service on the IFD Debt at the Default Interest Rate. For the avoidance of doubt, the Conditional City Increment shall not be available to fund any portion of the Stage 2 Contribution.

(f) Subordination. For each IFD, the IFP will provide that, at the request of Developer, the IFD will submit a Subordination Request to each of the Other Taxing Agencies at least ninety (90) days prior to the date proposed for delivery of a preliminary official statement for any IFD Debt. Developer acknowledges that, under existing law (including the IFD Act), the Subordination Request must be undertaken in connection with the formation of an IFD and would take the form of a conditional allocation of Increment by the Other Taxing Agencies.

3.4 Pledge of Net Available Increment

(a) Pledge of Net Available Increment. City agrees that each IFD, when formed, will irrevocably pledge the Net Available Increment to the financing of the Qualified Project Costs, to the repayment of any Conditional City Increment used to pay debt service on IFD Debt for such IFD in the manner set forth in Section 3.5(d) and to the

extent set forth in Section 3.3(e), and to any IFD Debt issued for such IFD. City will take all actions necessary under the IFD Act and the policies of the County Assessor to ensure that Net Available Increment will be available for purposes of this Financing Plan, including providing in the IFP for each IFD for the filing of any required annual Statement of Indebtedness. Except for the subordinate pledge of Net Available Increment pursuant to the Navy Promissory Note (the “**Subordinate Pledge**”), City represents and warrants that there are no other pledges of Net Available Increment to any other projects or persons, and that neither the City nor the IFD will pledge, encumber, assign, allocate, or otherwise promise the Net Available Increment to any other projects or persons other than as set forth in this Financing Plan (with such covenant included in the IFP for each IFD). The City and the Developer agree that, as an Alternative Financing, the Certificates of Participation constitute a Public Financing and, consequently, the amendments to Section 3.5 of the Original Financing Plan set forth herein are consistent with Sections 3.01 and 3.02 of that certain Subordinate Pledge Agreement, dated as of May 29, 2015, executed by the City for the benefit of the United States of America.

3.5 Budget Procedures; Use of Net Available Increment

(a) Estimate of Net Available Increment. No later than April 1 of each year, City staff will meet and confer with Developer with respect to the projected amount of Net Available Increment for the next Fiscal Year for each Major Phase. City will provide Developer with good faith estimates, for the next Fiscal Year, of: (A) Net Available Increment (based, in part, upon information provided by Developer as to any new development and Transfers of property); (B) the amount of any debt service on IFD Debt secured by a pledge of or expected to be paid from Net Available Increment and the amount required to replenish debt service reserve funds for such Public Financings; (C) the amount required to repay the City for the use of Conditional City Increment; (D) the amount payable under the Subordinate Pledge; (E) the amount of the Stage 2 Contribution expected to be funded by Net Available Increment; and (F) the amount required to pay administrative expenses of the IFD. The April 1 date referred to in this Section 3.5(a) is based on the current budget process of the City. Developer and City will adjust the dates as appropriate if the City alters its budget process in the future.

(b) City Budget and IFD Budgets. Subject to the IFD Act and the Funding Goals, and based upon the information provided by Developer, City shall for each IFD:

(i) budget for the allocation of Net Available Increment described in this Financing Plan, and the expenditure of the expected Net Available Increment only to: (A) pay debt service due in the next Fiscal Year on any applicable IFD Debt incurred or to be incurred to pay Qualified Project Costs and replenish debt service reserve funds for such IFD Debt; (B) repay the City for any Conditional City Increment used to pay debt service on IFD Debt for such IFD in the manner set forth in Section 3.5(d) and to the extent set forth in Section 3.3(e); (C) fund all or any portion of the Stage 2 Contribution as set forth in this

Financing Plan, (D) pay any amount payable under the Subordinate Pledge; (E) pay IFD administrative expenses; and (F) finance Qualified Project Costs; and

(ii) allocate Net Available Increment as set forth in this Financing Plan, and cause the IFP to contain provisions for the IFD to apply any Net Available Increment it receives to the budgeted purposes, subject to the covenants of the applicable Indentures for IFD Debt and the Funding Goals.

(c) Purpose of Pledge. Developer and City shall cause the IFP for each IFD to require all Net Available Increment in each Fiscal Year to be used as provided in this Financing Plan, and City shall prepare its annual budget and cause the IFDs to prepare their annual budgets to reflect the required use of Net Available Increment under this Financing Plan. Qualified Project Costs that Developer incurs will be eligible for financing from the Funding Sources in each Fiscal Year until such Qualified Project Costs are financed in full.

(d) Use of Net Available Increment. For each IFD, the IFP will provide for the use of Net Available Increment to pay debt service and replenish any debt service reserve fund for indebtedness as defined therein, repay the City for any Conditional City Increment used to pay debt service on IFD Debt for such IFD as set forth in Section 3.3(e), pay administrative expenses of the IFD, and pay for Qualified Project Costs. In furtherance of the preceding sentence, the Developer and City agree that the Net Available Increment shall be used first, to pay or set aside amounts needed for debt service due on IFD Debt for such IFD secured by or payable from Net Available Increment during Fiscal Year and replenish related debt service reserve funds, second, to repay the City for any Conditional City Increment used to pay debt service on IFD Debt for such IFD, third, with respect to the 82.5% of Net Available Increment that is not dedicated to fund Housing Costs in the IFP, to fund all or any portion of the Stage 2 Contribution as set forth in this Financing Plan during the period specified in the definition of Stage 2 Contribution, fourth, to pay any amounts due to the Navy under the Subordinate Pledge, fifth, to pay for IFD administrative expenses, and sixth, to finance, or accumulate funds to finance, Developer's Qualified Project Costs pursuant to this Financing Plan. In addition, upon and as allocated in Developer's written request, Authority will use all or any part of Net Available Increment to refund or defease before maturity a Public Financing that financed Qualified Project Costs.

3.6 Housing Costs

(a) Housing Proceeds. For each IFD, City and Developer agree that the IFP will provide for a portion of the IFD Proceeds for such IFD in any Fiscal Year to be applied to finance the Housing Costs in the following manner:

(i) If, in the written opinion of bond counsel to the IFD, all Housing Costs are or become authorized to be financed by the IFD Law, then an amount calculated by multiplying the Net Available Increment in any Fiscal Year by the Housing Percentage shall be reserved and used by the IFD to pay for Housing Costs. Amounts reserved for Housing Costs may, at the written direction

of Authority, (A) be transferred to Authority to be held in the Housing Fund and applied to pay Housing Costs, or (B) secure on a first lien basis the issuance of IFD Debt, the proceeds of which will be used to pay for Housing Costs; or

(ii) If, in the written opinion of bond counsel to the IFD, all Housing Costs are not authorized to be financed by the IFD Law, then, in paying any Payment Request authorized pursuant to the Acquisition and Reimbursement Agreement, City shall pay (A) to Authority on behalf of Developer from amounts that would otherwise be paid to Developer pursuant to the Payment Request for deposit in the Housing Fund an amount calculated by multiplying the amount being paid pursuant to the Payment Request by the Housing Percentage and (B) to Developer the balance of the amount being paid pursuant to the Payment Request. Amounts paid to Authority on behalf of Developer pursuant to this clause (ii) are not the proceeds of IFD Debt, but are funds that Developer is entitled to receive from the sale of Improvements pursuant to a Payment Request that Developer is agreeing to be applied on Housing Costs.

(b) Combination of Financing Housing Costs. If, in the written opinion of bond counsel to the IFD, a portion, but not the entirety, of the Housing Costs is or becomes authorized to be financed by the IFD Law, then Authority and Developer may provide for the financing of Housing Costs by some combination of subsections (a)(i) and (a)(ii) by providing written direction to each IFD as to the implementation and priority of clauses (a)(i) and (a)(ii) and the amount of the Housing Percentage to be applied to determine (A) the amount of Net Available Increment to be reserved for Housing Costs pursuant to clause (a)(i), and (B) the amounts payable from Payment Requests pursuant to clause (a)(ii).

3.7 Miscellaneous IFD Provisions

(a) Shortfall.¹ Developer agrees to the following measures to avoid shortfalls in projected Net Available Increment for the Project.

(i) If, after an IFD issues any IFD Debt under this Financing Plan that is secured by a pledge of Net Available Increment, Developer initiates a proceeding under the California Revenue & Taxation Code (a “**Reassessment**”) to reassess the value of the parcels then owned by Developer within an IFD for which such IFD Debt was issued (the “**Encumbered Parcels**”), that results in a decrease in ad valorem property taxes levied on the Encumbered Parcels, Developer must pay to City in a Fiscal Year the amount equal to: (A) the amount of ad valorem property taxes that would have been levied on the Encumbered Parcels in such Fiscal Year if the Reassessment had not occurred; less (B) the amount of ad valorem property taxes actually levied on the Encumbered Parcels in such Fiscal Year (the difference being the “**Additional Payments**”). The City

¹ This provision is under discussion, and is subject to amendment or deletion.

shall allocate the Additional Payments received consistent with the IFP for such IFD.

(ii) Developer's obligation to make Additional Payments will begin in the Fiscal Year following the Reassessment and continue until the earlier of: (A) the date that the IFD Debt related to the Encumbered Parcels that is outstanding on the date of the Reassessment is repaid in full or defeased before maturity for any reason other than a refunding; or (B) the date that the amount of the Additional Payments is reduced to zero or less due to a subsequent reassessment of the Encumbered Parcels for any reason.

(iii) Developer and City intend for this Section 3.7(a) to apply to Public Financing payable or secured only by Net Available Increment, and not to any other Public Financing issued by Authority or the City. Developer's obligations under this Section 3.7(a) are not for the benefit of any CFD Bonds. Should the Tax Laws change, or the Internal Revenue Service or a court of competent jurisdiction issue a ruling that might cause any tax-exempt IFD Debt to be deemed taxable due to the requirements under clause (i) or (ii), City will release Developer from its obligations under this Section 3.7(a), and this Section 3.7(a) will be deemed severed from this Financing Plan under section 27.19 of the DDA.

(iv) Developer and City understand and agree that City would not be willing to enter into this Financing Plan without the agreement set forth in this Section 3.7(a).

(b) Reserve Fund Earnings. The Indenture for each issue of IFD Debt will provide that earnings on any reserve fund that are not then needed to replenish the reserve fund to the reserve requirement will be transferred to the debt service fund held by the Trustee under the Indenture.

(c) Material Changes to the IFD Act. In the event of any change to the IFD Act that occurs after the Reference Date, City, Authority, and Developer shall meet and confer and negotiate in good faith any appropriate changes to this Financing Plan, the DDA, the City DA, and any existing IFD. In the event of any change to the IFD Act that occurs after the Reference Date that results in Increment other than Net Available Increment becoming available for allocation to an IFD, City may allocate such additional Increment to an IFD and may provide in the IFP for such IFD that such additional Increment may be used by the IFD as follows: (i) first, to finance Housing Costs and increase the then-effective Minimum Affordable Percentage in the manner set forth in Articles 3 and 9 of the Housing Plan and to finance additional Qualified Project Costs that are required to receive additional increment as a result of the change in the IFD Act; and (ii) second, to pay Qualified Project Costs.

(d) If at any time during the term of this Agreement the City reasonably concludes that the provisions of this Article III as it relates to the allocation by the City of Net Available Increment or the IFP of an IFD would violate applicable

provisions of State law, or if a court of applicable jurisdiction concludes that the provisions of this Article III as it relates to the allocation by the City of Net Available Increment would or the IFP of any IFD does violate applicable provisions of State law, City and Developer shall meet and confer about available alternatives.

3.8 IFDs and Net Available Increment Upon Termination

(a) Notice of Termination. In the event that Authority terminates all or any portion of the DDA before the issuance of the last Certificate of Completion for the Project for any reason, Authority shall send City and each IFD a Termination Notice providing the details of the termination and whether or not the termination was due to a Selected Default.

(b) Formation of IFDs After Termination. Any IFD formed over any part of the Project Site for each Other Developer following receipt of a Termination Notice for a non-Selected Default shall authorize the financing of the Island Wide Costs of Developer so that such Island Wide Costs of Developer may be financed as set forth in this Section 3.8. The IFD formed over any part of the Project Site for each Other Developer following receipt of a Termination Notice for a Selected Default shall have no such obligation.

(c) Non-Selected Defaults. If the Termination Notice indicates that the termination was for any reason other than a Selected Default, then from and after the date that such Termination Notice is received by City and each IFD, the IFD shall distribute the IFD Proceeds as follows:

(i) The IFD Proceeds generated from the property in the Project Site that Developer has previously acquired from Authority (regardless of current ownership of such property) shall be reserved for, and paid upon request by, Developer to finance Developer's Island Wide Costs until all Island Wide Costs incurred by Developer are fully financed by IFD Proceeds.

(ii) Fifty percent (50%) of the IFD Proceeds generated from Non-Developer Property ("**Termination Proceeds**") shall be reserved for, and paid upon request by, Developer to finance Developer's Island Wide Costs until all Island Wide Costs incurred by Developer are financed by such Termination Proceeds; provided, that such Termination Proceeds may not be applied to pay Pre-Development Costs except for Pre-Development Costs incurred prior to the Reference Date ("**Liquidated Pre-Agreement Costs**") and then only in the amount not to exceed five percent (5%) of such Termination Proceeds. Developer and City shall agree in writing on the amount of the Liquidated Pre-Agreement Costs within ninety (90) days following the Reference Date, and the amount of Liquidated Pre-Agreement Costs shall not include any return on such costs. If City and Developer do not agree in writing on the amount of the Liquidated Pre-Agreement Costs within such 90-day time period, City and Developer shall work in good faith to agree in writing on the amount of the Liquidated Pre-Agreement Costs as soon as practical thereafter; provided, however, that City shall have no

obligation to initiate formation of an IFD until City and Developer have agreed in writing to the amount of the Liquidated Pre-Agreement Costs.

(iii) Upon the occurrence and during the continuance of a High IRR Period, Authority may provide a written notice to City and each IFD indicating that there is a High IRR Period. Notwithstanding anything in clause (ii), upon receipt of the written notice about the High IRR Period, the IFD will suspend distribution of IFD Proceeds to Developer pursuant to clause (ii). Immediately upon the conclusion of a High IRR Period, Authority shall provide a written notice to City and each IFD indicating that the High IRR Period has ended, and immediately upon receipt of such written notice, the suspension shall end and the IFD shall resume making payments to Developer of IFD Proceeds pursuant to clause (ii).

(iv) Once all of Island Wide Costs incurred by Developer are financed with IFD Proceeds, or during any period of suspension, IFD Proceeds generated from Non-Developer Property shall be distributed as agreed to by the IFDs and Authority.

(d) Selected Defaults. In the event the Termination Notice indicates that the termination was due to a Selected Default, then from and after the date that such Termination Notice is received by the IFD and the City, the IFD shall distribute the IFD Proceeds as follows:

(i) The IFD Proceeds generated from the property in the Project Site that Developer has previously acquired from Authority (regardless of current ownership of such property) shall be paid to Developer to finance Developer's Island Wide Costs until all Island Wide Costs incurred by Developer are financed by IFD Proceeds.

(ii) All of the IFD Proceeds generated from Non-Developer Property shall be paid to each Other Developer of such other property to use exclusively to pay its respective Island Wide Costs.

(e) Definition of Categories of Island Wide Costs. As a condition of Approval for the Initial Major Phase Application, Authority, City and Developer shall have agreed in writing upon the categories of Island Wide Costs.

3.9 Net Available Increment Under Certain Situations

(a) Application During Higher IRR Period. Upon the occurrence and during the continuance of a Higher IRR Period, Authority may provide a written notice to City and each IFD indicating that there is a Higher IRR Period. For each IFD, upon receipt of the written notice about the Higher IRR Period, the IFD shall suspend distribution of Net Available Increment remaining after payment of debt service due on IFD Debt and any other Public Financing. For each IFD, immediately upon the conclusion of a Higher IRR Period, Authority shall provide a written notice to City and the IFD indicating that the Higher IRR Period has ended, and immediately upon receipt

of such written notice, the suspension shall end and the IFD shall resume making payments to Developer of Net Available Increment in the manner set forth in this Financing Plan.

(b) Application in Event of Default. Upon the occurrence of and only for the duration of and to the extent of any default in Authority's payment of Initial Navy Consideration under the Conveyance Agreement which is caused by an Event of Default by Developer under the DDA, Authority may provide a written notice to City and the IFD indicating that an Event of Default has occurred, and the IFD shall suspend distribution of Net Available Increment remaining after payment of debt service due on IFD Debt and any other Public Financing until the Event of Default is cured. The IFD shall hold any Net Available Increment withheld from Developer for the account of the Navy until the Event of Default is cured. Immediately upon the curing of the Event of Default, Authority shall provide a written notice to City and the IFD indicating that the Event of Default has been cured, and immediately upon receipt of such written notice, the suspension shall end and the IFD shall resume making payments to Developer of Net Available Increment in the manner set forth in this Financing Plan.

(c) Use of Net Available Increment During Suspension Periods. During any period that the application of Net Available Increment under this Financing Plan is suspended pursuant to Sections 3.8(c)(iii), 3.9(a), and 3.9(b), the IFD may, unless otherwise permitted by this Financing Plan, use such Net Available Increment on a pay-as-you-go basis only (i.e., such amounts may not be pledged to any indebtedness) to finance the following costs to the extent allowed by the IFD Act and so long as such uses do not adversely affect the tax-exemption of the interest on any IFD Debt:

- (i) Installment Payments then due and unpaid; then
- (ii) Future Installment Payments by a deposit to the Navy Payment Escrow until such time as the amount in the Navy Payment Escrow is sufficient to pay all remaining unpaid Installment Payments; then
- (iii) Payment of any Financial Obligations that would have been the obligation of Developer; then
- (iv) In any combination: (A) facilities benefitting the Project or the Project Site; or (B) payment of the Housing Costs (including any affordable housing subsidy).

4. ALTERNATIVE FINANCING AND PUBLIC FINANCING GENERALLY

4.1 Alternative Financing

(a) Request for Alternative Financing. Authority acknowledges and agrees that other methods of Public Financing for Qualified Project Costs may be viable, become available, or become necessary (due to a Change in Law or otherwise) that affects the Funding Sources: (i) before Developer's completion of the Infrastructure and Stormwater Management Controls; or (ii) before Developer's full reimbursement for

Project Costs. These other methods (collectively, “**Alternative Financing**”) may include any municipal debt financing vehicle then available under applicable law, including tax-exempt bonds, taxable bonds, tax-credit bonds, certificates of participation, and federal or State loans incurred by Authority, the City, or a joint powers authority. As set forth in this Financing Plan, as it may be amended from time to time, such municipal debt financing vehicles may be secured by Net Available Increment or Project Special Taxes, special assessments or fees on Taxable Parcels of commercial property in the Project Site through a community taxing district formed by City ordinance, or lease revenues in the case of Certificates of Participation. Therefore, from time to time, so long as Developer’s Project Costs have not been fully paid or reimbursed, Developer may submit a written request for Alternative Financing, describing:

(i) the Qualified Project Costs to be financed with the proceeds of the Alternative Financing;

(ii) if the Qualified Project Costs relate to construction, the Completion date or estimated Completion date for the related Infrastructure and Stormwater Management Controls;

(iii) if the Qualified Project Costs relate to construction, the then current construction schedule for any other improvements to be made by Developer; and

(iv) the Alternative Financing.

(b) Implementation. Following Developer’s request for Alternative Financing, Developer and Authority will meet with the Controller’s Office of Public Finance and appropriate Authority or City consultants as to the necessity, feasibility, amount, and timing of the proposed Alternative Financing. Neither the City nor Authority will be required to implement Alternative Financing that: (i) is not consistent with the Funding Goals or Section 1.2(b) or (ii) proposes to tax or assess Exempt Parcels.

(c) Financing.

(i) If an Alternative Financing contemplates the formation of a CFD and the pledge of Project Special Taxes, Developer may petition City, as applicable, to form one or more CFDs over the Project Site in the manner and subject to parameters and limitations that differ from CFDs formed pursuant to Section 2 so long as Developer agrees to such terms in writing. Any such Alternative Financing CFDs may overlap all or any of the CFDs formed pursuant to Section 2.

(ii) If an Alternative Financing contemplates the pledge of Net Available Increment, Developer and Authority may mutually agree to adjust the application of Net Available Increment to accomplish the Alternative Financing.

(d) Stage 2 Alternative Financing. The Parties acknowledge that as of the A&R Reference Date, it is the intent of the Parties that the City will provide

Alternative Financing to the Project in accordance with this Section 4.1(d). The Alternative Financing provided under this Section 4.1(d) is referred to, collectively or individually, as “**Stage 2 Alternative Financing**”.

(i) The purpose of the Stage 2 Alternative Financing is to accelerate the development of the property shown on the map attached hereto as Schedule 4.1(d) (“**Stage 2**”). The property in Stage 2 is a portion of the property subject to Sub-Phase Application 3 dated March 21, 2019, and approved by the Authority on April 12, 2019. The Stage 2 Alternative Financing is intended to facilitate the continuation of development of Stage 2 without interruption and to facilitate the delivery of housing units, both affordable and market rate, in furtherance of critical policy goals of the City.

(ii) The Stage 2 Alternative Financing shall be used solely to finance reimbursement to the Developer for its expenditures on the Qualified Project Costs related to development within the boundaries of Stage 2, or as required to serve development within the boundaries of Stage 2, that are eligible to be financed by CFD Bonds or IFD Debt the interest on which is excluded from gross income for federal income tax purposes (“**Stage 2 Qualified Project Costs**”). Stage 2 Alternative Financing is not intended to finance Qualified Project Costs related to any portion of the property subject to Sub-Phase Application 3 other than Stage 2, or Qualified Project Costs related to any other future Project Sub-Phases, except as required to serve development within the boundaries of Stage 2. Unless otherwise authorized pursuant to this Article 4, the City’s General Fund shall not be available to pay any Alternative Financing other than the Stage 2 Alternative Financing. The City, the Authority and the Developer have agreed that the Stage 2 Alternative Financing represents financial assistance for Stage 2 that will not be available for any other property within Sub-Phase Application 3 unrelated to Stage 2, or for any other future Project Sub-Phases.

(iii) The Stage 2 Alternative Financing is expected to be structured as one or more lease certificates of participation that will represent lease payments payable by the City from its General Fund revenues (“**Certificates of Participation**”), although the City reserves the discretion for the Stage 2 Alternative Financing to be structured as other public financing vehicles selected by the City that are not secured by a pledge of Project Special Taxes or Net Available Increment. Although the Certificates of Participation will represent lease payments that are appropriated from the City’s General Fund, the City expects that, except for the Stage 2 Contribution, the lease payments will be paid from General Fund revenues derived from the Project that would not exist but for the Project..

(iv) The City and Developer anticipate that the Stage 2 Alternative Financing will generate a maximum of \$115 million of net proceeds to reimburse the Developer for Stage 2 Qualified Project Costs. The City and the Developer currently anticipate that the Stage 2 Alternative Financing will be issued in three separate tranches of approximately \$50 million, \$50 million and

\$15 million; provided, however, the City reserves the right in its discretion to determine the timing, principal amount and number of tranches based on economic efficiency, the policies described in Section 1.1(a)(xi) and the Developer's ability to spend the financing proceeds on Stage 2 Qualified Project Costs within two years.

(v) Each tranche of the Stage 2 Alternative Financing shall be implemented through a separate legislative package submitted to, and subject to the approval of, the Board of Supervisors. Each legislative package will describe the following:

(A) the legal structure of the proposed Stage 2 Alternative Financing (e.g., Certificates of Participation);

(B) the maximum principal amount of the proposed Stage 2 Alternative Financing and the net proceeds expected to be generated to reimburse the Developer for Stage 2 Qualified Project Costs;

(C) the specific Stage 2 Qualified Project Costs that are expected to be financed by the proposed Stage 2 Alternative Financing and the expected timing of the Developer's expenditures on those Stage 2 Qualified Project Costs;

(D) the transaction's compliance with Section 10.62 of the City's Administrative Code; and

(E) the performance milestones to be met by the Developer before approval by the Board of Supervisors of a subsequent Stage 2 Alternative Financing.

Before any Stage 2 Contribution is made, the Board of Supervisors shall have approved the issuance of the first tranche of Certificates of Participation. The City shall not cause the initial Stage 2 Alternative Financing to be executed and delivered unless (y) the Board of Supervisors, as legislative body with respect to the CFD and as legislative body of the IFD, has approved the obligation to make the Stage 2 Contributions described in this Financing Plan (z) the City and the IFD, as applicable, have complied with applicable requirements of the Indentures for outstanding CFD Bonds and IFD Debt.

(vi) For the Stage 2 Alternative Financing(s) structured as Certificates of Participation, the Authority, the City and the Developer have agreed that the following Funding Sources shall be available (but not pledged) as described in this Financing Plan to fund the annual amount of the Stage 2 Contribution: (a) the Remainder Taxes in the manner described in Section 2.3(j); and (b) the 82.5% portion of Net Available Increment that is not dedicated in the IFP to pay for Housing Costs in the manner described in Section 3.5(d).

(vii) The City reserves the right to structure the prepayment provisions of the Stage 2 Alternative Financing in its sole discretion.

(viii) Developer hereby agrees that it shall not be entitled to, nor shall City or Authority pay, any Net CFD Proceeds, Project Special Taxes, IFD Proceeds or Net Available Increment to reimburse Developer for any Stage 2 Qualified Project Costs for which Developer was previously reimbursed from Stage 2 Alternative Financing proceeds.

(ix) At such time as all Qualified Project Costs incurred by Developer have been fully financed from Public Financing in accordance with this Financing Plan, the City may use any remaining Funding Sources that otherwise would have been committed toward Qualified Project Costs had there not been any Stage 2 Alternative Financing to pay for costs of public capital facilities that are eligible for financing under the Tax Laws (if applicable), CFD Act or IFD Act and otherwise would have been paid with General Fund or Authority revenues.

(x) The Parties agree that between the A&R Reference Date and the date on which the Developer has completed the improvements contemplated by the Street Improvement Permit for Stage 2 (the “**Stage 2 SIP Work**”), the Developer will spend all Gross Revenues from (i) land sales and (ii) Public Financing proceeds on Project Costs; provided, however, that the payment of interest, fees, or principal of debt being used to finance the Project is an eligible use of such revenues. For purposes of this subsection (x), “completed” shall mean satisfaction of any one of the following: (1) issuance of a notice of completion for the Stage 2 SIP Work by the Department of Public Works; (2) the date that is 60 days after Developer records a Notice of Completion pursuant to California Civil Code § 8190 covering the Stage 2 SIP Work without the filing of a mechanics lien, or if a lien is filed within such time, bonds have been provided to secure such liens in a form and amount required by law to cause any such lien to be removed from the applicable portion of the Project Site; (3) completion of at least 90% of the Stage 2 SIP Work (as evidenced by the inspections under the Acquisition and Reimbursement Agreement) with bonds posted for at least 150% of the remaining cost to complete the Stage 2 SIP Work; or (4) issuance of a Certificate of Completion by the Authority pursuant to Article 9 of the DDA for the Stage 2 SIP Work.

(xi) The City shall not increase the coverage ratio for, or reduce the sizing of an issue of, First Tranche CFD Bonds for the purpose of ensuring that there will be sufficient Remainder Taxes to fund all or any portion of the Stage 2 Contribution from Remainder Taxes. The City shall not increase the coverage ratio for, or reduce the sizing of an issue of, IFD Debt for the purpose of ensuring that there will be sufficient Net Available Increment to fund all or any portion of the Stage 2 Contribution from Net Available Increment. Instead, the City and the Developer agree that CFD Bonds and IFD Debt will be structured in accordance with Sections 2.4(d) and 3.3(b), respectively.

4.2 Formation and Issuance Alternatives

(a) Alternative Formation Entity. Developer and City may agree in writing that the Governmental Entity forming a CFD or an IFD may be other than City, so long as the formation of the CFD or IFD by the Governmental Entity is consistent with this Financing Plan and is allowed by the CFD Act or IFD Act, as applicable.

(b) Alternative Financing Mechanisms to Further Funding Goals. One of the Funding Goals of this Financing Plan is to maximize Funding Sources available to finance Qualified Project Costs. To achieve this Funding Goal, City and Developer acknowledge that it may be necessary or desirable to aggregate revenue sources from two or more IFDs or CFDs to support Public Financing through a financing mechanism other than the issuance of Public Financing by City or an IFD, including, but not limited to the issuance of revenue bonds or other indebtedness by another Governmental Entity (such as a local joint powers authority or a multiple-entity joint powers authority like CSCDA or ABAG) secured by CFD Bonds, IFD Debt, Project Special Taxes, and/or Net Available Increment. Developer and City will cooperate to evaluate and implement opportunities for such alternative financing mechanisms provided that such mechanisms further the Funding Goals and are consistent with this Financing Plan.

4.3 Grants

(a) Cooperation. Authority and Developer will work together to seek appropriate Project Grants for the Project.

(b) Authority Project Grants. Subject to the conditions in Project Grant documents and applicable law, Authority will use Project Grants it procures in the following order of priority: (i) first, to finance Project Costs that are not Qualified Project Costs under clauses (a), (b), (c), and (e) of the definition of “Qualified” (but in no circumstances would it be used to pay for a return on Pre-Development Costs); (ii) second, to finance the Qualified Project Costs incurred in connection with the Parks and Open Space Plan; (iii) third, to finance the costs of purchasing ferry boats for use on the Project Site; and (iv) fourth, to finance any other Qualified Project Costs. At the election of Authority, up to 50% of the Project Grant funds may be used for costs that benefit the Project (but that are not Project Costs).

(c) Developer Project Grants. Subject to the conditions in Project Grant documents and applicable law, Developer will use Project Grants it procures to finance Project Costs.

4.4 Provisions Applicable To All Public Financings

(a) Acquisition and Reimbursement Agreement. Developer and City will execute the Acquisition and Reimbursement Agreement (with only such changes as may be Approved by Developer and City in their respective sole discretion) before the earlier of: (i) the date the first Developer Construction Obligation is Commenced; or (ii) the date of the first Sub-Phase Approval. The Acquisition and Reimbursement Agreement describes the procedures by which: (x) Developer will seek reimbursement of

Qualified Project Costs and Authorized Payments; (y) City and Authority will inspect and accept Infrastructure and Stormwater Management Controls and other Improvements that Developer is required to construct under the DDA and City DA; and (z) City will approve Developer's Payment Requests. City will reimburse Developer for Qualified Project Costs and Authorized Payments with any combination of Funding Sources then available for City's use, subject to any priority established in the Acquisition and Reimbursement Agreement. City will acquire the Infrastructure, Stormwater Management Controls, and other Improvements from Developer in accordance with, and subject to the limitations set forth in, the Acquisition and Reimbursement Agreement and applicable Supplements. Developer acknowledges that it must satisfy the conditions set forth in the Acquisition and Reimbursement Agreement as a condition to receiving reimbursement for any Authorized Payments or Qualified Project Costs.

(b) Financing Temporarily Excused. City and each IFD will be authorized to temporarily suspend the issuance of any Public Financing (and Authority will not be obligated to provide Project Grant proceeds if clause (i), (ii), or (iii) applies), and neither Authority nor the City will be obligated to issue any Alternative Financing, to finance Qualified Project Costs during the time in which:

(i) Developer is in default in the payment of any ad valorem tax or Project Special Taxes levied on any Taxable Parcel it then owns in the Project Site;

(ii) Developer is in Material Breach under the DDA;

(iii) Developer fails to cooperate reasonably with Authority or the City as necessary to implement Public Financing consistent with this Financing Plan;

(iv) in the judgment of Authority, City, or an IFD, as applicable, after consultation with Developer, and based upon the Funding Goals and advice of Authority or City staff and consultants, market conditions or conditions affecting the property in the Project Site (such as tax delinquencies, assessment appeals, damage or destruction of improvements, or litigation) make it fiscally imprudent or infeasible to incur the requested indebtedness at the time; or

(v) the First Tranche CFD Bond or IFD Debt underwriter (the "**Underwriter**") for any bond issue exercises any right to cancel its obligation to purchase the First Tranche CFD Bonds or IFD Debt during the occurrence and continuation of events specified in its bond purchase agreement ("**Underwriter Force Majeure**").

(c) Developer Financing Costs. Developer will not be entitled to reimbursements from any Public Financing for its financing costs (consisting of interest carry and lender fees) for any Infrastructure and Stormwater Management Controls construction financing:

(i) to the extent that the costs are commercially unreasonable as of the date that the payment obligation was incurred;

(ii) while Developer is in default in the payment of any ad valorem taxes or Project Special Taxes levied on any of the Taxable Parcels it then owns or while Developer is in Material Breach under the DDA; or

(iii) if the costs arise more than ninety (90) days after the later to occur of: (A) the date on which City has found the related Infrastructure and Stormwater Management Controls to be Complete under the Acquisition and Reimbursement Agreement; and (B) Developer has been reimbursed fully for the related Qualified Project Costs from Funding Sources.

(d) Continuing Disclosure. Developer must comply with all of its obligations under any continuing disclosure agreement it executes in connection with the offering and sale of any Public Financing. Developer acknowledges that a condition to the issuance of any Public Financing may be Developer's execution of a continuing disclosure agreement.

(e) Qualified Pre-Development Costs. To the extent required, (i) each CFD and IFD will be authorized at formation to finance the Qualified Pre-Development Costs and (ii) the payment of the Qualified Pre-Development Costs (which do not include any return on such Pre-Development Costs) will be budgeted in the same manner as Qualified Project Costs in Section 3.5.

4.5 Terms of the Public Financings

(a) Meet and Confer. City staff and consultants will meet and confer with Developer before the sale of any Public Financing to discuss the terms of any proposed debt issue, but City and each IFD, as applicable, will determine the final terms in their reasonable discretion in light of the Funding Goals and subject to this Financing Plan. City will not enter into any Indenture for any form of Public Financing that is not bonded indebtedness, if the indebtedness must be secured by or repaid with Net Available Increment or Project Special Taxes without Developer's express written consent, which may be granted or withheld based on all relevant factors, including the timing and availability of funds, credit enhancement requirements, applicable interest rate and other repayment terms, and other conditions to the proposed indebtedness.

(b) Credit Enhancement. Any Developer credit enhancements for Public Financing must be without recourse to the City's General Fund or Authority's general funds or other assets (other than Net Available Increment to the extent pledged to the payment of Public Financing obligations). Any financial institution issuing a credit enhancement must have a rating of at least "A" from Moody's Investor's Service Inc. or Standard & Poor's Rating Service, or the equivalent rating from any successor rating agency mutually acceptable to Developer and City, on the date of issuance and at any later credit renewal date. Developer must provide substitute credit enhancements for any credit enhancement that does not meet this rating standard on a credit renewal date. If the

fees (and replenishment of any draw or other use of the collateral for the obligation it secures) for any Developer credit enhancements will be reimbursable from funds other than Developer funds, they may be reimbursed from Project Special Taxes or Net Available Increment, as applicable, on a basis subordinate to any debt service and other annual costs for any related outstanding Public Financing.

(c) Tax-Exempt or Taxable. Developer and City shall cooperate, and the IFD will cooperate with Developer, to maximize the tax-exempt treatment of any Public Financing, but Developer and City or an IFD, as applicable, may agree to issue taxable Public Financings.

(d) No Other Land-Secured Financings. Other than the CFDs and the IFDs, City shall not form any additional land-secured financing district or any district that pledges Increment over any portion of the property in the Project Site other than a City-wide district without Developer's Approval in its sole discretion.

4.6 Reimbursements for Qualified Project Costs

(a) Limited Reimbursement. Developer, City, and Authority acknowledge that:

(i) Developer is agreeing to pay for the Project Costs with the expectation that Developer will be reimbursed to the extent and in the manner set forth in this Financing Plan and the Acquisition and Reimbursement Agreement, subject to applicable laws and any financing instruments;

(ii) Developer may be required to begin paying Project Costs before Funding Sources to reimburse Developer are available;

(iii) Developer will be reimbursed for Qualified Project Costs and paid Authorized Payments in any number of installments as Funding Sources become available in accordance with this Financing Plan and the Acquisition and Reimbursement Agreement, with any unpaid balance deferred as long as necessary (subject to limitations on Funding Sources under applicable laws and financing instruments), until Funding Sources become available;

(iv) Developer's payment of Project Costs before the availability of Funding Sources to reimburse Qualified Project Costs is not a dedication or gift, or a waiver of Developer's right to reimbursement for Qualified Project Costs under this Financing Plan; and

(v) Funding Sources may not be sufficient to pay all of Developer's Qualified Project Costs and Authorized Payments.

(b) Acquisition of Infrastructure and Stormwater Management Controls. Developer, City, and Authority acknowledge that:

(i) Developer may be constructing Infrastructure and Stormwater Management Controls before Funding Sources that will be used to acquire it are available;

(ii) The Department of Public Works will inspect Infrastructure and Stormwater Management Controls and other Improvements and process Payment Requests even if Funding Sources for the amount of pending Payment Requests are not then sufficient to satisfy them in full;

(iii) Infrastructure and Stormwater Management Controls may be conveyed to and accepted by the City, Authority, or other Governmental Entity before the applicable Payment Requests are paid in full;

(iv) If the City, Authority, or other Governmental Entity accepts Infrastructure and Stormwater Management Controls before the applicable Payment Requests are paid in full, the unpaid balance will be paid when sufficient Funding Sources become available, and the Acquisition and Reimbursement Agreement will provide that the applicable Payment Requests for Infrastructure and Stormwater Management Controls accepted by the City, Authority, or other Governmental Entity may be paid: (A) in any number of installments as Funding Sources become available; and (B) irrespective of the length of time payment is deferred; and

(v) Developer's conveyance or dedication of Infrastructure and Stormwater Management Controls to the City, Authority, or other Governmental Entity before the availability of Funding Sources to acquire the Infrastructure and Stormwater Management Controls is not a dedication or gift, or a waiver of Developer's right to payment of Qualified Project Costs under this Financing Plan.

5. INTENTIONALLY OMITTED

6. MISCELLANEOUS PROVISIONS

6.1 Interim Lease Revenues

(a) Distribution of Interim Lease Revenues. Interim Lease Revenues shall be collected by Authority, and distributed according to the following priorities:

(i) Through each Fiscal Year, Authority will use the Interim Lease Revenues to pay Authority Costs that the Authority has incurred and that have not been previously reimbursed; then

(ii) On June 30 of each Fiscal Year, Authority will apply any remaining Interim Lease Revenues to any Installment Payment then due and unpaid unless otherwise waived, tolled or agreed by the Navy; then

(iii) On June 30 of each Fiscal Year, Authority will apply any remaining Interim Lease Revenues to the Navy Payment Escrow until such time as the amount in the Navy Payment Escrow is sufficient to pay all remaining unpaid Installment Payments unless otherwise waived, tolled or agreed by the Navy; then

(iv) On June 30 of each Fiscal Year, Authority will either (i) transfer to Developer any remaining Interim Lease Revenues (the “**Net Interim Lease Revenues**”), if authorized; provided, however, that Developer shall only use the Net Interim Lease Revenues for Qualified Project Costs, or (ii) expend the Net Interim Lease Revenues on Qualified Project Costs at the direction of Developer. In either case, Developer will treat such Net Interim Lease Revenues as Gross Revenues.

(b) Material Default. Subject to the previous paragraph, all distributions of Net Interim Lease Revenues to Developer under Section 6.1(a)(iv) shall be withheld for the benefit of the Authority upon the occurrence of and for the duration of any Material Default under the DDA and may be applied by the Authority to any of its payment obligations with respect to the Project, including, but not limited to, payment of Initial Navy Consideration and Additional Consideration, construction of Infrastructure and Stormwater Management Controls if the security provided by Developer is not sufficient for that purpose, payment of the affordable housing subsidy, payment of Authority Costs, and any other Financial Obligations that otherwise would have been the obligation of Developer.

6.2 Marina Revenues

(a) Use of Marina Revenues. Marina Revenues shall be used by Authority to pay Authority Costs.

(b) Interim Lease Revenues. To the extent that any Marina Revenues are considered Interim Lease Revenues, those Marina Revenues shall be used to pay Authority Costs under Section 6.1(a)(i).

6.3 Key Money

(a) Sale of Project Site Property. In the event that (i) Authority terminates all or any portion of the DDA before the issuance of the last Certificate of Completion for the Project for any reason other than a Selected Default and (ii) Authority sells all or any part of the Project Site included in the termination that Authority did not otherwise convey to Developer (the “**Unconveyed Property**”) or enters into an agreement with respect to the Unconveyed Property for which compensation is paid to Authority, then, through the escrow for the sale of such Unconveyed Property or upon receipt of any other compensation relating to such Unconveyed Property, Authority shall pay to Developer the Net Sale Proceeds associated with such Unconveyed Property until the Deficit is paid in full.

(b) Deficit. For purposes of this Section 6.3, the term “**Deficit**” shall mean the amount calculated pursuant to the following formula so long as such amount is greater than \$0:

(Installment Payments actually paid by Developer)

minus

(Acreage Percentage Acquired x Total Installment Payments)

6.4 Inconsistencies with the CFD and the IFD. The Reference Date of the original Financing Plan that has been amended and restated as set forth herein (the “**Original Financing Plan**”) occurred prior to the formation of the CFD and the IFD. Since such Reference Date, the Board of Supervisors undertook proceedings for the CFD, including various annexations into the CFD (collectively, the “**CFD Proceedings**”) and proceedings for the IFD, including adopting and approving the IFP and conducting post-formation change proceedings (collectively, the “**IFD Proceedings**”). Except as set forth in this paragraph, the Original Financing Plan has not been amended to describe the CFD or the IFD as formed. In the event of any inconsistency between the terms of this Financing Plan and the CFD Proceedings or the IFD Proceedings, the CFD Proceedings or the IFD Proceedings, as applicable, shall govern. Moreover, the City and the Developer agree that the amendments to the Original Financing Plan contained in this Agreement are consistent with and authorized by the IFP. As used herein, phrases such as “the IFP will provide” or “cause the IFP to contain” when referencing the changes made by this Agreement are not intended to require, and do not require, the amendment to the IFP, but rather indicate that the provisions of this Agreement are consistent with the IFP.

7. INTERPRETATION; DEFINITIONS

7.1 Interpretation of Agreement

(a) DDA and City DA. This Financing Plan is a part of the DDA and the City DA and is subject to all of its general terms, including the rules of interpretation.

(b) Inconsistent Provisions. Developer, City, and Authority intend for this Financing Plan to prevail over any inconsistent provisions relating to the financing structure for the Project and their respective financing-related obligations in any other document related to the Project.

7.2 Defined Terms

(a) Definitions. The following terms have the meanings given to them below or are defined where indicated.

“**A&R Reference Date**” is defined in the DDA.

“**Accounting**” means a complete accounting and computations setting forth the basis of each Additional Consideration to be paid, including the Gross Revenues and Development Costs

for the relevant determination period, together with a narrative description of the methodology employed to calculate each Additional Consideration payment to be due for the relevant period.

“Acquisition and Reimbursement Agreement” means the agreement between Developer and City governing the terms of City’s acquisition of Infrastructure and Stormwater Management Controls and reimbursement of Qualified Project Costs, in the form attached to this Financing Plan as Attachment A, as the same may be modified or amended from time to time.

“Acreage Percentage Acquired” means the percentage calculated by dividing (i) the cumulative total amount of acreage of the Market Rate Lots acquired by Developer from Authority by (ii) the cumulative total amount of acreage of Market Rate Lots programmed on lands conveyed by the Navy to Authority.

“Additional Community Facilities” means any public facilities that are contemplated to be financed by City with Second Tranche CFD Bonds and Remainder Taxes under applicable law and in the manner set forth in this Financing Plan, and shall include but not be limited to the Future Sea Level Rise Improvements.

“Additional Consideration” means the First Tier Payments and the Second Tier Payments.

“Additional Payments” is defined in Section 3.7(a)(i).

“Adequate Security” is defined in the DDA.

“Affiliate” is defined in the DDA.

“Affordable Housing Unit” is defined in the Housing Plan.

“Alternative Financing” is defined in Section 4.1(a).

“Annual Report” is defined in Section 1.6(a).

“Approval” and any variation thereof (such as **“Approved”** or **“Approve”**) is defined in the DDA.

“Assigned Project Special Tax Rate” is defined in Section 2.3(d).

“Authority” means the Treasure Island Development Authority.

“Authority Board” is defined in the DDA.

“Authority Consideration” means, collectively, the Authority Second Tier Payments and the Authority Third Tier Payments.

“Authority Cost Payment” is defined in the Conveyance Agreement.

“Authority Costs” is defined in the DDA.

“**Authority Second Tier Payment**” is defined in Section 1.3(c)(iii).

“**Authority Third Tier Payment**” is defined in Section 1.3(c)(iv).

“**Authorized Payments**” is defined in the Acquisition and Reimbursement Agreement.

“**Backup Project Special Tax Rate**” is defined in Section 2.3(g).

“**Board of Supervisors**” is defined in the DDA.

“**Building**” means any structure to be constructed within a CFD, including structures that contain Taxable Residential Units, commercial, industrial, science and technology, research and development, and office uses.

“**Cash Flow Distribution Termination Date**” means the date on which there are no longer any Gross Revenues generated by the Project.

“**Certificate of Completion**” is defined in the DDA.

“**Certificates of Participation**” is defined in Section 4.1(d).

“**CFD**” means (i) a community facilities district formed over all or any part of the Project Site that is established under the CFD Act to finance Qualified Project Costs and Additional Community Facilities, or (ii) if designated, an Improvement Area within a community facilities district formed over all or any part of the Project Site, which Improvement Area has been designated under the CFD Act to finance Qualified Project Costs and Additional Community Facilities.

“**CFD Act**” means the Mello-Roos Community Facilities Act of 1982 (Government Code § 53311 et seq.), as amended from time to time.

“**CFD Bonds**” means one or more series of bonds (including refunding bonds) secured by the levy of Project Special Taxes in a CFD, including First Tranche CFD Bonds and Second Tranche CFD Bonds.

“**CFD Bonds Project Account**” means the funds or accounts, however denominated, held by the Fiscal Agent under an Indenture containing the Net CFD Proceeds to be used to finance Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities.

“**CFD Conversion Date**” means, calculated separately for each CFD, the earliest to occur of (i) the date that all Qualified Project Costs have been paid or reimbursed to Developer for the Project as a whole, or (ii) the date that is forty-two (42) years after the issuance of the first series of First Tranche CFD Bonds in such CFD.

“**CFD Goals**” means, subject to Section 2.6(g), City’s Local Goals and Policies for Mello-Roos Community Facilities Districts, approved by Resolution No. 387-09, adopted on October 6, 2009, and as thereafter amended from time to time.

“**CFD Proceedings**” is defined in Section 6.4.

“**Change In Law**” means legislation enacted by the Congress of the United States or by the legislature of the State, or the enactment of a regulation or statute by any Governmental Entity (other than City or Authority or any related entities) with jurisdiction over City or Authority.

“**Change Proceedings**” means proceedings under section 53332 of the CFD Act initiated by Developer’s petition.

“**City**” means the City and County of San Francisco.

“**City DA**” means the Development Agreement by and between City and Developer relative to Naval Station Treasure Island.

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

“**Commence**” is defined in the DDA.

“**Complete**” (or its variant “**Completion**”) is defined in the DDA.

“**Conditional City Increment**” means, for each IFD, the amount allocated by the City on a conditional basis to such IFD for the purposes described in Section 3.3(e), which shall be equal to \$0.08 of every dollar of Increment (which amount will come from Increment that would have otherwise been allocated to City).

“**Conditional Maintenance Tax**” shall mean a special tax that may be levied under an RMA only upon the occurrence of a Maintenance Default and only in the manner and in the amount set forth in Section 2.7(f).

“**Conveyance Agreement**” is defined in the DDA.

“**CPA**” means an independent certified public accounting firm Approved by Authority and Developer.

“**DDA**” means that certain Amended and Restated Disposition and Development Agreement (Treasure Island/Yerba Buena Island) to which this Financing Plan is attached.

“**Default Interest Rate**” means an interest rate of three hundred (300) basis points above the Interest Rate.

“**Deficit**” is defined in Section 6.3(b).

“**Department of Public Works**” is defined in the DDA.

“**Developed Property**” means, in any Fiscal Year, an assessor’s parcel of Taxable Property included in a recorded final subdivision map before January 1 of the preceding Fiscal

Year, and for which a building permit has been issued before June 30 of the preceding Fiscal Year.

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

“**Developer Construction Obligations**” means, to the extent required under the DDA in connection with the Project, Developer’s obligation to construct or cause the construction of the Project in accordance with the Schedule of Performance, including: (a) the Infrastructure and Stormwater Management Controls; (b) Improvements pursuant to the Parks and Open Space Plan; and (c) Required Improvements.

“**Developer Fiscal Year**” means the fiscal year period for Developer, which currently commences on December 1 of any year and ends on the following November 30.

“**Developer Maintenance Payment**” means the payment made by Developer to pay for Ongoing Park Maintenance, subject to the limitations set forth in Section 2.7(d).

“**Development Costs**” means all Hard Costs, Soft Costs, and Pre-Development Costs, except to the extent specifically excluded under the Conveyance Agreement and specifically excluding any costs, fees or charges related to debt financing that are not also Permissible Financing Costs.

“**Encumbered Parcels**” is defined in Section 3.7(a)(i).

“**Entitlement**” is defined in the Conveyance Agreement.

“**Estimated Maintenance Cost**” means the estimated costs of the Ongoing Park Maintenance for a Maintenance Period, as determined pursuant to Section 2.7(a).

“**Event of Default**” is defined in the DDA.

“**Excess Land Appreciation Structure**” is defined in the Conveyance Agreement.

“**Exempt Parcel**” means the Public Property. Exempt Parcel does not include an assessor’s parcel that, immediately prior to the acquisition by City, Authority, or other Governmental Entity, was a Taxable Parcel that Authority, City, or any other Governmental Entity acquires by gift, devise, negotiated transaction, or foreclosure (including by way of credit bidding), or an assessor’s parcel that, immediately prior to the acquisition by Authority, was a Taxable Parcel that Authority acquires under its right of reverter under the DDA.

“**Final Conveyance Agreement IRR**” is defined in Section 1.3(e)(i).

“**Final Conveyance Agreement IRR Statement**” is defined in Section 1.3(e)(i).

“**Final IRR**” is defined in Section 1.3(f).

“**Final IRR Statement**” is defined in Section 1.3(f).

“**Financial Obligations**” is defined in the DDA.

“Financing Plan” means this Financing Plan.

“First Tier Compensation” is defined in Section 1.3(c)(ii).

“First Tier Payment” is defined in Section 1.3(c)(ii).

“First Tranche” means, calculated separately for each CFD, one or more series of CFD Bonds (including refunding bonds) issued prior to the applicable CFD Conversion Date and secured by the levy of Project Special Taxes in such CFD, the proceeds of which City is obligated under this Financing Plan to use to finance Qualified Project Costs.

“Fiscal Agent” means the fiscal agent or trustee under an Indenture.

“Fiscal Year” means the period commencing on July 1 of any year and ending on the following June 30.

“FOST Parcel” is defined in the Conveyance Agreement.

“Funding Goals” is defined in Section 1.1(a).

“Funding Sources” is defined in Section 1.2(a).

“Future Sea Level Rise Improvements” is defined in Section 2.8(e).

“GAAP” means generally accepted accounting principles.

“Governmental Entity” is defined in the DDA.

“Gross Revenues” means, for any period, all cash revenues received by Developer from any source whatsoever, and whether collected through or outside of escrow in connection with all or any part of the Project, in each case for such period, which shall include, the gross proceeds of sale or transfer of the Lots or any portion thereof, rents or other payments paid to Developer as the master landlord under any ground lease or as a property manager under an interim management agreement with Authority for existing facilities and open space, including any of Authority’s revenues assigned to Developer pursuant to the DDA (which assignment may exclude revenues of Authority that are used to pay for Authority’s costs and expenses that are not included in Authority Cost Payment pursuant to the DDA); proceeds from the first sale of ground leases or refinancing intended to capitalize ground value; any damage recoveries, insurance payments or condemnation proceeds payable to Developer with respect to the Project to the extent not otherwise used for repair or reconstruction of the Property, all revenues derived from agreements to which Developer is a party pursuant to which Developer participates in the proceeds of the operation or sale of any portion of the Property sold to a Vertical Builder, amounts paid to Developer from the proceeds of any assessment or special tax districts formed for purposes of providing funds for costs associated with the Project, and amounts paid to Developer from tax increment financing or other public financing, and grants and tax credits to reimburse Developer for Infrastructure and Stormwater Management Controls or other qualifying costs. Gross Revenues shall specifically exclude the proceeds of any capital contributed to Developer by its partners or members or the proceeds of any loan made to

Developer. Gross Revenues includes Net Interim Lease Revenues to the extent provided in Section 6.1(a)(iii).

“**Hard Costs**” is defined in the Conveyance Agreement.

“**High IRR Period**” means the time period (i) commencing on the date that an IRR Statement shows that Developer has achieved a cumulative IRR in excess of 15% as of the end of the final Quarter of the applicable Reporting Period considering all First Tier Payments, Second Tier Payments, and Authority Second Tier Payments and (ii) ending on the date that a subsequent IRR Statement shows that Developer’s cumulative IRR as of the end of the final Quarter of the applicable Reporting Period, considering all First Tier Payments, Second Tier Payments, and Authority Second Tier Payments, is 15% or below.

“**Higher IRR Period**” means the time period (i) commencing on the date that an IRR Statement shows that Developer has achieved a cumulative IRR in excess of 25% as of the end of the final Quarter of the applicable Reporting Period considering all First Tier Payments, Second Tier Payments, and Authority Second Tier Payments and (ii) ending on the date that a subsequent IRR Statement shows that Developer’s cumulative IRR as of the end of the final Quarter of the applicable Reporting Period, considering all First Tier Payments, Second Tier Payments, and Authority Second Tier Payments, is 25% or below.

“**Housing Amounts**” means the amounts transferred to Authority for purposes of paying the Housing Costs under Section 3.6.

“**Housing Costs**” means the costs incurred by Authority to increase, improve, and preserve the City’s supply of housing for persons and families of very low-, low-, or moderate-income pursuant to the Housing Plan.

“**Housing Fund**” means a fund created by Authority for holding the Housing Amounts and applying such Housing Amounts on Housing Costs.

“**Housing Percentage**” means, for each IFD, 17.5%.

“**Housing Plan**” is defined in the DDA.

“**IFD**” means (i) an infrastructure financing district formed over all or any part of the Project Site that is established under the IFD Act to finance Qualified Project Costs, or (ii) if authorized under the IFD Act, a Project Area within an infrastructure financing district formed over all or any part of the Project Site, which Project Area has been designated under the IFD Act to finance Qualified Project Costs.

“**IFD Act**” means the Infrastructure and Revitalization Financing District Act (Government Code § 53369 et seq.), as amended from time to time.

“**IFD Debt**” means any bonded indebtedness that an IFD or other Governmental Entity incurs to finance Qualified Project Costs that is secured by a pledge of Net Available Increment, but not including CFD Bonds.

“IFD Debt Project Account” means the funds or accounts, however denominated, held by the Fiscal Agent under an Indenture containing the net proceeds of IFD Debt to be used to finance Qualified Project Costs.

“IFD Proceedings” is defined in Section 6.4.

“IFD Proceeds” means, in any Fiscal Year, for an IFD, the cumulative amount of (i) the proceeds of IFD Debt for such IFD and (ii) the Net Available Increment generated in such Fiscal Year that are not used to (A) pay debt service on and replenish debt service reserve funds for any IFD Debt for such IFD, (B) repay the City for any Conditional City Increment used to pay IFD Debt for such IFD in the manner set forth in Section 3.5(d) and to the extent set forth in Section 3.3(e), (C) except to the extent IFD Proceeds are used for the purposes provided in Section 3.6, fund the Stage 2 Contribution as set forth in this Financing Plan, (D) pay amounts due under the Subordinate Pledge; and (E) pay administrative expenses of the IFD.

“IFP” means an infrastructure financing plan required for each IFD under the IFD Act.

“Improvement Area” means an improvement area within a community facilities district designated pursuant to section 53350 of the CFD Act.

“Improvements” is defined in the DDA.

“Inclusionary Units” is defined in the Housing Plan.

“Increment” means, within an IFD, the tax increment revenues generated from the property within such IFD from and after the base year established for such IFD.

“Indenture” means one or more indentures, trust agreements, fiscal agent agreements, financing agreements, or other documents containing the terms of any indebtedness that is secured by a pledge of and to be paid from Net Available Increment or Project Special Taxes.

“Index” is defined in the DDA.

“Infrastructure” is defined in the DDA.

“Infrastructure Plan” is defined in the DDA.

“Initial Closing” means the date on which the first conveyance of the FOST Parcel by Quitclaim Deed from the Navy to Authority occurs in accordance with Article 3 of the Conveyance Agreement.

“Initial Consideration Term” means a term of ten (10) years (as such term may be extended pursuant to Section 4.2.2 of the Conveyance Agreement).

“Initial Major Phase” is defined in the DDA.

“Initial Major Phase Application” is defined in the DDA.

“Initial Navy Consideration” means the initial consideration to the Navy for acquisition of the Project Site, including the principal amount of \$55 million and all interest payable to the Navy on the unpaid principal amount.

“Installment Payment” is defined in the Conveyance Agreement.

“Interagency Cooperation Agreement” means that certain Interagency Cooperation Agreement, by and between the City and Authority, as amended from time to time.

“Interest Rate” is defined in the Conveyance Agreement.

“Interim Lease Revenues” means all cash, notes, or other monetary consideration of any kind paid to the Authority under the Interim Leases.

“Interim Leases” means leases under which Authority is the lessor encumbering land in the Project Site during the time such land is leased to or owned by Authority.

“IRR” means the internal rate of return, annualized, calculated on the Project’s Net Cash Flow by the Excel 2007 “IRR” function using quarterly Net Cash Flows. The Project’s Net Cash Flow shall be adjusted to show all costs incurred in the quarter paid and all revenues in the quarter received, provided that Pre-Development Costs are applied as of the Initial Closing. An example of the IRR calculation is attached to the Conveyance Agreement as Exhibit DD.

“IRR Statement” is defined in Section 1.3(b).

“Island Wide Costs” shall mean the Qualified Project Costs that benefit the Project Site as a whole; for illustration purposes, the categories of Qualified Project Costs that the parties anticipate will constitute Island Wide Costs (further due diligence is required before it will be possible to precisely define Qualified Project Costs; the parties have agreed in Section 3.8(e) to define the categories of Qualified Project Costs that constitute Island Wide Costs) are listed in Attachment B hereto.

“Liquidated Pre-Agreement Costs” is defined in Section 3.8(c)(ii).

“Lot” is defined in the DDA.

“Maintenance Account Balance” is defined in Section 2.7(e).

“Maintenance Budget” is defined in Section 2.7(b).

“Maintenance Commencement Date” means the date that the first park owned by the Authority is completed and open to the public.

“Maintenance Default” is defined in Section 2.7(f).

“Maintenance Period” means, in each year, the one-year period commencing July 1 and ending on June 30.

“Major Phase” is defined in the DDA.

“**Major Phase Approval**” is defined in the DDA.

“**Marina Revenues**” is defined in the DDA.

“**Market Rate Lots**” is defined in the Conveyance Agreement.

“**Market Rate Unit**” is defined in the Housing Plan.

“**Material Breach**” is defined in the DDA.

“**Maximum Annual Developer Contribution**” is defined in Section 2.7(d).

“**Maximum Annual Stage 2 Lease Payment**” means, as of the date of calculation, the sum of (i) the maximum annual lease payments evidenced by the Certificates of Participation that are due in a Fiscal Year and (ii) the estimated annual fees related to the Certificates of Participation that are due in a Fiscal Year and appropriated by the City from the General Fund along with annual lease payments related to the Certificates of Participation, including, but not limited to, the costs of insuring the leased asset and trustee fees.

“**Maximum Project Special Tax Rate**” is defined in Section 2.3(g).

“**Minimum Affordable Percentage**” is defined in the Housing Plan.

“**Navy**” is defined in the DDA.

“**Navy Payment Escrow**” means an escrow created by Authority to hold Interim Lease Revenues to be used solely to pay Installment Payments (principal plus interest at the Interest Rate).

“**Navy Promissory Note**” is described in Section 4.2.6 of the Conveyance Agreement.

“**Net Available Increment**” means, for each IFD, \$0.567 of every dollar of Increment (which amount will come from Increment that would have otherwise been allocated to City). Net Available Increment does not include Conditional City Increment.

“**Net Cash Flow**” means Gross Revenues received by Developer from the Project less Development Costs paid by Developer.

“**Net CFD Proceeds**” means the proceeds of CFD Bonds that are available or used to pay for Qualified Project Costs directly or by reimbursements to Developer and, when authorized pursuant to Section 2.8, to pay for the costs of Additional Community Facilities.

“**Net Interim Lease Revenues**” is defined in Section 6.1(a)(iv).

“**Net Sale Proceeds**” means the proceeds from the sale of Unconveyed Property by Authority or the compensation paid to Authority with respect to the sale of such Unconveyed Property, less the costs of the Authority associated with the marketing and sale of such Unconveyed Property.

“Non-Developer Property” means, collectively, the property in the Project Site (i) that was never acquired by Developer from Authority or (ii) that was reacquired by Authority through reverter.

“Official Records” is defined in the DDA.

“Ongoing Maintenance Account” means a separate account created by Authority and maintained by Authority to hold all Remainder Taxes transferred from the Remainder Taxes Holding Account pursuant to Section 2.7 to be used for financing Ongoing Park Maintenance during the applicable Maintenance Period.

“Ongoing Park Maintenance” means the costs of operating and maintaining Improvements constructed pursuant to the Parks and Open Space Plan within the Project Site, including installing landscaping, all personnel or third-party maintenance costs, costs of maintaining irrigation systems and other equipment directly related to maintenance, maintenance or replacement as needed of landscape areas, water features, bathrooms, trash receptacles, park benches, planting containers, picnic tables, and other equipment or fixtures installed in areas to be maintained, insurance costs, and any other related overhead costs, along with Authority personnel, administrative, and overhead costs related to maintenance or to contracting for and managing third-party maintenance.

“Original Financing Plan” is defined in Section 6.4.

“Other Developer” is defined in Section 1.4(a)(i).

“Other Taxing Agencies” means governmental taxing agencies or other entities that receive Increment and are authorized by the IFD Act or such other law to allocate or subordinate increment to an IFD.

“Parks and Open Space Plan” is defined in the DDA.

“Payment Request” is defined in the Acquisition and Reimbursement Agreement.

“Permissible Financing Cost” is defined in the Conveyance Agreement.

“Person” is defined in the DDA.

“Pre-Development Costs” is defined in the Conveyance Agreement.

“Principal Payment Date” means, (i) if CFD Bonds have not yet been issued for a CFD, September 1 of each year, and (ii) if CFD Bonds have been issued for a CFD, the calendar date on which principal or sinking fund payments on such CFD Bonds are, in any year, payable (for example, if the principal amount of CFD Bonds are payable on September 1, the Principal Payment Date shall be September 1, regardless of whether principal payments are actually due in any particular year).

“Project” is defined in the DDA.

“Project Account” is defined in Section 1.1(c)(i).

“Project Area” means a separately designated project area within the boundaries of an IFD, as permitted by the IFD Act.

“Project Costs” means, without duplication: (a) Development Costs; (b) Initial Navy Consideration; (c) Pre-Development Costs; and (d) any other amounts specifically identified in the DDA as a Project Cost.

“Project Grants” means State and federal funding.

“Project Site” is defined in the DDA.

“Project Special Taxes” means special taxes authorized to be levied in a CFD under the CFD Act, including all delinquent Project Special Taxes collected at any time by payment or through foreclosure proceeds.

“Promissory Note” is defined in the Conveyance Agreement.

“Public Financing” means, individually or collectively as the context requires, CFD Bonds, IFD Debt, and Alternative Financing.

“Public Property” is defined in the DDA.

“Public Trust Parcels” is defined in the DDA.

“Qualified” when used in reference to Project Costs, Pre-Development Costs, and other capital public facility costs, means: (a) with respect to a CFD, the Project Costs, the Pre-Development Costs (excluding any return on such Pre-Development Costs), and other authorized capital public facility costs, each to the extent authorized to be financed under the CFD Act, Tax Laws (if applicable), and this Financing Plan; (b) with respect to financing from Net Available Increment or IFD Debt, the Project Costs and the Pre-Development Costs (excluding any return on such Pre-Development Costs), each to the extent authorized to be financed under the IFD Act, Tax Laws (if applicable), and this Financing Plan; (c) with respect to an Alternative Financing, the Project Costs and the Pre-Development Costs (excluding any return on such Pre-Development Costs), each to the extent authorized to be financed under the laws governing the Alternative Financing, Tax Laws (if applicable), and this Financing Plan; (d) with respect to Project Grants, the Project Costs, the Pre-Development Costs (excluding any return on such Pre-Development Costs), and other authorized capital public facility costs, each to the extent authorized to be financed under the terms of the Project Grant and this Financing Plan; and (e) with respect to Net Interim Lease Revenues, the Project Costs not including any Pre-Development Costs.

“Quarter” means a three-month period commencing on the first day of the Initial Closing and continuing until the Termination Date of the Conveyance Agreement.

“Reassessment” is defined in Section 3.7(a)(i).

“**Records**” is defined in Section 1.6(b).

“**Redesign Costs**” means the anticipated costs necessary to prepare, entitle and implement the Redesign Plan.

“**Redesign Plan**” means an Authority plan to re-entitle, redesign and rebuild portions of the Project.

“**Reference Date**” means the “Original Reference Date” as defined in the DDA.

“**Remainder Taxes**” means, in each year, as of the day following the Principal Payment Date for a CFD, all Project Special Taxes collected prior to such date in such CFD in excess of the total of: (a) debt service on the outstanding CFD Bonds for the applicable CFD due in the current calendar year, if any; (b) priority and any other reasonable administrative costs for the applicable CFD payable in that Fiscal Year; and (c) amounts levied to replenish the applicable reserve fund as of the Principal Payment Date, including amounts reserved for reasonable anticipated delinquencies, if any.

“**Remainder Taxes Holding Account**” is a separate single account created by Authority to hold and apply all transfers of Remainder Taxes pursuant to Section 2.7.

“**Remainder Taxes Project Account**” is a separate account created by City for each CFD and maintained by City to hold all Remainder Taxes for the corresponding CFD to be used for financing Ongoing Park Maintenance, Qualified Project Costs, or Additional Community Facilities in the manner set forth in this Financing Plan.

“**Reporting Period**” is defined in Section 1.3(b).

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

“**RMA**” means the rate and method of apportionment of Project Special Taxes for a CFD, adopted in accordance with applicable law.

“**Schedule of Performance**” is defined in the DDA.

“**Second Tier Participation**” means the consideration paid to the Navy of Net Cash Flow generated by the Project in excess of a Developer 22.5% IRR, as described in Section 1.3.

“**Second Tier Payment**” is defined in Section 1.3(c)(iii).

“**Second Tranche**” means, calculated separately for each CFD, one or more series of CFD Bonds issued after the CFD Conversion Date and secured by the levy of Project Special Taxes in such CFD to be used by City to finance Additional Community Facilities or for any other purpose authorized by the CFD Act.

“**Selected Default**” means an Event of Default under sections 16.2.1(a) and 16.2.3(d) of the DDA.

“**Soft Costs**” is defined in the Conveyance Agreement.

“**Special Tax Requirement**” is defined in Section 2.3(i).

“**Stage 2**” is defined in Section 4.1(d).

“**Stage 2 Alternative Financing**” is defined in Section 4.1(d).

“**Stage 2 Qualified Project Costs**” is defined in Section 4.1(d).

“**Stage 2 Contribution**” means, beginning in the first Fiscal Year in which in the initial tranche of Certificates of Participation is executed and delivered and continuing through the Fiscal Year in which the Stage 2 Contribution Termination Date occurs, an annual amount equal to \$550,000 that is payable from a combination of Remainder Taxes and Net Available Increment as set forth in this Financing Plan. The City will use the Stage 2 Contribution, in its discretion, either (i) to pay lease payments related to the Certificates of Participation, or (ii) with respect to any portion of the Stage 2 Contribution funded from Net Available Increment, to pay debt service on IFD Debt or (iii) with respect to any portion of the Stage 2 Contribution funded from Remainder Special Taxes, to pay debt service on CFD Bonds.

“**Stage 2 Contribution Termination Date**” means the earlier of (i) the final maturity date of the Certificates of Participation and (ii) the date on which the aggregate Stage 2 Contributions are equal to the Maximum Annual Stage 2 Lease Payment.

“**State**” is defined in the DDA.

“**Statement of Indebtedness**” means the report an IFD may file for each Fiscal Year to properly evidence the indebtedness of such IFD, whether or not required by the IFD Act.

“**Stormwater Management Controls**” is defined in the DDA, but is applicable in this Financing Plan only to the extent such facilities will be dedicated to the City.

“**Sub-Phase 3**” means _____.

“**Subordinated Pledge**” is defined in Section 3.4(a).

“**Subordination Request**” means a set of documents that include (i) a written request to Other Taxing Agencies to subordinate the receipt of such Other Taxing Agencies’ tax revenues to the payment of debt service on any IFD Debt secured by Net Available Increment, and (ii) calculations, explanations, and other substantial evidence showing that the tax revenues expected from the property in the IFD are expected to be available to pay both the debt service on the IFD Debt and the payments to the Other Taxing Agencies.

“**Sub-Phase**” is defined in the DDA.

“**Sub-Phase Approval**” is defined in the DDA.

“**Subsequent Owner Property**” means any Undeveloped Property within a CFD owned by a Person other than Developer.

“**Tax Laws**” means the Internal Revenue Code of 1986, as amended, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Internal Revenue Code.

“**Taxable Parcel**” means an assessor’s parcel of real property or other assessor’s parcel of property (e.g., a condominium parcel) within a CFD that is not an Exempt Parcel.

“**Taxable Residential Unit**” means: (a) Market Rate Units; and (b) Inclusionary Units.

“**Term**” is defined in the Conveyance Agreement.

“**Termination Date**” is defined in the Conveyance Agreement.

“**Termination Notice**” means a written notice from the Authority providing notice that the DDA has been terminated with respect to Developer for a portion of the Project Site.

“**Termination Proceeds**” is defined in Section 3.8(c)(ii).

“**Total Installment Payments**” means the total amount of the Installment Payments payable under the Conveyance Agreement (principal plus interest at the Interest Rate).

“**Total Tax Obligation**” means, with respect to a Taxable Residential Unit at the time of calculation, the sum of: (a) the ad valorem taxes actually levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation; (b) the Assigned Project Special Tax Rates levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation; (c) all installments of special assessments if the Taxable Residential Unit were developed at the time of calculation; and (d) all other special taxes (based on assigned special tax rates) or assessments secured by a lien on the Taxable Residential Unit levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation.

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

“**2% Limitation**” is defined in Section 2.3(e).

“**Unconveyed Property**” is defined in Section 6.3(a).

“**Underwriter**” is defined in Section 4.4(b)(v).

“**Underwriter Force Majeure**” is defined in Section 4.4(b)(v).

“**Undeveloped Property**” means, in any Fiscal Year, Taxable Parcels in a CFD that are not Developed Property.

“**Vertical Builder**” is defined in the Conveyance Agreement.

“Vertical Developer” is defined in the DDA.

“Work Program” a work program for a Redesign Plan submitted by Authority to the Navy.

Schedule 4.1(d)

Map of Stage 2

[ATTACHED]

Attachment A

Form of Acquisition and Reimbursement Agreement

[TO COME]

Attachment B

Expected Categories of Island Wide Costs

[TO COME]

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Treasure Island/Verba Buena Island Development Summary of Fiscal Terms

City and developer propose to use General Fund Certificates of Participation (COPs) to finance the next major stage of infrastructure development in the project (Stage 2). \$115M is the estimated cost of the remaining infrastructure in Stage 2 that is required for the housing and community benefits to be delivered. The existing project agreements commit the City to fund these costs through the IRFD, the CFD, or other public sources. There is not sufficient capacity in the existing CFD or IRFD to invest in the project now. **With near-term COPs, the City can accelerate its planned investment in the project to catalyze the development of the next stage in a moment when it would not otherwise be able to advance.**

Certificates of Participation (COPs):

- \$115M is the estimated hard and soft cost of the infrastructure required to complete the next development phase (Stage 2), which excludes an estimated \$29M to fully complete the parks. The full cost of the stage would be financed by the developer with the City providing reimbursement funding for the estimated \$115M of infrastructure costs over the anticipated 3-year construction period.
- The total development costs that will be required to be spent to advance TI/YBI in the next 3 years concurrent with Stage 2 construction are described below:
 - Stage 2 costs: \$204M
 - \$60M spent to date on geotech/soil improvements
 - \$115M remaining infrastructure
 - \$29M parks
 - Stage 1 completion costs: \$70M parks plus \$15-\$20M developer-obligated subsidies
 - Other required island-wide costs: \$130M backbone infrastructure, subsidies, taxes, etc. plus \$40M in financing costs
 - \$464M Total
- The proposed COPs authorization would be described in the Financing Plan exhibit to both the Development Agreement and the Disposition and Development Agreement anticipated to go before the Board of Supervisors this Spring 2024.
- Like other certificates of participation used by the City to finance capital projects, the COPs will represent lease payments to be made by the City from the City's General Fund for an existing City asset; staff expects that, except for the Stage 2 Contribution described below, the lease payments will be paid from General Fund revenues derived from the project that would not exist but for the project.

- The legislative package to appropriate the lease payments that will be represented by the COPs would then be prepared and submitted to the Board of Supervisors in Fall 2024, along with approvals for the CFD and IRFD to contribute to the Stage 2 Contribution.
- The agreement would clearly state that this use of COPs is one-time only and will not be authorized for any subsequent development phases or sub-phases.
- The infrastructure and improvements funded by the COPs would become ineligible for reimbursement through the existing CFD or IRFD districts. The additional capacity freed up in the IRFD/CFD could be used to fund other general fund obligations on Treasure Island after development is complete.
- The COPs would be structured in multiple tranches, tied to the expected capital expenditures for the infrastructure. The first issuance could occur in late 2024, with two additional issuances annually thereafter.
- City has modeled the following debt issuance structure example:

| Transaction Details* | COP #1 | COP #2 | COP #3 | Total |
|-------------------------------------|---------|---------|--------|----------------|
| Issuance Year | FY2025 | FY2026 | FY2027 | |
| Project Fund (\$ millions) | \$50.0 | \$50.0 | \$15.0 | \$115.0 |
| Term | 20 yrs | 20 yrs | 20 yrs | |
| Interest Rate | 6.50% | 6.50% | 6.50% | |
| Annual Lease Payments (\$ millions) | \$5.3 | \$5.3 | \$1.7 | \$12.3 |
| First Fiscal Year of Lease Payments | FY2026 | FY2027 | FY2028 | |
| Total Lease Payments | \$100.9 | \$100.9 | \$31.4 | \$233.2 |

*Subject to change at the recommendation of the Controller’s Office of Public Finance.

- *Performance milestones:* Each tranche of COPs would be conditioned on performance milestones.
 - COP tranches will be designed to fund a specific construction scope within Stage 2, including progressive build-out of stage-wide infrastructure.
 - Developer must demonstrate that the COP proceeds have been used to fund the intended infrastructure and improvement scope prior to subsequent tranches being authorized, i.e. the assets have been vetted and approved via the Acquisition Agreement process.
- *Risk Mitigation:*
 - During the scope of Stage 2 construction the developer is required to reinvest certain proceeds generated by the project (i.e., land sale revenue, reimbursements from IRFD/CFD/COPs) back into the project.

- o During the term of the COPs, an annual \$550,000 contribution (the “Stage 2 Contribution”) will be made from residual IRFD/CFD funds (i.e., IRFD/CFD revenues that are available after paying debt service on and maintaining debt service reserve funds for IRFD/CFD bonds) to the General Fund. The Stage 2 Contribution will start in the first year the COPs are issued and continue to the earlier of (i) the final maturity date of the COPs and (ii) the date on which the aggregate Stage 2 Contributions are equal to one year of lease payments related to the COPs. The Stage 2 Contribution will be used at the discretion of the City to pay the lease payments related to the COPs in any years that lease payments are greater than the net recurring General Fund revenues generated by the project, or to pay debt service on and/or maintain debt service reserve funds for IRFD/CFD bonds.
 - The residual CFD/IRFD funds that are used to make the Stage 2 Contribution would have otherwise been dedicated to developer reimbursements, so this mitigation strategy increases project contributions to the City. The projected total of the Stage 2 Contribution over the term of the COPs is approximately \$13 million, assuming residual CFD/IRFD revenues are sufficient to make the Stage 2 Contribution each year.
- o The project’s existing profit participation terms will continue to apply through this period and are not being amended. The City (through TIDA) receives a 10% profit participation share when the overall project return (IRR) surpasses 22.5% (and after the U.S. Navy receives a \$50M waterfall payment at 18% IRR). TIDA’s share increases to 15% if the project return surpasses 25%. If the IRR cashflow continues beyond the term of the Navy Conveyance Agreement (25 years after final land conveyance from the Navy), then TIDA and developer share a 50/50 split of the cashflow above 25% IRR.

The project’s Acquisition and Reimbursement Agreement is used to guide public financing reimbursements and would be applicable to the COP financings, with some modifications to implement process changes agreed upon by the City/TIDA and the developer. This agreement codifies the City process to review, validate, and disburse payments to the developer. The City’s payments for the eligible infrastructure is on a reimbursement basis, once it has been progressively funded and installed by the developer team.

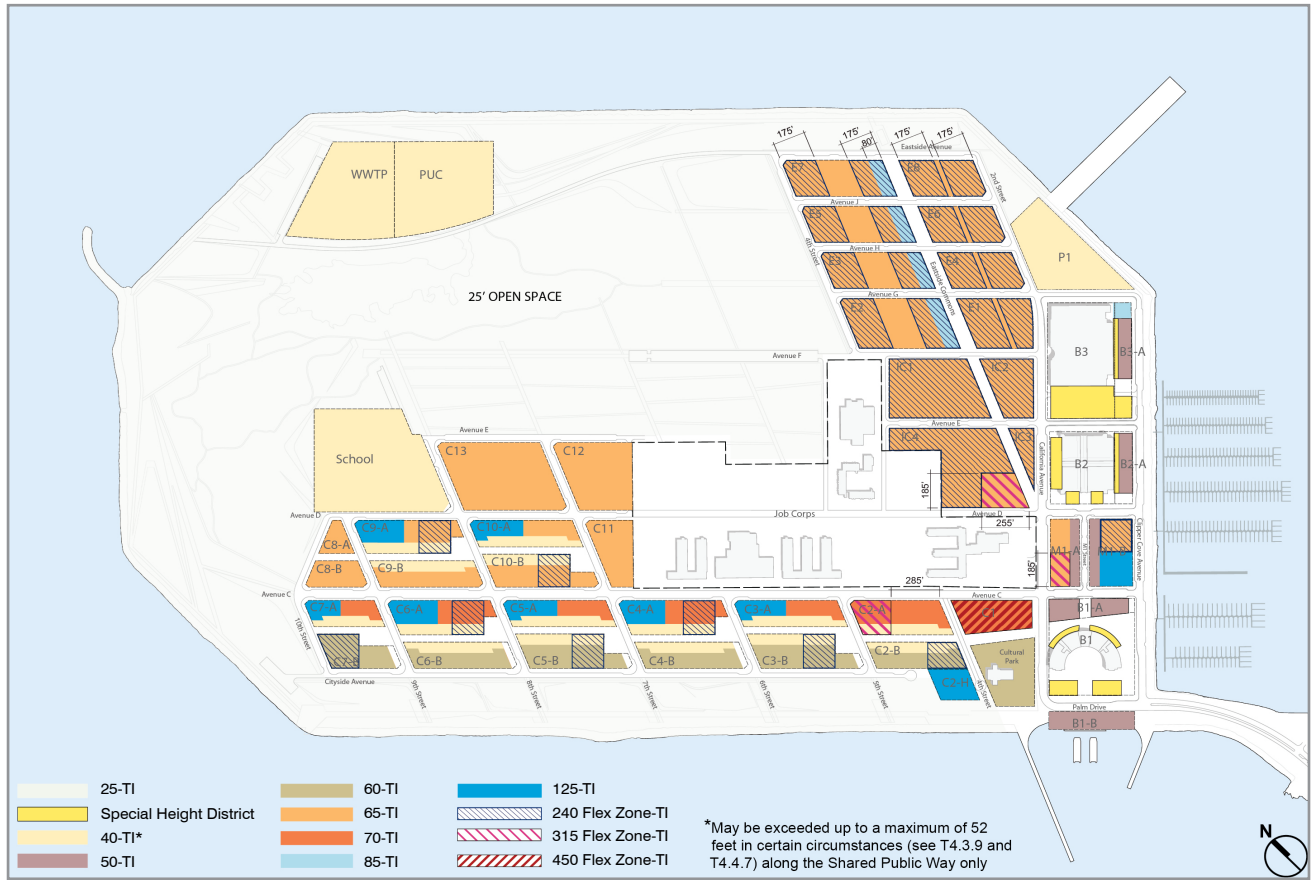


Figure A.1 Treasure Island - Existing Height Limits/Zoning Map HT14

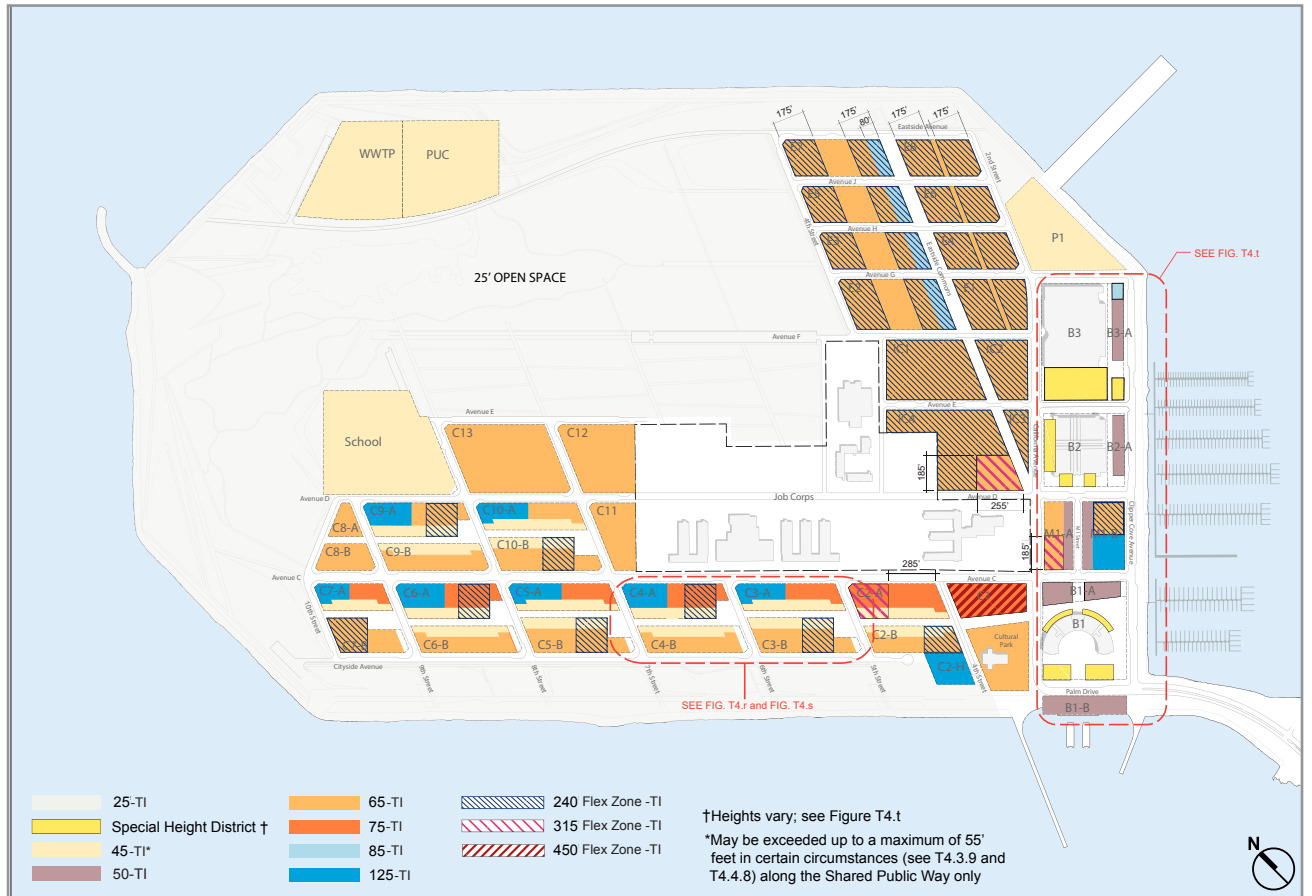
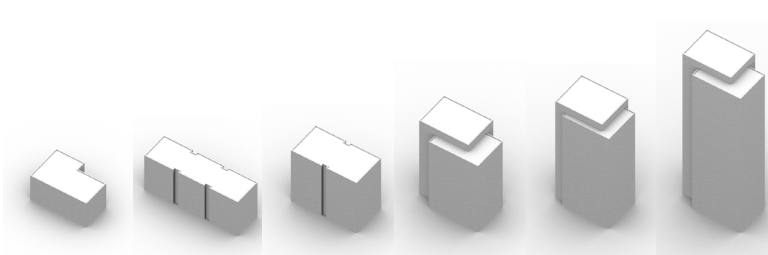
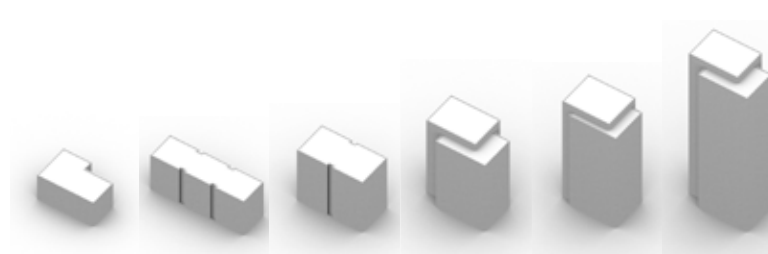


Figure A.2 Treasure Island - Proposed Height Limits/Zoning Map HT14



| BUILDING HEIGHT | Up to 60 ft | 61-85 ft | 86-125 ft | 126-180 ft* | 181-240 ft* | 241-450 ft |
|-------------------------|---|---|---|-------------|-------------|------------|
| MAX FLOOR PLATE | NA | NA | 10,500 sf | 12,000 sf | 10,500 sf | 12,000 sf |
| MAX PLAN LENGTH | NA | 200 ft | 140 ft | 140 ft* | 140 ft* | 140 ft |
| MAX APPARENT FACE | 120 ft Typical 25-30 ft Shared Public Way | 75 | 100 ft | 105 ft* | 100 ft* | 105 ft |
| MAX DIAGONAL | NA | NA | NA | 170 ft | 160 ft | 170 ft |
| CHANGE IN APPARENT FACE | Two feet (2') deep X three foot (3') wide Notch, two foot (2') setback of building massing or major change in fenestration pattern and / or material. | Five feet (5') deep X ten foot (10') wide notch, five foot (5') setback of building massing in combination with a major change in fenestration pattern and / or material. | Ten feet (10') deep X ten foot (10') wide notch, ten foot (10') setback of building massing in combination with a major change in fenestration pattern and / or material. | | | |

Sec. 249.52 Figure 6: Treasure Island Bulk & Massing - Existing



| BUILDING HEIGHT | Up to 60 ft | 61-85 ft | 86-125 ft | 126-180 ft* | 181-240 ft* | 241-450 ft |
|-------------------------|---|---|---|-------------|-------------|------------|
| MAX FLOOR PLATE | NA | NA | 10,500 sf | 12,000 sf | 10,600 sf | 12,000 sf |
| MAX PLAN LENGTH | NA | 200 ft | 140 ft | 140 ft* | 140 ft* | 140 ft |
| MAX APPARENT FACE | 120 ft Typical 25-30 ft Shared Public Way | 75 | 100 ft | 105 ft* | 100 ft* | 105 ft |
| MAX DIAGONAL | NA | NA | NA | 170 ft | 160 ft | 170 ft |
| CHANGE IN APPARENT FACE | Two feet (2') deep X three foot (3') wide Notch, two foot (2') setback of building massing or major change in fenestration pattern and / or material. | Five feet (5') deep X ten foot (10') wide notch, five foot (5') setback of building massing in combination with a major change in fenestration pattern and / or material. | Ten feet (10') deep X ten foot (10') wide notch, ten foot (10') setback of building massing in combination with a major change in fenestration pattern and / or material. | | | |

Sec. 249.52 Figure 6: Treasure Island Bulk & Massing - Proposed

From: [Carroll, John \(BOS\)](#)
To: ["Lettie Marquez"; Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#); [Chan, Connie \(BOS\)](#); [Hsieh, Frances \(BOS\)](#); [Mandelman, Rafael \(BOS\)](#); [Melgar, Myrna \(BOS\)](#); [MandelmanStaff \(BOS\)](#); [MelgarStaff \(BOS\)](#)
Subject: RE: John Stewart Company Support: Development and Disposition Agreement for Treasure Island - BOS File Nos. 240198, 240199, 240202, and 240207
Date: Wednesday, April 17, 2024 8:53:00 AM
Attachments: [SKM_C750i24041700060.pdf](#)
[image002.png](#)
[image003.png](#)

Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the links below:

- [Board of Supervisors File No. 240198 – \[Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island\]](#)

[Board of Supervisors File No. 240199 – \[Planning Code, Zoning Map - Treasure Island/Yerba Buena Island\]](#)

[Board of Supervisors File No. 240202 – \[Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island\]](#)

[Board of Supervisors File No. 240207 – \[Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island\]](#)

John Carroll
Assistant Clerk

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a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

From: Lettie Marquez <lmarquez@jsco.net>

Sent: Tuesday, April 16, 2024 4:33 PM

To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>

Subject: John Stewart Company Support: Development and Disposition Agreement for Treasure Island

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Leticia Marquez



Director of Special Projects & Programs

1388 Sutter Street, 11th Floor | San Francisco, CA 94109

(O) 415.345.4406 | (F) 415.614.9175

[Lmarquez@jsco.net](mailto:lmarquez@jsco.net) | www.jsco.net



April 16, 2024

Chairperson Connie Chan & Members
Budget & Finance Committee
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place,
City Hall, Room 244
San Francisco, Ca. 94102-4689

Sent via email to Committee Clerks John.Carroll@sfgov.org and Brent.Jalipa@sfgov.org

Dear Chairperson Chan, Vice-Chair Mandelman and Supervisor Melgar:

I am writing today in strong support of the amendments to the Development and Disposition Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island to be considered by the Budget & Finance Committee tomorrow and the full Board of Supervisors soon thereafter.

The John Stewart Company (JSCo) has been involved in the re-creation of Treasure Island as a new mixed-income, mixed-use neighborhood of San Francisco since the former Navy Base on the Island closed 25 years ago, including renovating the former Navy housing for civilian occupancy (and then) managing that housing for two and a half decades. John Stewart, our founder (RIP), spoke many times before the Planning Commission, various Board Committees and the Board of Supervisors in favor of the transfer of the Island to the City and the approval of the current Development Agreement. As the newest member of One Treasure Island (One TI), we are proud to carry on John's legacy of advocacy for the Island and are deeply committed to creating housing, jobs, and services for homeless and low-income San Franciscans as an integral part of Treasure Island's long-term redevelopment.

Last year saw the completion of 105 new affordable units for homeless veterans on the Island, and this year will see 135 additional units of affordable housing for families come online. In the pipeline are more units for homeless and low-income families and seniors, as well as a unique opportunity to create a behavioral health building with substance abuse treatment and stepdown beds. The proposed amendments are crucial to keeping this critically needed housing development moving forward. All these units are at risk of not being developed if the proposed amendments are not approved, and vitally needed development funding would be jeopardized and likely lost.

In addition to providing much needed housing, the redevelopment of Treasure Island is creating hundreds of much-needed construction jobs and, pursuant to the Jobs and Equal Opportunity Plan for the Island, low-income San Franciscans and those with significant barriers to employment have consequently received training and placement in union, living wage jobs. If the project stalls for failure to approve the proposed amendments, so will these opportunities for economic stability and advancement.

You now have the opportunity to support the creation of an equitable and inclusive San Francisco neighborhood while providing greatly needed affordable homes and treatment beds. Without these amendments, this opportunity will be delayed indefinitely (if not lost completely). We therefore urge you to support the proposed amendments to the Treasure Island Development Agreement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jack D. Gardner". The signature is fluid and cursive, with a large initial "J" and "G".

Jack D. Gardner
Chairman of the Board

cc: Supervisor Matt Dorsey, District 6, SF Board of Supervisors

From: [Carroll, John \(BOS\)](#)
To: [Sherry Williams](#)
Cc: [Jalipa, Brent \(BOS\)](#); [Board of Supervisors \(BOS\)](#)
Subject: RE: Letter of Support for TI Amendments - BOS File Nos. 240198, 240199, 240202, and 240207
Date: Wednesday, April 10, 2024 11:06:00 AM
Attachments: [image001.png](#)
[BOS Letter of Support DDA Amendments One TI 04 09 2024 -edit \(002\).pdf](#)

Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the links below:

- [Board of Supervisors File No. 240198 – \[Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island\]](#)

[Board of Supervisors File No. 240199 – \[Planning Code, Zoning Map - Treasure Island/Yerba Buena Island\]](#)

[Board of Supervisors File No. 240202 – \[Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island\]](#)

[Board of Supervisors File No. 240207 – \[Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island\]](#)

John Carroll
Assistant Clerk

Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415)554-4445



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From: Sherry Williams <swilliams@onetreasureisland.org>

Sent: Wednesday, April 10, 2024 10:02 AM

To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>

Subject: Letter of Support for TI Amendments

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For Land Use (04/15) and Budget and Finance Committees (04/17)—

Please see attached. Thank You.

Sherry Williams (she,her)

Co-Executive Director

One Treasure Island

(415) 274-0311 x305

www.onetreasureisland.org



April 9, 2024

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Sent via email to Committee Clerks John.Carroll@sfgov.org and Brent.Jalipa@sfgov.org

Dear Chairs Myrna Melgar and Connie Chan:

We are writing in support of the amendments to the Disposition and Development Agreement, Development Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island being considered by the Board of Supervisors.

One Treasure Island (One TI) was formed in 1994 to develop the homeless assistance plan for the Treasure Island civilian reuse plan and has been a champion of developing a thriving, diverse, equitable, mixed income neighborhood on Treasure Island ever since. We are dedicated to creating housing, jobs and services to homeless and low-income San Franciscans as an integral part of Treasure Island's long-term development.

One TI is a collaboration of community-based organizations. Our housing member agencies include: Catholic Charities, HealthRIGHT360, Swords to Plowshares, Mercy Housing California, Chinatown Community Development Center and the John Stewart Company. *All of our members are in strong support of these amendments.*

One TI serves hundreds of additional low-income island residents, and our member agencies also include Rubicon Programs (landscape maintenance job training), Toolworks (janitorial job training for people with disabilities) and, the YMCA (programs for youth, fitness and general recreation).

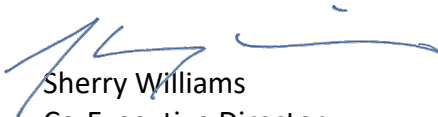
We have been involved with the base reuse planning process for almost 30 years and have worked closely with the Treasure Island Development Authority and Treasure Island Community Development to both create plans such as the ones for affordable housing, jobs and community facilities and to implement them. Our members renovated and occupied 260 units of the original Navy units and now, after waiting almost 25 years, the replacement and expansion of these interim units are finally underway. The proposed amendments are crucial to keep this critically needed housing development moving forward.

Last year we saw the move in of 105 new affordable units for homeless veterans and this year we will see 135 units of affordable housing for families come online. In the pipeline are more units for homeless and low-income families, low-income seniors and an incredible opportunity to create a behavioral health building with substance abuse treatment and step-down beds. All of these units are at risk of not being developed if these amendments are not passed as proposed. And vitally needed development funding will be jeopardized and lost.

In addition to providing much needed housing, this project has also created hundreds of construction jobs. As part of the Jobs and Equal Opportunity Plan for the island, economically disadvantaged San Franciscans and those with significant barriers to employment have received training and placement in union, living wage jobs. If the project stalls, so will these opportunities for economic stability and advancement.

We have an opportunity to grow and create a real equitable and inclusive San Francisco neighborhood while providing greatly needed affordable homes and treatment beds. Without these amendments, this opportunity will be delayed indefinitely. We sincerely hope you will support the proposed amendments for the Treasure Island Development Agreement.

Sincerely,



Sherry Williams
Co-Executive Director
One Treasure Island



Nella Goncalves
Co-Executive Director
One Treasure Island

CC: Land Use and Budget and Finance Committee Members
President Aaron Peskin
Supervisor Dean Preston
Supervisor Rafael Mandelman

From: [Carroll, John \(BOS\)](#)
To: [Elizabeth Kuwada; Board of Supervisors \(BOS\)](#)
Cc: [Doug Shoemaker; Peskin, Aaron \(BOS\); Preston, Dean \(BOS\); Mandelman, Rafael \(BOS\); Jalipa, Brent \(BOS\)](#)
Subject: RE: Mercy Housing Letter of Support - Treasure Island Amendments - BOS File Nos. 240198, 240199, 240202, and 240207
Date: Monday, April 8, 2024 1:00:00 PM
Attachments: [image009.png](#)
[image010.png](#)
[image015.png](#)
[Mercy Housing Treasure Island Letter of Support BOS Apr 2024.pdf](#)

Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the links below:

- [Board of Supervisors File No. 240198 – \[Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island\]](#)

[Board of Supervisors File No. 240199 – \[Planning Code, Zoning Map - Treasure Island/Yerba Buena Island\]](#)

[Board of Supervisors File No. 240202 – \[Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island\]](#)

[Board of Supervisors File No. 240207 – \[Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island\]](#)

John Carroll
Assistant Clerk

Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415)554-4445



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a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

From: Elizabeth Kuwada <Elizabeth.Kuwada@mercyhousing.org>
Sent: Monday, April 8, 2024 11:19 AM
To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>
Cc: Doug Shoemaker <DShoemaker@mercyhousing.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Preston, Dean (BOS) <dean.preston@sfgov.org>; Mandelman, Rafael (BOS) <rafael.mandelman@sfgov.org>
Subject: Mercy Housing Letter of Support - Treasure Island Amendments

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hello, Please see the attached letter of support from Mercy Housing for the Treasure Island Development Agreement amendments, the Design for Development amendments, and the Planning Code and Zoning Map amendments items being considered by the Board of Supervisors next week and in early May.

Thank you,
Elizabeth

Elizabeth Kuwada
DIRECTOR | Real Estate Development
she/her/hers



 **mercy**HOUSING
Mercy Housing California
1256 Market Street | San Francisco, CA 94102
t | 415.355.7133 | [mercyhousing.org](https://www.mercyhousing.org)



**Please note that Mercy Housing offices close at 2 PM on Fridays.*



April 8, 2024

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Sent via email to Committee Clerks John.Carroll@sfgov.org and Brent.Jalipa@sfgov.org

To Chairs Myrna Melgar and Connie Chan,

We are writing in support of the amendments to the Disposition and Development Agreement, Development Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island being considered by the Board of Supervisors.

Mercy Housing is a leading affordable housing organization with many affordable housing communities completed and in development throughout San Francisco. We are proud to be a partner with the Mayor's Office of Housing and Community Development, Treasure Island Development Agency and Treasure Island Community Development in delivering much needed affordable housing to the City. We are particularly proud to participate in developing the first several hundred units on Treasure Island at Star View Court. Star View Court will complete construction next month and will provide homes for 138 households, the majority of which are for existing families currently living on the Island. We also have a funded project planned for Stage 2 to deliver another 120 units in partnership with the Department of Public Health and are working on a third project on the Island to provide over 100 units of affordable senior housing. In addition to using committed City funds for these projects, we are working to leverage state and federal funding sources and site readiness is crucial to our ability to receive these competitive fundings awards. The City's investment in Stage 2 will help ensure we can stay on schedule to build these units.

We continue to be excited by the future of Treasure Island as a vibrant, inclusive San Francisco community, and we hope you'll support these amendments to build on the project's momentum.

Sincerely,

A handwritten signature in dark ink, appearing to read "Doug Shoemaker", written over a light blue circular background.

Doug Shoemaker
President
Mercy Housing California

Mercy Housing California

1256 Market Street, San Francisco, California 94102 o | 415-355-7100 f | 415-355-7101
mercyhousing.org

Mercy Housing is sponsored by communities of Catholic Sisters

LIVE IN HOPE





cc:

President Aaron Peskin
Supervisor Dean Preston
Supervisor Rafael Mandelman



Mercy Housing California

1256 Market Street, San Francisco, California 94102 o | 415-355-7100 f | 415-355-7101
mercyhousing.org

Mercy Housing is sponsored by communities of Catholic Sisters

LIVE IN HOPE

From: [Carroll, John \(BOS\)](#)
To: [Daniel Gregg; Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: RE: Letter of Support / Treasure Island-Yerba Buena Island Project Amendments - BOS File Nos. 240198, 240199, 240202, and 240207
Date: Monday, April 8, 2024 1:00:00 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[Executed Letter of Support BoS Committees Treasure Island Yerba Buena Project SF 4 3 2024.pdf](#)

Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the links below:

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[Board of Supervisors File No. 240199 – \[Planning Code, Zoning Map - Treasure Island/Yerba Buena Island\]](#)

[Board of Supervisors File No. 240202 – \[Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island\]](#)

[Board of Supervisors File No. 240207 – \[Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island\]](#)

John Carroll
Assistant Clerk

Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
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From: Daniel Gregg <dgregg@nccrc.org>

Sent: Thursday, April 4, 2024 8:06 AM

To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>

Subject: Letter of Support / Treasure Island-Yerba Buena Island Project Amendments

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Please see attached a Letter of Support for the Treasure Island/Yerba Buena Island Project Amendments from Carpenters Union Local 22. Please add this to the packet for the Budget and Land Use committees, as well as the Board of Supervisors.

Thank you!

Regards,

Daniel Gregg
Senior Organizer
Nor Cal Carpenters Union

[\(510\) 703-9018](tel:(510)703-9018)

dgregg@nccrc.org

<https://norcalcarpenters.org>





United Brotherhood of Carpenters and Joiners of America

LOCAL UNION NO. 22

April 3, 2024

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Sent via email to Committee Clerks John.Carroll@sfgov.org and Brent.Jalipa@sfgov.org

RE: Support of the amendments to the Disposition and Development Agreement, Development Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island being considered by the Board of Supervisors

Dear Chairs Myrna Melgar and Connie Chan,

The members of Nor Cal Carpenters Union Local 22 in San Francisco and the surrounding Bay Area strongly support the proposed amendments to the Treasure Island/Yerba Buena Island Project. Carpenters Local Union 22 was initially chartered in 1882 and has been an integral part of San Francisco culture, community, and the construction of this beautiful city for over a century. The Treasure Island/Yerba Buena Island Project has created severely needed Union construction jobs that pay living wages and benefits and provide opportunity for local apprentices, including women and minorities, to begin or continue their career in the construction industry. Approval of the proposed amendments will allow the development to continue and sustain these benefits to the community, the city and labor.

San Francisco has become increasingly unaffordable to newcomers and long-time residents alike through a long-term trend of creating insufficient quantities of housing. Stage 1 of the Treasure Island/Yerba Buena Island Project has already generated nearly 1,000 units with over 250 at below market rate. Once stage 1 is complete, the development will include 2,000 units with 300 at below market rate. Stage 2 will provide the infrastructure necessary to build the next phase of the development. Though completion of the Treasure Island/Yerba Buena development will not fully alleviate the current housing crisis, it is a very large step in the right direction.

Right now, we are emerging from a global pandemic and a significant downturn in the economy. Construction is the second largest industry in the world, behind healthcare. It is important that we support developments like the Treasure Island/Yerba Buena Project that in turn supports labor and the community. Nor Cal Carpenters Union Local 22 is excited by the future of Treasure Island as a vibrant San Francisco community and we ask that the Board support these proposed amendments today. Thank you for your time and service in moving this project forward.

Sincerely,

Daniel Gregg
Senior Field Representative

cc: President Aaron Peskin
Supervisor Dean Preston
Supervisor Rafael Mandelman



From: [Carroll, John \(BOS\)](#)
To: [Katherine Keicher Gillespie; Board of Supervisors \(BOS\)](#)
Cc: kath@sffl.org; [Jalipa, Brent \(BOS\)](#)
Subject: RE: San Francisco Little League, Letter of Support for Treasure Island Development - BOS File Nos. 240198, 240199, 240202, and 240207
Date: Wednesday, April 3, 2024 1:51:00 PM
Attachments: [image001.png](#)
[SFL- Treasure Island Letter of Support Board of Supervisors 20240202.pdf](#)

Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the links below:

- [Board of Supervisors File No. 240198 – \[Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island\]](#)

[Board of Supervisors File No. 240199 – \[Planning Code, Zoning Map - Treasure Island/Yerba Buena Island\]](#)

[Board of Supervisors File No. 240202 – \[Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island\]](#)

[Board of Supervisors File No. 240207 – \[Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island\]](#)

John Carroll
Assistant Clerk

Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415)554-4445



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hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

From: Katherine Keicher Gillespie <kathkg415@gmail.com>

Sent: Tuesday, April 2, 2024 5:17 PM

To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>

Cc: kath@sfill.org

Subject: San Francisco Little League, Letter of Support for Treasure Island Development

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Good afternoon,

To the San Francisco Board of Supervisor Chairs Myrna Melgar and Connie Chan, care of Committee Clerks, John Carroll and Brent Jalipa:

I write to you on behalf of San Francisco Little League, and very much appreciate your time and consideration of the attached letter in support of the Treasure Island development amendments being considered by the Board of Supervisors.

Please do not hesitate to reach out if I may address any questions or otherwise serve the Board in any way.

With gratitude,

Katherine Gillespie
President, San Francisco Little League

Katherine Gillespie
President

San Francisco Little League
P.O. Box 16187
San Francisco, CA 94116-0187

415-812-7099 voice+sms

kathkg415@gmail.com | kath@sfl.org

Pronouns: she, her

www.sfl.org

SFLL is an all-volunteer, registered 501(c)3 non-profit organization serving the youth of San Francisco since 1996.

April 2, 2024

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Sent via email to Committee Clerks, John.Carroll@sfgov.org and Brent.Jalipa@sfgov.org

To Chairs Myrna Melgar and Connie Chan,

We are writing in support of the amendments to the Disposition and Development Agreement, Development Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island being considered by the Board of Supervisors.

San Francisco Little League (SFLL) is a registered nonprofit chartered by National Little League Baseball®. Since its founding in 1996, SFLL has impacted more than 25,000 players and their families through its baseball and softball programs. Today, our inclusive, year-round programming welcomes over 1,500 San Franciscan youth annually, from every demographic, of all abilities, and from all over the city to come and play in our league. Our programs are made possible through the hard work of over 300 volunteers, led by an all-volunteer Board of Directors; and with the financial support of our sponsors and partners including local small businesses, public and private corporations, as well as the many families who sign up for our programming year after year.

SFLL has a robust scholarship program and provides financial support to families in need with registration and equipment assistance. Our program offerings include a youth umpire program, and an adaptive baseball division that serves over 50 disabled youth and young adults every spring. Our unified coaching approach is rooted in the philosophy that kids learn best when they are taught through positive coaching methods and we partner closely with the Positive Coaching Alliance, a national youth sports organization to educate our players, coaches, parents and board on these principles. SFLL has seen alumni players achieve their goals of playing on elite high school, college and even Major League teams. A former SFLL player pitched in the 2023 World Series!



San Francisco Little League's decades of success have deep roots on Treasure Island. In 2001, after several years of failed attempts to develop fields in San Francisco, SFLL found a home on Treasure Island when it was granted permission to develop and operate four fields on an indefinite basis. While two fields were closed in 2018 to make way for the Treasure Island development, our remaining two fields, Tepper and Ketcham, continue to host hundreds of San Francisco's youth athletes for games and baseball activities year-round, including special events like SFLL Championship games, the Little League Baseball® All-Stars tournament, the T-Mobile Little League Home Run Derby, and the Major League Baseball Pitch Hit & Run competition.

SFLL is proud to be one of the existing field users included in the original Disposition and Development Agreement and we continue to be excited for the future of Treasure Island. With the addition of permanent baseball and softball fields, SFLL can continue our mission to serve and benefit the residents of San Francisco and contribute to the vision of a vibrant Treasure Island and San Francisco community for decades to come. Our active and engaged parent and donor base stands ready to be a part of the next phases of development, and we hope you'll support these amendments to build on the project's momentum.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Katherine Gillespie'.

Katherine Gillespie, President
San Francisco Little League

cc:

President Aaron Peskin
Supervisor Dean Preston
Supervisor Rafael Mandelman

From: [Carroll, John \(BOS\)](#)
To: [Edwin Chen](#); [Board of Supervisors \(BOS\)](#)
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: RE: Letter of support for Treasure Island amendments - BOS File Nos. 240198, 240199, 240202, and 240207
Date: Wednesday, April 3, 2024 1:51:00 PM
Attachments: [Letter of Support.pdf](#)
[image001.png](#)

Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the links below:

- [Board of Supervisors File No. 240198 – \[Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island\]](#)

[Board of Supervisors File No. 240199 – \[Planning Code, Zoning Map - Treasure Island/Yerba Buena Island\]](#)

[Board of Supervisors File No. 240202 – \[Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island\]](#)

[Board of Supervisors File No. 240207 – \[Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island\]](#)

John Carroll
Assistant Clerk

Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415)554-4445



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from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

From: Edwin Chen <edwin.chen@chinatowncdc.org>

Sent: Tuesday, April 2, 2024 4:45 PM

To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>

Subject: Letter of support for Treasure Island amendments

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hello John and Brent,

Please find attached a letter of support for the Treasure Island amendments being considered by the Board of Supervisors.

Thanks,

Edwin Chen

Executive Assistant | Executive

Pronouns: *he/him/his*

Chinatown Community Development Center

615 Grant Avenue | San Francisco, CA | 94108

Office: 415-984-1167

www.chinatowncdc.org | Join us: [Careers at CCDC](#)

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615 Grant Avenue
San Francisco, CA 94108
TEL 415.984.1450
FAX 415.362.7992
TTY 415.984.9910
www.chinatowncdc.org

April 2, 2024

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

To Chairs Myrna Melgar and Connie Chan,

We are writing in support of the amendments to the Disposition and Development Agreement, Development Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island being considered by the Board of Supervisors.

Chinatown Community Development Center is a community development organization with many roles - as neighborhood advocates, organizers, and planners, and as developers and managers of affordable housing. We believe in a comprehensive vision of community, a quality environment, a healthy neighborhood economy, and active voluntary associations.

We are proud to be a partner with the Mayors Office of Housing and Community Development, Treasure Island Development Agency and the Treasure Island Development Group in delivering much needed affordable housing to the City.

We developed Maceo May Apartments, 105 apartments for formerly homeless veterans, which was the first residential building to open on the island, in 2023. We have seen firsthand the transformative impact that living on Treasure Island can have on unhoused San Franciscans and appreciate that this plan maintains the critical affordable housing investments that will make this new neighborhood a success.

We continue to be excited by the future of Treasure Island as a vibrant San Francisco community, and we hope you'll support these amendments to build on the project's momentum.

Sincerely,

Malcolm Yeung
Executive Director
Chinatown Community Development Center

From: [Carroll, John \(BOS\)](#)
To: [Board of Supervisors \(BOS\)](#); elliott@goldbarwhiskey.com
Cc: [Jalipa, Brent \(BOS\)](#)
Subject: FW: Letter to the San Francisco Board of Supervisors - BOS File Nos. 240198, 240199, 240202, and 240207
Date: Tuesday, April 2, 2024 11:42:00 AM
Attachments: [Letter_John.Carroll@sfgov.org.pdf](#)
[image001.png](#)

Thank you for your comment letter.

By copy of this message to the board.of.supervisors@sfgov.org email address, your comments will be forwarded to the full membership of the Board of Supervisors. We will include your comments in the file for these legislative matters.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the links below:

-
[Board of Supervisors File No. 240198 – \[Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island\]](#)

[Board of Supervisors File No. 240199 – \[Planning Code, Zoning Map - Treasure Island/Yerba Buena Island\]](#)

[Board of Supervisors File No. 240202 – \[Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island\]](#)

[Board of Supervisors File No. 240207 – \[Endorsing the Aspirational Statement for Treasure Island and Yerba Buena Island\]](#)

John Carroll
Assistant Clerk

Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415)554-4445



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from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

From: Elliott Gillespie <elliott@goldbarwhiskey.com>
Sent: Tuesday, April 2, 2024 11:32 AM
To: Carroll, John (BOS) <john.carroll@sfgov.org>; Jalipa, Brent (BOS) <brent.jalipa@sfgov.org>
Subject: Letter to the San Francisco Board of Supervisors

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear John, Brent,

Please kindly find attached.

Thank you,
Elliott

Elliott Gillespie
President
The Gold Bar Spirits Company
San Francisco, California
415.234.0399
www.goldbarwhiskey.com

DOUBLE GOLD San Francisco World Spirits Competition
GOLD MEDAL SIP Awards International Consumer Tasting
GOLD MEDAL San Francisco World Spirits Competition
BEST IN SHOW Denver International Spirits Competition
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April 2, 2024

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Sent via email to Committee Clerks John.Carroll@sfgov.org and Brent.Jalipa@sfgov.org

To Chairs Myrna Melgar and Connie Chan,

We are writing in support of the amendments to the Disposition and Development Agreement, Development Agreement, the Design for Development, and the Planning Code and Zoning Map for Treasure Island being considered by the Board of Supervisors.

My company is The Gold Bar Spirits Company Inc. We have been doing business on Treasure Island since 2015. We are a craft distillery. From the island we export to over 25 countries around the world. We employ approximately 40 people and support a broad group of local suppliers. We recently opened our Visitor Center & Tasting Room on the island in Building 1, that welcomes residents and guests to the island seven days a week.

We have been long-term believers in the island's development. The development of the island and the continued growth in the residency base will be instrumental in supporting the growth of our local business. The new residents to the island, the opening of the ferry, the improved road infrastructure, the beautiful new park on Yerba Buena and the beautified waterfront area in front of the ferry terminal has already helped our business. We are encouraged and enthusiastic about the continued economic activity that the development will bring.

We continue to be excited by the future of Treasure Island as a vibrant San Francisco community, and we hope you'll support these amendments to build on the project's momentum.

Sincerely,



Elliott Gillespie

President, The Gold Bar Spirits Company

cc:

1 AVENUE OF THE PALMS
TREASURE ISLAND
SAN FRANCISCO, CA 94130
GOLDBARWHISKEY.COM

THE GOLD BAR SPIRITS COMPANY INC.

President Aaron Peskin
Supervisor Dean Preston
Supervisor Rafael Mandelman

1 AVENUE OF THE PALMS
TREASURE ISLAND
SAN FRANCISCO, CA 94130
GOLDBARWHISKEY.COM

Letter for Budget & Finance Committee Meeting on 4-17-24 from Jeff Kline, 25 year TI resident

Re: Development Agreement Amendment -- Treasure Island Community Development legislation presented by Mayor Breed and Supervisor Dorsey to the BOS on March 5, 2024 in File No.240198, on the Agenda for the Budget & Finance Committee meeting on Wednesday, April 17, 2024.

Dear Supervisors,

I expect that you will vote to send this matter to the full Board of Supervisors, but I want to first remind you that the Supervisors, as well as all decision-makers, staff, and Project stakeholders, may be held to account for any material facts that are not properly disclosed to investors in the alternative financing method proposed in this legislation, of issuing **unrated** revenue bonds in the form of \$115M worth of Certificates of Participation (COPs), funded with lease payments from the General Fund (GF), in the name of the City & County of San Francisco (CCSF), to reimburse developers of the Treasure Island Project (the Project) for a portion of the \$804M reimbursable costs they incurred so far, primarily in construction of part of the projected total of \$2.5B in infrastructure costs needed by the \$8.5B Project.

I fear the Supervisors are relying on out of date and overly optimistic projections for future Project revenue to the GF, which revenue is supposed to be more than sufficient to pay for debt service and resultant \$118M in interest, for a total of \$233M in COP lease payments to be paid from the General Fund over a period of 20 years.

Incidentally, these COPs will be the **first unrated** COPs issued by the City, and have a 6.5% interest rate, which makes them 'high yield' municipal revenue bonds. Such bonds generally have a default risk of nearly 7%-- eight times higher than the City's existing \$765M portfolio of AA-rated COPs.

These Project revenue projections come from a 2022 Fiscal Impact Study produced for the City by Keyser Marsten Associates. Their analysis was based on financial and economic conditions that have changed dramatically in the past year and a half. For example, the CCSF is now projected to have a \$1.4B deficit by FY 2027, and the San Francisco Municipal Transportation Agency is projected to have a \$240M deficit by FY 2027.

Another significant 'headwind' is the rising interest rate environment, which promise to be 'higher for longer', with the Federal Reserve Funds Rate rising sharply from near zero in 2022, to between 5.25% and 5.5% today. In addition, mortgage rates just reached 7.34%, while home prices have leveled off nationwide, and have fallen more than 15% in SF from their peak in 2022.

Much of the commercial real estate market (CRE) in SF is facing a crisis due to a 36% vacancy rate in office towers, with only 46% of workers returning, and owners of downtown office towers-- and other properties, such as Westfield Mall, Hilton property, etc.-- find it is nearly impossible to refinance their debt, due to much lower current market values and much higher interest rates.

Numerous City officials, decision-makers, Office of Economic & Workforce Development, Treasure Island Development Authority (TIDA), and Planning Department staff, as well as Project developers, have talked about the need to maintain the "momentum" of the Project. Indeed, the chart on page 11 of the March 13, 2024, staff presentation to the TIDA Board on the related Resolution to Amend the 2011 Disposition and Development Agreement (DDA) between TIDA and the Treasure Island Community Development (TICD), appears to show that the Project is already at "stall speed".

Letter for Budget & Finance Committee Meeting on 4-17-24 from Jeff Kline (cont'd)

The chart shows that, in Fiscal Year (FY) 2026, the Project is expected to generate just over \$6 in total net revenue to the GF, including transfer taxes and construction-related revenue-- barely more than the \$5M projected COP lease payments from the GF for the first \$50M tranche of COPs, and less than half of the \$12.3M COP lease payments due in FY2028 for all three tranches of COPs totalling \$115M.

It appears that TICD has a cash flow problem, and faces shrinking-- or non-existent profit margins. This was revealed in the April 2023, court filings of two of the original TICD partners. Kenwood Investments LLC (led by political consultant and fundraiser Darius Anderson), sued Stockbridge Treasure Island Investment Company LLC and WMS (Wilson Meany Sullivan) Treasure Island Development I LLC, who promptly countersued (see: CGC-23-605626).

Consequently, I think it's imperative that a new Fiscal Impact Study be undertaken in order to properly inform all stakeholders before the BOS is asked to approve this Ordinance or authorize issuance of the related COPs. I also believe this process should be slowed down so that the BOS have the opportunity to inform themselves of these issues and concerns-- before the legislation goes forward.

In any event, an updated Study would likely be needed by the underwriters for the proposed COPs as part of their due diligence, as well as for proper disclosure to investors of all significant Risk Factors for \$115M of **unrated** municipal bonds to be issued by the CCSF, in addition to the \$125M of **unrated** IRFD and CFD tax increment bonds issued by the CCSF for the TI Project during the past three years.

In closing, here is a pertinent excerpt from a Memorandum from the CCSF Office of the Controller to the Capital Projects Committee, dated November 13, 2023, regarding Resolution No. 7-17 to Authorize Issuance of Bonds by City and County of San Francisco Infrastructure and Revitalization Financing District No.1 (Treasure Island):

Under the anti-fraud provisions of the federal securities laws, the City and TIDA are required to ensure that the POS and the Official Statement contain information that is accurate and complete in all material respects. This obligation attaches to the individual members of the governing bodies approving the document as well as City staff charged with preparing the document. Certain information in the Official Statement will be provided by the Developer; and the Developer will certify in writing about the accuracy of such information. It is important that the information provided by all parties is accurate and complete in all material respects. "Material" in this context means that there is a substantial likelihood that the information would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Bonds.

Thank you for your time and attention!

Respectfully,

Jeffrey B. Kline
25 year Treasure Island resident

Kline's Comment on Items 11&12 B&F Cmte Mtg 4/17/24

Good morning Supervisors! My name is Jeff Kline. I've lived on TI for 25 years. I'm opposed to approval of these Resolutions, since the City is being goaded into 'doubling down' financially on this risky and ill-conceived Project-- now 8 years behind schedule, and with infrastructure costs nearly doubled to \$2.5B since 2011.

As I tried to explain to the Planning Commission, the greatest risks to the Project are 'fat tail' catastrophic events: knowable risks not fully understood or adequately planned for, and with probabilities or potential impacts underestimated-- or ignored.

One ignored 'fat tail' risk is for a 7.3 magnitude EQ on the Hayward Fault, which has a 10% probability in the next 50 years--with Peak Ground Acceleration up to 1g-- twice what the Building Code or the Project has planned for. This risk was reported in science journals and by the press in 2014.

I warned the TIDA Board in an on-island meeting that same year, but they dismissed this new information.

Yet the worst 'fat tail' risk may be a megastorm like the one that hit California 163 years ago. In 2020 the USGS modeled a megastorm scenario expected to cause \$1.7T in damage-- and now likely twice as frequent due to climate change. The Project risk from a megastorm has never been acknowledged. Scientists estimate the annual megastorm risk at 0.5% to 1%.

The BCDC's online tool allows modeling of the expected 36" SLR with a 100 year storm surge-- both supposedly planned for by the Project. These parameters may approximate rainfall of 10' to 20' produced by a megastorm. Resulting map shows the entire perimeter over-topped, and almost all of TI flooded.

[see: overhead projection of BCDC map]

Contrary to staff's claim the Project will raise "the Island's base elevation by 36 inches", only about half of TI will be raised, and it's impossible to raise existing Job Corps and TIDA buildings.

[see: overhead projection of Project map]

Such flooding is likely to stop the electric pumps from lifting storm water over the perimeter, so during a megastorm TI could fill up like a gigantic kiddie pool.

Either one of these 'fat tail' catastrophic risks could easily lead to bankruptcy of TICD and an abrupt end to the Project, along with revenue to the General Fund expected to cover the cost of the COPs over the next 20 years, and to default of IRFD and CFD bonds, which could impact the City's credit rating-- leading to untold millions in higher debt interest costs.

So I urge you to table these Resolutions until these two novel 'fat tail' catastrophic risks are fully evaluated, so that they can be properly disclosed for new Project bond issuance.

Thank you!



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 240198

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

| | |
|---|---|
| TYPE OF FILING | DATE OF ORIGINAL FILING (for amendment only) |
| Original | |
| AMENDMENT DESCRIPTION – Explain reason for amendment | |
| | |

2. CITY ELECTIVE OFFICE OR BOARD

| | |
|------------------------|--------------------------------------|
| OFFICE OR BOARD | NAME OF CITY ELECTIVE OFFICER |
| Board of Supervisors | Members |

3. FILER'S CONTACT

| | |
|----------------------------------|--------------------------------|
| NAME OF FILER'S CONTACT | TELEPHONE NUMBER |
| Angela Calvillo | 415-554-5184 |
| FULL DEPARTMENT NAME | EMAIL |
| office of the clerk of the Board | Board.of.Supervisors@sfgov.org |

4. CONTRACTING DEPARTMENT CONTACT

| | |
|--|--|
| NAME OF DEPARTMENTAL CONTACT | DEPARTMENT CONTACT TELEPHONE NUMBER |
| Leigh Lutenski | 415 554-6679 |
| FULL DEPARTMENT NAME | DEPARTMENT CONTACT EMAIL |
| ECN Office of Economic and Workforce Development | leigh.lutenski@sfgov.org |

| 5. CONTRACTOR | |
|---|---|
| NAME OF CONTRACTOR Treasure Island Community Development, LLC | TELEPHONE NUMBER 415 905-5300 |
| STREET ADDRESS (including City, State and Zip Code) 615 Battery St. Fl. 6 San Francisco, CA 94111 | EMAIL charles.shin@tisf.com |

| 6. CONTRACT | | |
|---|--------------------------------|--|
| DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S) | ORIGINAL BID/RFP NUMBER | FILE NUMBER (If applicable) 240198 |
| DESCRIPTION OF AMOUNT OF CONTRACT n/a | | |
| NATURE OF THE CONTRACT (Please describe) Ordinance amending a Development Agreement between the City and County of San Francisco and Treasure Island Community Development (TICD), LLC, a California limited liability company, for the Treasure Island/Yerba Buena Island project, to amend the Financing Plan | | |

| 7. COMMENTS |
|-------------|
| |

| 8. CONTRACT APPROVAL | |
|--------------------------------|--|
| This contract was approved by: | |
| <input type="checkbox"/> | THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM |
| <input type="checkbox"/> | A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES |
| <input type="checkbox"/> | THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS |

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

| # | LAST NAME/ENTITY/SUBCONTRACTOR | FIRST NAME | TYPE |
|----|--------------------------------|-------------|-------------------------|
| 1 | TICD, LLC | | Shareholder |
| 2 | TreasureIsland Series1 LLC | | Shareholder |
| 3 | TreasureIsland Series2 LLC | | Shareholder |
| 4 | TreasureIsland Series3 LLC | | Shareholder |
| 5 | TreasureIslandHoldings LLC | | Shareholder |
| 6 | KSWM Treasure Island LLC | | Shareholder |
| 7 | Stockbridge TI CoInvestors | | Shareholder |
| 8 | Jonathan | Jaffe | Other Principal Officer |
| 9 | Goldberg | Sandy | Other Principal Officer |
| 10 | Olin | Brian | Other Principal Officer |
| 11 | Sheaff | Thomas | Other Principal Officer |
| 12 | Jasso | Greg | Other Principal Officer |
| 13 | Fancher | Terry | Other Principal Officer |
| 14 | Renaudin | Kristin | Other Principal Officer |
| 15 | Drake | Darren | Other Principal Officer |
| 16 | Meany | Christopher | Other Principal Officer |
| 17 | Galovich | Alexandra | Other Principal Officer |
| 18 | | | |
| 19 | | | |

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

| # | LAST NAME/ENTITY/SUBCONTRACTOR | FIRST NAME | TYPE |
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

| # | LAST NAME/ENTITY/SUBCONTRACTOR | FIRST NAME | TYPE |
|----|--------------------------------|------------|------|
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Check this box if you need to include additional names. Please submit a separate form with complete information. Select “Supplemental” for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

| | |
|---|---------------------------|
| <p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p> | <p>DATE SIGNED</p> |
|---|---------------------------|

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

**NOTICE OF PUBLIC HEARING
BUDGET AND FINANCE COMMITTEE
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's Budget and Finance Committee 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: Wednesday, April 17, 2024

Time: 10:00 a.m.

Location: Legislative Chamber, Room 250, located at City Hall
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

Subject: **File No. 240198.** Ordinance amending a Development Agreement between the City and County of San Francisco and Treasure Island Community Development, LLC, a California limited liability company, for the Treasure Island project and to amend the Financing Plan; making findings under the California Environmental Quality Act; making findings of consistency with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b); and making findings of public necessity, convenience, and welfare under Planning Code, Section 302.

File No. 240202. Resolution approving an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property located on Treasure Island and Yerba Buena Island, including changes to the attached Financing Plan; making findings under the California Environmental Quality Act; and affirming findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

NOTICE OF PUBLIC HEARING

File No. 240198 - Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island

File No. 240202 - Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island

Hearing Date: April 17, 2024

Page 2

- The City and County of San Francisco (the “City”) created the Treasure Island Development Authority (the “Authority”) in 1997 to serve as the entity responsible for the reuse and development of Naval Station Treasure Island, which encompasses Treasure Island (also referred to as “TI”) and portions of Yerba Buena Island (also referred to as “YBI”).
- On June 28, 2011, the Authority and Treasure Island Community Development, LLC (“Developer”) entered a Disposition and Development Agreement (the “Treasure Island/Yerba Buena Island DDA” or “DDA”). On the same date, the City and Developer entered a Development Agreement (the “DA”).
- The parties now propose to amend the Development Agreement to revise Exhibit D, the Financing Plan, to make certain changes consistent with those changes being made to the Financing Plan as attached to the DDA, to describe the City’s intent to accelerate revenues into the Project for the purpose of ensuring Stage 2 of the Project is financially feasible and proceeds and which changes to the DDA, through an amendment to the DDA (the “DDA Amendment”), in addition to other changes, are being considered by the Board of Supervisors concurrently with the consideration of this Ordinance.
- The parties also propose certain other changes to DA Exhibit A, Project Site, to reflect revisions to the Marina lease boundaries; DA Exhibit B, Legal Description, to reflect revisions to the Marina lease boundaries; and, DA Exhibit C, Project Approvals, to reflect revisions to the Project Approvals consistent with amendments to certain documents as included in the DDA Amendment being considered concurrently with the consideration of this Ordinance.
- The Project has undergone environmental review pursuant to the California Environmental Quality Act (CEQA).

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments prior to the time the hearing begins. These comments will be made as part of the official public record in this matter and shall be brought to the attention of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA, 94102 or sent via email (board.of.supervisors@sfgov.org). Information relating to this matter is available in the Office of the Clerk of the Board or the Board of Supervisors’ Legislative Research Center (<https://sfbos.org/legislative-research-center-lrc>). Agenda information relating to this matter will be available for public review on Friday, April 12, 2024.

DATED/POSTED: April 5, 2024

PUBLISHED: April 5, 2024

NOTICE OF PUBLIC HEARING

File No. 240198 - Development Agreement Amendment - Treasure Island Community Development, LLC

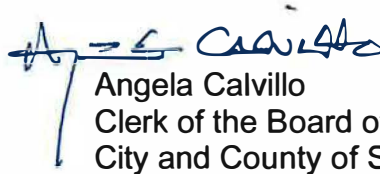
File No. 240202 - Disposition & Development Agreement - Treasure Island and Yerba Buena Island

Hearing Date: April 17, 2024

Page 3

For any questions about this hearing, please contact the Assistant Clerk for the Budget and Finance Committee:

Brent Jalipa (Brent.Jalipa@sfgov.org) - (415) 554-7712)



Angela Calvillo
Clerk of the Board of Supervisors
City and County of San Francisco

bjj:jec:ams

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1 DR CARLTON B GOODLETT PL #244
SAN FRANCISCO, CA 94102

EXM# 3800600

**NOTICE OF PUBLIC HEARING
BUDGET AND FINANCE COMMITTEE
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO
WEDNESDAY, APRIL 17, 2024 - 10:00 AM
LEGISLATIVE CHAMBER, ROOM 250, CITY HALL
1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA 94102**

COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE

Ad Description

BJJ - 240198-240202 - Treasure Island DA-DDA Amend 4/17/24

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):

04/05/2024

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.

| | |
|-------------|----------|
| Publication | \$982.80 |
| Total | \$982.80 |

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco's Budget and Finance Committee will hold a public hearing to consider the following proposals and said public hearing will be held as follows: at which time all interested parties may attend and be heard: **File No. 240198**. Ordinance amending a Development Agreement between the City and County of San Francisco and Treasure Island Community Development, LLC, a California limited liability company, for the Treasure Island project and to amend the Financing Plan; making findings under the California Environmental Quality Act; making findings of consistency with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b); and making findings of public necessity, convenience, and welfare under Planning Code, Section 302. **File No. 240202**. Resolution approving an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property located on Treasure Island, and Yerba Buena Island, including changes to the attached Financing Plan; making findings under the California Environmental Quality Act; and affirming findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b). The City and County of San Francisco (the "City") created the Treasure Island Development Authority (the "Authority") in 1997 to serve as the entity responsible for the reuse and development of Naval Station Treasure Island, which encompasses Treasure Island (also referred to as "TI") and portions of Yerba Buena Island (also referred to as "YBI"). On June 28, 2011, the Authority and Treasure

Island Community Development, LLC ("Developer") entered a Disposition and Development Agreement (the "Treasure Island DDA" or "DDA"). On the same date, the City and Developer entered a Development Agreement (the "DA"). The parties now propose to amend the Development Agreement to revise Exhibit D, the Financing Plan, to make certain changes consistent with those changes being made to the Financing Plan as attached to the DDA, to describe the City's intent to accelerate revenues into the Project for the purpose of ensuring Stage 2 of the Project is financially feasible, and proceeds and which changes to the DDA, through an amendment to the DDA (the "DDA Amendment"), in addition to other changes, are being considered by the Board of Supervisors concurrently with the consideration of this Ordinance. The parties also propose certain other changes to DA Exhibit A, Project Site, to reflect revisions to the Marina lease boundaries; DA Exhibit B, Legal Description, to reflect revisions to the Marina lease boundaries; and DA Exhibit C, Project Approvals, to reflect revisions to the Project Approvals consistent with amendments to certain documents as included in the DDA Amendment being considered concurrently with the consideration of this Ordinance. The Project has undergone environmental review pursuant to the California Environmental Quality Act (CEQA). In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments prior to the time the hearing begins. These comments will be made as part of the official public record in this matter and shall be brought to the attention of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA, 94102 or sent via email (board.of.supervisors@sfgov.org). Information relating to this matter is available in the Office of the Clerk of the Board or the Board of Supervisors' Legislative Research Center (https://sfbos.org/legislative-research-center-lrc). Agenda



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information relating to this matter will be available for public review on Friday, April 12, 2024. For any questions about this hearing, please contact the Assistant Clerk for the Budget and Finance Committee: Brent Jalipa (Brent.Jalipa@sfgov.org – (415) 554-7712) - Angela Calvillo, Clerk of the Board of Supervisors - City and County of San Francisco

EXM-3800600#

NOTICE OF PUBLIC AUCTION OF TAX-DEFAULTED PROPERTY FOR DELINQUENT TAXES
MONDAY APRIL 22, 2024 THROUGH THURSDAY APRIL 25, 2024
(Made pursuant to Section 3692, Revenue and Taxation Code)

On February 27, 2024, I, David Augustine, City and County of San Francisco Tax Collector, was directed to conduct a public auction sale by the Board of Supervisors of the City and County of San Francisco, California. The tax defaulted properties listed on this notice are subject to the Tax Collector's power of sale and have been approved for sale by a resolution dated February 27, 2024 of the City and County of San Francisco board of supervisors.

The sale will be conducted at sanfrancisco.mytaxsale.com from Monday, April 22, 2024 at 8:00 AM (PT) through Thursday, April 25, 2024 at 7:00 PM (PT), as a public auction to the highest bidder for not less than the minimum bid as shown on this notice. Any parcel remaining may be reoffered within a 90-day period and any new parties of interest shall be notified in accordance with Revenue and Taxation Code section 3701. The Tax Collector has tentative plans to reoffer unsold parcels at sanfrancisco.mytaxsale.com on Monday, May 20, 2024 at 8:00 AM (PT) through Thursday, May 23, 2024 at 7:00 PM (PT).

Bidders are required to conduct any research or due diligence they wish to conduct prior to submitting a bid. A bid is an irrevocable offer to purchase a property. A bid accepted is a binding contract. A bidder is legally and financially responsible for all properties bid upon whether representing one's self or acting as an agent. The City and County of San Francisco, Office of the Treasurer & Tax Collector, reserves the right to pursue all available legal remedies against a non-paying bidder.

Only bids submitted via the Internet will be accepted. Pre-registration is required. Bidders must register on-line at sanfrancisco.mytaxsale.com and submit a refundable deposit of \$5,000 along with a non-refundable \$35 processing fee by Friday, April 12, 2024 at 5:00 PM (PT). All unsuccessful bidders will receive a refund of their deposit within ten (10) business days after the close of the auction. The deposits of the successful bidders will be applied to the purchase price. Full payment and deed information indicating how title should be vested is required within 5 business days after the end of the sale. **Payment must be in the form of cash, cashier's check, money order or bank wire.** Transfer taxes will be added to and collected with the purchase price.

The right of redemption will cease on Friday, April 19, 2024, at 5:00 p.m. (PT), at the close of business and properties not redeemed will be offered for sale. If the parcel is not sold, the right of redemption will revive and continue up to the close of business on the last business day prior to the next scheduled sale. The right of redemption will revive for any property purchased by a credit transaction if payment in full is not received by the close of business on the date specified by the Tax Collector.

The County and its employees are not liable for the failure of any electronic equipment that may prevent a person from participating in the sale.

If the properties are sold, parties of interest as defined in California Revenue and Taxation Code section 4675, have a right to file a claim with the county for any excess proceeds from the sale. Excess proceeds are the amount of the highest bid in excess of the liens and costs of the sale that are required to be paid from the sale proceeds. Notice will be given to parties of interest, pursuant to California Revenue and Taxation Code section 3692(e), if excess proceeds result from the sale.

Additional information regarding the public auction may be obtained by visiting our website at sfreasurer.org/property/public-auction or by calling a customer service representative at (415) 701-2311.

I certify (or declare), under penalty of perjury, that the foregoing is true and correct.


David Augustine, San Francisco County Tax Collector
State of California

Executed at City and County of San Francisco, California, on March 25, 2024

Published in the San Francisco Examiner on, 3/29/2024, 4/5/2024 and 4/12/2024

PARCEL NUMBERING SYSTEM EXPLANATION

The Assessor's Parcel Number (APN), when used to describe property in this list, refers to the assessor's map book, the map page, the block on the map (if applicable), and the individual parcel on the map page or in the block. The assessor's maps and further explanation of the parcel numbering system are available at <http://propertymap.sfplanning.org/> and in the Assessor's Office in City Hall Room 190.

| YOL | BLOCK | LOT | SITUS | CURRENT ASSESSEE | MINIMUM BID AMOUNT |
|-----|-------|------|--------------------------|---|--------------------|
| 01 | 0026T | 077A | 2655 HYDE ST | FOPPIANO PETER C | \$824.41 |
| 01 | 0026T | 080B | 2655 HYDE ST | BATEMAN DANIEL | \$874.69 |
| 01 | 0026T | 094B | 2655 HYDE ST | HRB HOTEL GROUP INC | \$965.05 |
| 01 | 0026T | 133A | 2655 HYDE ST 107 | BATEMAN DANIEL | \$874.69 |
| 01 | 0026T | 208B | 2655 HYDE ST | HBR HOTEL GROUP INC | \$965.05 |
| 01 | 0026T | 244B | 2655 HYDE ST 105 | HEIDENREICH JOAN V. | \$851.85 |
| 01 | 0026T | 323B | 2655 HYDE ST 301 | DUMAS M. SUE | \$965.05 |
| 03 | 0253T | 015C | 1000 PINE ST 15C | LEWIS HOWARD W & JANE E | \$1,872.77 |
| 03 | 0253T | 049H | 1000 PINE ST 49H | WELSH DARYLA | \$1,779.11 |
| 03 | 0253T | 087N | 1000 PINE 87N ST 10870 | PATRICIA E DUPLAN FAMILY TRUST DUPLAN PATRICIA E,TRUSTEE | \$1,606.13 |
| 03 | 0253T | 093H | 1000 PINE ST 93H | PATRICIA E DUPLAN FAMILY TRUST DUPLAN PATRICIA E,TRUSTEE | \$1,947.67 |
| 03 | 0253T | 164N | 1000 PINE ST 164N | WU CINDY | \$1,210.03 |
| 03 | 0253T | 178N | 1000 PINE ST 178N | LIM LARRY | \$1,415.92 |
| 03 | 0253T | 295N | 1000 PINE 295N ST 12950 | BRIGGS JOEL & PATRICIA S | \$1,455.51 |
| 06 | 0792T | 0930 | 327-329 FULTON ST 33B-43 | PARKS TONY | \$1,240.53 |
| 25 | 3768 | 144 | 403 MAIN ST 106N | CHUCK BETTY K H | \$104,106.31 |
| 29 | 4587 | 022 | 101 CUSTER AVE | WALKER, AMALIA C FIRST INTEREST RE TAX A 26 | \$9,708.63 |
| 29 | 4598 | 001 | INDIA ST | OROURKE JOHN | \$101,970.41 |
| 29 | 4598 | 002 | EVANS AVE | BATEMAN DANIEL | \$7,418.41 |
| 29 | 4871 | 001 | ALVORD ST | CHUNG ERIC | \$13,149.18 |
| 29 | 4871 | 002 | ALVORD ST | CHUNG ERIC | \$13,149.18 |
| 29 | 4871 | 003 | ALVORD ST | CHUNG ERIC | \$13,149.18 |
| 29 | 4871 | 004 | ALVORD ST | CHUNG ERIC | \$12,991.19 |
| 29 | 4871 | 005 | CARROLL AVE | CHUNG ERIC | \$13,149.18 |
| 29 | 4871 | 006 | CARROLL AVE | CHUNG ERIC | \$13,149.18 |
| 29 | 4871 | 007 | CARROLL AVE | CHUNG ERIC | \$12,991.19 |
| 29 | 4871 | 008 | CARROLL AVE | CHUNG ERIC | \$13,150.19 |
| 29 | 4871 | 009 | CARROLL AVE | CHUNG ERIC | \$12,798.59 |
| 29 | 4871 | 010 | CARROLL AVE | CHUNG ERIC | \$12,798.59 |
| 29 | 4871 | 011 | CARROLL AVE | CHUNG ERIC | \$12,798.59 |
| 29 | 4871 | 012 | CARROLL AVE | CHUNG ERIC | \$13,282.62 |
| 29 | 4871 | 017 | BANCROFT AVE | CHUNG ERIC | \$12,798.59 |
| 29 | 4871 | 018 | BANCROFT AVE | CHUNG ERIC | \$12,798.59 |
| 29 | 4871 | 019 | BANCROFT AVE | CHUNG ERIC | \$12,798.59 |
| 29 | 4871 | 020 | BANCROFT AVE | CHUNG ERIC | \$12,798.59 |
| 29 | 4871 | 021 | BANCROFT AVE | CHUNG ERIC | \$13,150.19 |
| 29 | 4871 | 022 | BANCROFT AVE | CHUNG ERIC | \$13,149.18 |
| 29 | 4871 | 023 | BANCROFT AVE | CHUNG ERIC | \$13,149.18 |
| 29 | 4871 | 024 | BANCROFT AVE | CHUNG ERIC | \$13,149.18 |
| 30 | 4894 | 007 | DONNER AVE | ROSEWIC JOHN J | \$8,406.33 |
| 30 | 4894 | 008 | DONNER AVE | ROSEWIC JOHN J | \$8,406.33 |
| 30 | 4894 | 009 | DONNER AVE | MEDINA MARGARET C & LAWRENCE D C/O MUFJ UNION BANK, NA | \$10,137.51 |
| 30 | 4894 | 021 | CARROLL AVE | MCCORMICK THOMAS E & MCCORMICK VICTOR&GEORGETTE HERTZBERG | \$7,098.34 |
| 30 | 4898 | 001 | VON SCHMIDT ST | MEDINA MARGARET C & LAWRENCE D C/O MUFJ UNION BANK, NA | \$16,022.53 |
| 30 | 4899 | 013 | DOCK ST | STEVENTON ROBERT M | \$7,204.59 |
| 30 | 4899 | 014 | DOCK ST | STEVENTON ROBERT M | \$7,204.59 |
| 30 | 4899 | 015 | DOCK ST | MILDRED LANNING FMLY TR OF 2003 M GARY AND RONALD D LANNING, TRUSTEES | \$9,618.93 |
| 30 | 4899 | 016 | DONNER AVE | MILDRED LANNING FMLY TR OF 2003 M GARY AND RONALD D LANNING, TRUSTEES | \$9,618.93 |
| 30 | 4902 | 007 | 630 EGBERT AVE | BRANDT JOHANNA LLOYD J COSGROVE | \$10,321.43 |
| 30 | 4902 | 009 | 650 EGBERT AVE | BRANDT JOHANNA LLOYD J COSGROVE | \$10,321.43 |
| 30 | 4902 | 011 | 670 EGBERT AVE | BRANDT JOHANNA LLOYD J COSGROVE | \$10,321.43 |
| 30 | 4902 | 019 | 661 DONNER AVE | BRANDT JOHANNA LLOYD J COSGROVE | \$10,133.27 |
| 30 | 4902 | 023 | 621 DONNER AVE | EMIL CORPORATION DINAH BOGART EGEL, CONSERVATOR | \$9,295.55 |
| 30 | 4921 | 002 | EGBERT AVE | POULSEN NORMAN L | \$10,215.91 |
| 30 | 4922 | 001 | SHIP ST | LAIL ROBIN D TRUST ROBIN D LAIL | \$10,248.83 |
| 30 | 5046 | 001 | 101 PULASKI AVE | COWAN LEROY A & CLIFFORD A WIL | \$9,337.69 |
| 30 | 5046 | 002 | 105 PULASKI AVE | COWAN LEROY A & CLIFFORD A WIL | \$9,340.55 |
| 30 | 5046 | 003 | 91 QUEBEC AVE | COWAN LEROY A & CLIFFORD A WIL | \$9,339.29 |
| 30 | 5046 | 016 | 111 PULASKI AVE | COWAN LEROY A & CLIFFORD A WIL | \$9,384.91 |
| 30 | 5046 | 017 | 107 PULASKI AVE | COWAN LEROY A & CLIFFORD A WIL | \$9,384.89 |

CNSB #3797446

DDA" or "DDA"). On the same date, the City and Developer entered a Development Agreement (the "DA"). The parties now propose to amend the Development Agreement to revise Exhibit D, the Financing Plan, to make certain changes consistent with those changes being made to the Financing Plan as attached to the DDA, to describe the City's intent to accelerate revenues into the Project for the purpose of ensuring Stage 2 of the Project is financially feasible and proceeds and which changes to the DDA, through an amendment to the DDA (the "DDA Amendment"), in addition to other changes, are being considered by the Board of Supervisors concurrently with the consideration of this Ordinance. The parties also propose certain other changes to DA Exhibit A, Project Site, to reflect revisions to the Marina lease boundaries; DA Exhibit B, Legal Description, to reflect revisions to the Marina lease boundaries; and, DA Exhibit C, Project Approvals, to reflect revisions to the Project Approvals consistent with amendments to certain documents as included in the DDA Amendment being considered concurrently with the consideration of this Ordinance. The Project has undergone environmental review pursuant to the California Environmental Quality Act (CEQA). In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments prior to the time the hearing begins. These comments will be added to the official public record in this matter and shall be brought to the attention of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA, 94102 or sent via email (bos@sfgov.org). Information relating to this matter is available with the Office of the Clerk of the Board or the Board of Supervisors' Legislative Research Center (<https://sfbos.org/legislative-research-center-irc>). Agenda information relating to this matter will be available for public review on Friday, April 12, 2024.

EXM-3800513#

BULK SALES

NOTICE TO CREDITORS OF BULK SALE (Division 6 of the Commercial Code) Escrow No. 2148-SS

Notice is hereby given to creditors of the within named Seller that a bulk sale is about to be made of the assets described below.

The name(s) and business address(es) of the seller(s) are: MOSCINI PIZZA, INC. - 1797 LOS ALTOS DRIVE, SAN MATEO, CA 94402

The location in California of the chief executive office of the Seller is: SAME AS ABOVE

As listed by the Seller, all other business names and addresses used by the seller within three years before the date such list was sent or delivered to the Buyer are: MOUNTAIN MIKES PIZZA-3121 JEFFERSON AVENUE, REDWOOD CITY, CA 94062; MOUNTAIN MIKES PIZZA-1001 EL CAMINO REAL, MENLO PARK, CA 94025; MOUNTAIN MIKES PIZZA-301 E. HAMILTON AVENUE, CAMPBELL, CA 95008

The name(s) and business address(es) of the seller(s) are: MOSCINI PIZZA, INC. - 1797 LOS ALTOS DRIVE, SAN MATEO, CA 94402

The location in California of the chief executive office of the Seller is: SAME AS ABOVE

NOTICE OF PUBLIC HEARING BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO LAND USE AND TRANSPORTATION COMMITTEE MONDAY

APRIL 15, 2024 - 1:30 PM
Legislative Chamber, Room 250, City Hall 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco's Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested

GOVERNMENT

NOTICE OF PUBLIC HEARING BUDGET AND FINANCE COMMITTEE BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO WEDNESDAY, APRIL 17, 2024 - 10:00 AM

LEGISLATIVE CHAMBER, ROOM 250, CITY HALL 1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA 94102

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco's Budget and Finance Committee will hold a public hearing to consider the following proposals and said public hearing will be held as follows, at which time all interested parties

may attend and be heard: **File No. 240198.** Ordinance amending a Development Agreement between the City and County of San Francisco and Treasure Island Community Development, LLC, a California limited liability company, for the Treasure Island project and to amend the Financing Plan; making findings under the California Environmental Quality Act; making findings of consistency with the General

Plan, and with the eight priority policies of Planning Code, Section 101.1(b); and making findings of public necessity, convenience, and welfare under Planning Code, Section 302. **File No. 240202.** Resolution approving an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property

located on Treasure Island and Yerba Buena Island, including changes to the attached Financing Plan; making findings under the California Environmental Quality Act; and affirming findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b). The City and County of San Francisco (the "City") created the Treasure Island Development Authority (the

"Authority") in 1997 to serve as the entity responsible for the reuse and development of Naval Station Treasure Island, which encompasses Treasure Island (also referred to as "TI") and portions of Yerba Buena Island (also referred to as "YBI"). On June 28, 2011, the Authority and Treasure Island Community Development, LLC ("Developer") entered a Disposition and Development Agreement (the "Treasure Island/Yerba Buena Island

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

PROOF OF MAILING

Legislative File Nos. 240198 and 240202

Description of Items: 82 Addresses

- 240198 - Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island
- 240202 - Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island

I, Brent Jalipa, an employee of the City and County of San Francisco, mailed the above described document(s) by depositing the sealed items with the United States Postal Service (USPS) with the postage fully prepaid as follows:

Date: 4/5/2024

Time: 8:00 AM

USPS Location: Repro Pick-up Box in the Clerk of the Board's Office (Rm 244)

Mailbox/Mailslot Pick-Up Times (if applicable): N/A

Signature: 

Instructions: Upon completion, original must be filed in the above referenced file.

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

Date: March 8, 2024
To: Planning Department / Commission
From: Brent Jalipa, Clerk of the Budget and Finance Committee
Subject: Board of Supervisors Legislation Referral - File No. 240198
Development Agreement Amendment - Treasure Island Community Development, LLC -
Treasure Island

- California Environmental Quality Act (CEQA) Determination
(*California Public Resources Code, Sections 21000 et seq.*)
 - Ordinance / Resolution
 - Ballot Measure

- Amendment to the Planning Code, including the following Findings:
(*Planning Code, Section 302(b): 90 days for Planning Commission review*)
 - General Plan
 - Planning Code, Section 101.1
 - Planning Code, Section 302

- Amendment to the Administrative Code, involving Land Use/Planning
(*Board Rule 3.23: 30 days for possible Planning Department review*)

- General Plan Referral for Non-Planning Code Amendments
(*Charter, Section 4.105, and Administrative Code, Section 2A.53*)
(Required for legislation concerning the acquisition, vacation, sale, or change in use of City property; subdivision of land; construction, improvement, extension, widening, narrowing, removal, or relocation of public ways, transportation routes, ground, open space, buildings, or structures; plans for public housing and publicly-assisted private housing; redevelopment plans; development agreements; the annual capital expenditure plan and six-year capital improvement program; and any capital improvement project or long-term financing proposal such as general obligation or revenue bonds.)

- Historic Preservation Commission
 - Landmark (*Planning Code, Section 1004.3*)
 - Cultural Districts (*Charter, Section 4.135 & Board Rule 3.23*)
 - Mills Act Contract (*Government Code, Section 50280*)
 - Designation for Significant/Contributory Buildings (*Planning Code, Article 11*)

Please send the Planning Department/Commission recommendation/determination to Brent Jalipa at Brent.Jalipa@sfgov.org.

From: [Trejo, Sara \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Lutenski, Leigh \(ECN\)](#); [Tam, Madison \(BOS\)](#); [RUIZ-ESQUIDE, ANDREA \(CAT\)](#); [PARK, GRACE \(CAT\)](#); [GEWERTZ, HEIDI \(CAT\)](#)
Subject: Mayor -- Ordinance -- Treasure Island Development Agreement Amendment
Date: Tuesday, March 5, 2024 2:47:39 PM
Attachments: [TI DA Amendment Leg Digest final 3.5.24.docx](#)
[TI DA Amendment Ordinance final 3.5.24.docx](#)
[TI First Amendment to DA 3-5-24.pdf](#)

Hello Clerks,

Attached is an Ordinance amending a Development Agreement between the City and County of San Francisco and Treasure Island Community Development, LLC, a California limited liability company, for the Treasure Island project, to amend the Financing Plan; making findings under the California Environmental Quality Act; and making findings of consistency with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b), and findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Please note Supervisor Dorsey is a cosponsor of this item.

Best regards,

Sara Trejo

Legislative Aide

Office of the Mayor

City and County of San Francisco

415.554.6141 | sara.trejo@sfgov.org