File No. 140814 Committee Item No. _____
Board Item No. 16

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: _____ Date _____

Board of Supervisors Meeting Date September 9, 2014

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OTHER (Use back side if additional space is needed)

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Completed by: _____ Date _____
Completed by: Andrea Ausberry Date August 27, 2014

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

[Resolution of Formation - City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center)]

Resolution of formation of the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters in connection therewith.

WHEREAS, On July 15, 2014, this Board of Supervisors adopted a resolution entitled "Resolution of Intention to establish City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters in connection therewith" (the "Resolution of Intention"), which Resolution of Intention was signed by the Mayor on July 22, 2014, stating its intention to form (i) "City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center)" (the "CFD") and (ii) a "City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (Future Annexation Area)" (the "Future Annexation Area"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Mello-Roos Act"); and

WHEREAS, The Resolution of Intention, incorporating a map of the proposed boundaries of the CFD and the Future Annexation Area and stating the facilities to be provided (as set forth in the list attached hereto as Exhibit A) and the rate and method of apportionment of the special tax to be levied within the CFD to pay for the costs of the authorized facilities, including the principal and interest on bonds and other debt (as defined in the Mello-Roos Act) proposed to be issued with respect to the CFD, is on file with the Clerk of

the Board of Supervisors and the provisions thereof are incorporated herein by this reference as if fully set forth herein; and

WHEREAS, On this date, this Board of Supervisors held a noticed public hearing as required by the Mello-Roos Act and the Resolution of Intention relative to the proposed formation of the CFD and the Future Annexation Area; and

WHEREAS, At the hearing all interested persons desiring to be heard on all matters pertaining to the formation of the CFD and the Future Annexation Area, the facilities to be provided therein and the levy of said special tax were heard and a full and fair hearing was held; and

WHEREAS, At the hearing evidence was presented to this Board of Supervisors on said matters before it, including a report caused to be prepared by the Director of the Office of Public Finance (the "Report") as to the facilities to be provided through the CFD and the costs thereof, a copy of which is on file with the Clerk of the Board of Supervisors, and this Board of Supervisors at the conclusion of said hearing is fully advised in the matters related to the CFD; and

WHEREAS, Written protests with respect to the formation of the CFD, the furnishing of specified types of facilities or the rate and method of apportionment of the special taxes have not been filed with the Clerk of the Board of Supervisors by fifty percent (50%) or more of the registered voters residing within the territory of the CFD or six registered voters, whichever is more, or property owners of one-half (1/2) or more of the area of land within the CFD and not exempt from the proposed special tax; and

WHEREAS, Written protests have not been filed with the Clerk of the Board of Supervisors against the proposed annexation of the Future Annexation Area to the CFD by (i) 50% of more of the registered voters, or six registered voters, whichever is more, residing in the proposed boundaries of the CFD, or (ii) 50% or more of the registered voters, or six

registered voters, whichever is more, residing in the Future Annexation Area, (iii) owners of one-half or more of the area of land in the proposed CFD and not exempt from the proposed special tax or (iv) owners of one-half or more of the area of land in the Future Annexation Area and not exempt from the proposed special tax; now, therefore, be it

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

FURTHER RESOLVED, That the proposed special tax to be levied within the CFD has not been precluded by majority protest pursuant to Mello-Roos Act Section 53324; and, be it

FURTHER RESOLVED, That all prior proceedings taken by this Board of Supervisors in connection with the establishment of the CFD and the Future Annexation Area and the levy of the special tax have been duly considered and are hereby found and determined to be valid and in conformity with the Mello-Roos Act; and, be it

FURTHER RESOLVED, That the community facilities district designated "City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center)" and the future annexation area designated "City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (Future Annexation Area)" are hereby established pursuant to the Mello-Roos Act; and, be it

FURTHER RESOLVED, That the boundaries of the CFD and the Future Annexation Area, as set forth in the map of the CFD heretofore recorded in the Assessor-Recorder's Office on July 25, 2014 at 3:42 p.m. in Book 1 at Page 75, as Document 2014-J914622-00 of Maps of Assessment and Community Facilities Districts, are hereby approved, are incorporated herein by reference and shall be the boundaries of the CFD and the Future Annexation Area; and, be it

FURTHER RESOLVED, That parcels within the Future Annexation Area shall be annexed to the CFD only with the unanimous approval (each, a "Unanimous Approval") of the owner or owners of each parcel or parcels at the time that parcel or those parcels are

annexed, without any requirement for further public hearings or additional proceedings; and, be it

FURTHER RESOLVED, That the type of public facilities proposed to be financed by the CFD and pursuant to the Mello-Roos Act shall consist of those items listed as facilities in Exhibit A hereto and by this reference incorporated herein (the "Facilities"); and, be it

FURTHER RESOLVED, That:

a. Except to the extent that funds are otherwise available to the CFD to pay for the Facilities and/or the principal and interest as it becomes due on bonds of the CFD issued to finance the Facilities, a special tax (the "Special Tax") sufficient to pay the costs thereof, secured by the recordation of a continuing lien against all non-exempt real property in the CFD, is intended to be levied annually within the CFD, and collected in the same manner as ordinary *ad valorem* property taxes or in such other manner as may be prescribed by this Board of Supervisors.

b. The proposed rate and method of apportionment of the Special Tax among the parcels of real property within the CFD, in sufficient detail to allow each landowner within the proposed CFD to estimate the maximum amount such owner will have to pay, are shown in Exhibit B attached hereto and hereby incorporated herein.

c. Territory in the Future Annexation Area will be annexed into the CFD and a special tax will be levied on such territory only with the Unanimous Approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed into the CFD. Except to the extent that funds are otherwise available to the CFD to pay for the Facilities and/or the principal and interest as it becomes due on bonds of the CFD issued to finance the Facilities, a special tax sufficient to pay the costs thereof, secured by the recordation of a continuing lien against all non-exempt real property in the Future Annexation Area, is intended to be levied annually within the

Future Annexation Area, and collected in the same manner as ordinary *ad valorem* property taxes or in such other manner as may be prescribed by this Board of Supervisors. As required by Mello-Roos Act Section 53339.3(d), the Board of Supervisors hereby determines that the special tax proposed to pay for one or more Facilities to be supplied within the Future Annexation Area will be equal to the special taxes levied to pay for the same Facilities in the original area of the CFD; and, be it

FURTHER RESOLVED, That it is hereby found and determined that the Facilities are necessary to meet increased demands placed upon local agencies as the result of development occurring in the CFD; and, be it

FURTHER RESOLVED, That the Director of the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102, 415-554-5956, is the officer of the City who will be responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number and who will be responsible for estimating future special tax levies pursuant to the Mello-Roos Act; and, be it

FURTHER RESOLVED, That upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code of California, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the CFD and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the tax by the City ceases; and, be it

FURTHER RESOLVED, That in accordance with the Mello-Roos Act, the annual appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, of the CFD is hereby preliminarily established at $300,000,000, and said appropriations limit shall be submitted to the voters of the CFD as hereafter provided. The proposition establishing said annual appropriations limit shall become effective if approved by

the qualified electors voting thereon and shall be adjusted in accordance with the applicable provisions of the Mello-Roos Act; and, be it

FURTHER RESOLVED, That pursuant to the provisions of the Mello-Roos Act, the proposition of the levy of the special tax and the proposition of the establishment of the appropriations limit specified above shall be submitted to the qualified electors of the CFD at an election. The time, place and conditions of the election shall be as specified by a separate resolution of this Board of Supervisors; and, be it

FURTHER RESOLVED, That this resolution shall take effect upon its adoption.

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

By: _____
Mark D. Blake
Deputy City Attorney

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CITY AND COUNTY OF SAN FRANCISCO
Community Facilities District No. 2014-1
(Transbay Transit Center)

COMMUNITY FACILITIES DISTRICT REPORT

CONTENTS

CITY AND COUNTY OF SAN FRANCISCO
Community Facilities District No. 2014-1
(Transbay Transit Center)

INTRODUCTION

Requirements of the Act. The Board of Supervisors (the "Board of Supervisors") of the City and County of San Francisco (the "City") did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), on July 8, 2014, adopt a resolution entitled "Resolution of Intention to Establish City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters in connection therewith" (the "Resolution of Intention"), which Resolution of Intention was signed by the Mayor of the City on July 25, 2014. In the Resolution of Intention, the Board of Supervisors expressly ordered the preparation of a written Community Facilities District Report (the "Report"), for the proposed "City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center)" (the "CFD").

The Resolution of Intention ordering the Report directed that the Report generally contain the following:

(a) A description of the facilities (the "Facilities") by type which will be required to adequately meet the needs of the CFD.

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

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

Proposed Amended and Restated Rate and Method of Apportionment of Special Tax. In addition, at the time of the public hearing, City staff will recommend to the Board of Supervisors that it consider modifying the rate and method of apportionment of special tax that was described in the Resolution of Intention and Exhibit B thereto. The proposed changes will be reflected in an Amended and Restated Rate and Method of Apportionment of Special Tax in the form attached hereto as Exhibit "C" attached hereto and hereby made a part hereof (the "Proposed RMA").

CFD Formation Report. This Report also constitutes the "CFD formation study" contemplated by the Transit Center District Plan Program Implementation Document dated May 16, 2012 (the "Implementation Document").

As such, attached hereto as Exhibit "D" and hereby made a part of this Report is a CFD Formation Study, which summarizes the factors used to calculate the proposed special tax rates set forth in the Proposed RMA.

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

A. **DESCRIPTION OF FACILITIES.** A general description of the proposed Facilities is as shown in Exhibit "A" attached hereto and hereby made a part hereof. As described on Exhibit A, a portion of the proposed facilities will be owned by the City, a portion will be owned by the Transbay Joint Powers Authority and a portion will be owned by the Bay Area Rapid Transit District.

B. **PROPOSED BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT.** The proposed boundaries of the CFD are as set forth in the map of the CFD previously recorded in the Assessor-Recorder's Office on July 29, 2014 at 2:38 p.m. as Document No. 2014-J915559-00 in Book 001 Pages 75 and 76 of the Book of Maps of Assessment and Community Facilities Districts, to which reference is hereby made.

The Board of Supervisors also declared in the Resolution of Intention its intent to form a future annexation area (the "Future Annexation Area") for the CFD. Parcels within the Future Annexation Area shall be annexed to the CFD only with the unanimous approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed. The proposed boundaries of the Future Annexation Area are also described on the attached map of the CFD.

C. **COST ESTIMATE.** The cost estimate for the Facilities for the CFD is set forth in Exhibit "B" attached hereto and hereby made a part hereof.

Dated as of August 27, 2014

By: _____
Director, Office of Public Finance
City and County of San Francisco

EXHIBIT A

CITY AND COUNTY OF SAN FRANCISCO
Community Facilities District No. 2014-1
(Transbay Transit Center)

Description of Facilities to be Financed by the CFD

City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (the "CFD") will pay or finance all or a portion of the costs of the following facilities (the "Facilities"). The Facilities will be constructed, whether or not acquired in their completed states, pursuant to the plans and specifications approved by the City and County of San Francisco (the "City") or other applicable public agencies.

FACILITIES

I. Streetscape and Pedestrian Improvements

Primary Streets (Mission, Howard, Folsom, Fremont, 1st, 2nd, New Montgomery): Improve existing primary streets in the Transit Center District, including Mission, Howard, Folsom, Fremont, 1st, 2nd, and New Montgomery Streets. Improvements would include sidewalk widening to accommodate additional pedestrian traffic from new development and the Transbay Transit Center, pedestrian and streetscape amenities, bicycle facilities, transit upgrades such as dedicated transit lanes, boarding islands, enhanced shelters and curb extensions to serve transit stops, and roadway circulation, parking, and loading changes. Recommended changes to Primary Streets would be informed by traffic studies to be funded by the CFD.

Living Streets (Beale, Main, and Spear Streets North of Folsom to Market Street): Improve Beale, Main, and Spear Streets from Folsom Street to Market Street by significantly expanding the sidewalk on one side of each street to approximately 30 feet and reducing the number of traffic lanes to one lane in either direction. Beale and Main Streets would feature a bike lane in the direction of traffic. Within the widened sidewalks, the Living Streets would include linear park space along the length of each block and provide additional open space and pedestrian amenities. The enhancements would include pedestrian amenities, street trees and landscaping, pedestrian lighting, street furniture, pocket parks, active uses, and curb extensions.

Alleys (Stevenson, Jessie, Minna, Natoma, Tehama, Clementina Street): Improve Stevenson, Jessie, Minna, Natoma, Tehama, Clementina Streets and other alleys within the project area. Alley improvements would include a variety of pedestrian improvements, including sidewalk widening, landscaping, pedestrian lighting, and street furniture, and potential redesign as single-surface shared pedestrian/vehicle ways.

Fremont/Folsom Freeway Off-Ramp Realignment: Realign the Fremont/Folsom Bay Bridge off-ramp so that it creates a "T" intersection with Fremont Street. This would enhance the safety of pedestrians crossing the off-ramp by standardizing the alignment of the off-ramp and improve the conditions along Folsom Street, planned as a major pedestrian boulevard.

Mid-block Crossings: Analyze and build new crosswalks at various mid-block locations in the Project Area. Mid-block crosswalks would include crosswalk striping at a minimum. They may also include new traffic signals, curb extensions, and other pedestrian safety features as appropriate.

Signalization: Upgrade or install traffic signals at approximately 25 intersections in the Project Area. Traffic signal upgrades would be done in conjunction with overall circulation and street improvements in the Project Area.

Natoma Street: Create a pedestrian plaza and link to the Transit Center between 1st and 2nd Streets. The western two-thirds of Natoma Street between First and Second Streets would be closed to vehicles. Service vehicles and deliveries may be able to access this portion of Natoma Street during night and early morning hours before peak transit and retail times. The eastern one-third of Natoma Street (nearest to First Street) would remain open to vehicles to maintain access to parking and loading for existing buildings on the north side of Howard Street. The pedestrian space would include a new curbless single-surface space including decorative paving, pedestrian lighting, landscaping, and street furniture.

Casual Carpool waiting area improvements: Improve drop-off and pick-up zones at casual carpool locations in the Project Area, including sufficient sidewalk waiting and passenger loading/unloading space and amenities, including shelters, seating, informational signage and other supportive services.

II. **Transit and Other Transportation**

Transit Delay Mitigation: Pay for the purchase of new transit vehicles to mitigate transportation impacts attributable to increased Project Area congestion.

BART Station Capacity: Enhance capacity constraints at Embarcadero and Montgomery Stations regarding crowding on platforms, vertical circulation, and the "dwell time" required for trains to load and unload passengers, which would be exacerbated by the additional transit riders brought on by new development and the Transbay Transit Center. Potential capacity enhancement measures could include additional vertical circulation (e.g. stairwells, escalators, and elevators), additional fare gates, improvements to the train control system to allow for more frequent service, platform edge doors, and better real-time public information displays on train arrivals at concourse and street levels.

Congestion Charging Pilot: Study, design and construct capital improvements relating to a congestion charging pilot program, potentially including fare booths, signals, electronic monitoring equipment, and the like. Conduct necessary analyses to inform the appropriate triggers, mechanisms, and capital improvements required for a congestion pricing pilot program to manage traffic volumes entering and exiting the CFD.

Underground Pedestrian Connector: Create an underground pedestrian tunnel connecting the Transbay Transit Center with the Embarcadero BART/Muni Metro Station, increasing circulation space available for pedestrians and creating a seamless link between the two transit stations.

Downtown Rail Extension (DTX): Extend the Caltrain rail tracks to the new Transbay Transit Center to accommodate Caltrain and California High Speed Rail, and construct the train

components of the Transit Center building including associated systems. The funding would pay for the planning, engineering, right-of-way acquisition, and construction of the DTX.

III. **Public Open space**

City Park: Plan, design and construct public open space on the roof of the Transbay Transit Center.

City Park Connections: Provide connections to the Transbay Transit Center's City Park from adjacent private buildings or from public streets and plazas. Connections could include sky bridges, or connections from ground level to park level, such as elevators, escalators, funiculars, gondolas or similar means of conveying people to City Park. Connections would be required to be publicly accessible during standard hours so that members of the public could easily access City Park.

2nd and Howard Public Plaza: Create an approximately 0.5-acre open space at the corner of 2nd and Howard Streets, on a grouping of parcels located on top of the future train tunnel. The open space would serve as a major access point to the adjacent Transbay Transit Center, including featuring a possible connection to the elevated City Park on the roof of the Transit Center. The open space design would be determined through a public design process.

Transbay Park: Transbay Park would be a new approximately 1.1-acre park, located between Main, Beale, Tehama, and Clementina Streets. The Park would provide a mix of active and passive recreation spaces.

Chinatown Open Space Improvements: Improvements to multiple public open spaces in Chinatown whose use would be increased by new development in the Project Area. The open space improvements may include enhancements to Portsmouth Square, a new open space at the Chinatown Central Subway Station, and improvements to other Chinatown parks. Specific open space improvements would be determined through a public design process.

Other Downtown Open Space Improvements: Improvements to multiple public open spaces in Downtown, whose use would be increased by new development in the Project Area. Specific locations for open space improvements have not been identified yet.

Mission Square: Public plaza at the entrance to the new Transbay Transit Center at the corner of Fremont and Mission Streets. The plaza would create passive open space and circulation space for people entering and exiting the Transit Center and the adjacent Transit Tower development.

Under-Ramp Park: Under-Ramp Park would be a new system of open spaces, built adjacent to and under the Bay Bridge off-ramps and bus ramps to the Transbay Transit Center, between Harrison, Howard, First, and Second Streets. The Park would provide a mix of active and passive recreation spaces.

IV. **Other Transit Center District Public Improvements**

The Facilities include the other public improvements not listed above but described in the Transit Center District Plan Program Implementation Document, dated May 16, 2012, as such Document may be amended from time to time.

The costs to be financed include the costs of the acquisition of right-of-way (including right-of-way that is intended to be dedicated by the recording of a final map), the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, costs related to landscaping and irrigation, soils testing, permits, plan check and inspection fees, insurance, legal and related overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing.

OTHER

The CFD may also finance any of the following:

1. Bond or other debt-related expenses, including underwriters discount, reserve fund, capitalized interest, letter of credit fees and expenses, bond and disclosure counsel fees and expenses, bond remarketing costs, and all other incidental expenses.

2. Administrative fees of the City and the bond trustee or fiscal agent related to the CFD and the bonds or other debt.

3. Reimbursement of costs related to the formation of the CFD advanced by the City, the landowner(s) in the CFD, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City, the landowner(s) in the CFD or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the CFD.

4. The CFD may also pay in full all amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay or any indebtedness secured by any tax, fee, charge, or assessment levied within the area of the CFD or may pay debt service on that indebtedness. In addition, tax revenues of the CFD may be used to make lease or debt service payments on any lease, lease-purchase contract, or certificate of participation used to finance facilities authorized to be financed by the CFD.

EXHIBIT B

CITY AND COUNTY OF SAN FRANCISCO
Community Facilities District No. 2014-1
(Transbay Transit Center)

The following is a summary of the estimated costs of acquisition and construction of the Facilities.

Public Improvement	Estimated Cost
Streetscape and Pedestrian	
Primary Streets (Mission, Howard, Fremont, 1st, 2nd, New Montgomery)*^	$106,000,000
Living Streets (Spear, Main, Beale)*	$23,300,000
Alleys*	$32,000,000
Fremont/Folsom off-ramp realignment	$2,500,000
Mid-Block Crossings	$3,000,000
Signalization	$8,750,000
Natoma Street	$11,000,000
Casual Carpool Waiting Area Improvements	$250,000
Transit And Other Transportation	
Transit Delay Mitigation	$3,000,000
BART Station Capacity	$10,000,000
Congestion Charging Pilot	$1,000,000
Underground Pedestrian Connector	$125,000,000
Downtown Rail Extension	$2,598,800,000
Open Space	
City Park	$50,000,000
City Park connections	$18,500,000
2nd/Howard	$15,000,000
Transbay Park	$10,100,000
Improvements to Downtown/Chinatown Parks Outside Plan Area	
Chinatown Open Space Improvements	$9,000,000
Other Downtown Open Space Improvements	$3,500,000
Mission Square	$10,000,000
Bus Ramps/Oscar Park	$18,300,000
Total	**$3,059,000,000**

*Includes Zone 1 streets and alleys
^Includes Traffic Studies (approx. $600,000)

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

The estimated bond or other debt issuance costs are approximately 5 percent of the principal amount of the bond or other debt. The estimated costs of determining the amount of

taxes, collecting special taxes, allocating special taxes, and other costs incurred in order to carry out the authorized purposes of the CFD is approximately $70,000 per year.

The estimated costs of forming the CFD are approximately $150,000.

EXHIBIT C

CITY AND COUNTY OF SAN FRANCISCO
Community Facilities District No. 2014-1
(Transbay Transit Center)

Amended and Restated Rate and Method of Apportionment of Special Tax

EXHIBIT C

CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)

AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Taxable Parcel in the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) shall be levied and collected according to the tax liability determined by the Administrator through the application of the appropriate amount or rate for Square Footage within Taxable Buildings, as described below. All Taxable Parcels in the CFD shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City and TJPA carrying out duties with respect to CFD No. 2014-1 and the Bonds, including, but not limited to, levying and collecting the Special Tax, the fees and expenses of legal counsel, charges levied by the City Controller's Office and/or the City Treasurer and Tax Collector's Office, costs related to property owner inquiries regarding the Special Tax, costs associated with appeals or requests for interpretation associated with the Special Tax and this RMA, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with any continuing disclosure requirements for the Bonds and the Special Tax, costs associated with foreclosure and collection of delinquent Special Taxes, and all other costs and expenses of the City and TJPA in any way related to the establishment or administration of the CFD.

"Administrator" means the Director of the Office of Public Finance who shall be responsible for administering the Special Tax according to this RMA.

"Affordable Housing Project" means a residential or primarily residential project, as determined by the Zoning Authority, within which all Residential Units are Below Market Rate Units. All Land Uses within an Affordable Housing Project are exempt from the Special Tax, as provided in Section G and are subject to the limitations set forth in Section D.4 below.

"Airspace Parcel" means a parcel with an assigned Assessor's Parcel number that constitutes vertical space of an underlying land parcel.

"Apartment Building" means a residential or mixed-use Building within which none of the Residential Units have been sold to individual homebuyers.

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

"Assessor's Parcel Map" means an official map of the County Assessor designating Parcels by Assessor's Parcel number.

"Authorized Facilities" means those public facilities authorized to be funded by the CFD as set forth in the CFD formation proceedings.

"Base Special Tax" means the Special Tax per square foot that is used to calculate the Maximum Special Tax that applies to a Taxable Parcel pursuant to Sections C.1 and C.2 of this RMA. The Base Special Tax shall also be used to determine the Maximum Special Tax for any Net New Square Footage added to a Taxable Building in the CFD in future Fiscal Years.

"Below Market Rate Units" or **"BMR Units"** means all Residential Units within the CFD that have a deed restriction recorded on title of the property that (i) limits the rental price or sales price of the Residential Unit, (ii) limits the appreciation that can be realized by the owner of such unit, or (iii) in any other way restricts the current or future value of the unit.

"Board" means the Board of Supervisors of the City, acting as the legislative body of CFD No. 2014-1.

"Bonds" means bonds or other debt (as defined in the Act), whether in one or more series, issued, incurred, or assumed by the CFD related to the Authorized Facilities.

"Building" means a permanent enclosed structure that is, or is part of, a Conditioned Project.

"Building Height" means the number of Stories in a Taxable Building, which shall be determined based on the highest Story that is occupied by a Land Use. If only a portion of a Building is a Conditioned Project, the Building Height shall be determined based on the highest Story that is occupied by a Land Use regardless of where in the Building the Taxable Parcels are located. If there is any question as to the Building Height of any Taxable Building in the CFD, the Administrator shall coordinate with the Zoning Authority to make the determination.

"Certificate of Exemption" means a certificate issued to the then-current record owner of a Parcel that indicates that some or all of the Square Footage on the Parcel has prepaid the Special Tax obligation or has paid the Special Tax for thirty Fiscal Years and, therefore, such Square Footage shall, in all future Fiscal Years, be exempt from the levy of Special Taxes in the CFD. The Certificate of Exemption shall identify (i) the Assessor's Parcel number(s) for the Parcel(s)

on which the Square Footage is located, (ii) the amount of Square Footage for which the exemption is being granted, (iii) the first and last Fiscal Year in which the Special Tax had been levied on the Square Footage, and (iv) the date of receipt of a prepayment of the Special Tax obligation, if applicable.

"Certificate of Occupancy" or **"COO"** means the first certificate, including any temporary certificate of occupancy, issued by the City to confirm that a Building or a portion of a Building has met all of the building codes and can be occupied for residential and/or non-residential use. For purposes of this RMA, "Certificate of Occupancy" shall not include any certificate of occupancy that was issued prior to January 1, 2013 for a Building within the CFD; however, any subsequent certificates of occupancy that are issued for new construction or expansion of the Building shall be deemed a Certificate of Occupancy and the associated Parcel(s) shall be categorized as Taxable Parcels if the Building is, or is part of, a Conditioned Project and a Tax Commencement Letter has been provided to the Administrator for the Building.

"CFD" or **"CFD No. 2014-1"** means the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center).

"Child Care Square Footage" means, collectively, the Exempt Child Care Square Footage and Taxable Child Care Square Footage within a Taxable Building in the CFD.

"City" means the City and County of San Francisco.

"Conditioned Project" means a Development Project that, pursuant to Section 424 of the Planning Code, is required to participate in funding Authorized Facilities through the CFD and, therefore, is subject to the levy of the Special Tax when Buildings (or portions thereof) within the Development Project become Taxable Buildings.

"Converted Apartment Building" means a Taxable Building that had been designated as an Apartment Building within which one or more Residential Units are subsequently sold to a buyer that is not a Landlord.

"Converted For-Sale Unit" means, in any Fiscal Year, an individual Market Rate Unit within a Converted Apartment Building for which an escrow has closed, on or prior to June 30 of the preceding Fiscal Year, in a sale to a buyer that is not a Landlord.

"County" means the City and County of San Francisco.

"CPC" means the Capital Planning Committee of the City and County of San Francisco, or if the Capital Planning Committee no longer exists, "CPC" shall mean the designated staff member(s) within the City and/or TJPA that will recommend issuance of Tax Commencement Authorizations for Conditioned Projects within the CFD.

"Development Project" means a residential, non-residential, or mixed-use development that includes one or more Buildings, or portions thereof, that are planned and entitled in a single application to the City.

"Exempt Child Care Square Footage" means Square Footage within a Taxable Building that, at the time of issuance of a COO, is determined by the Zoning Authority to be reserved for one or more licensed child care facilities. If a prepayment is made in association with any Taxable Child Care Square Footage, such Square Footage shall also be deemed Exempt Child Care Square Footage beginning in the Fiscal Year following receipt of the prepayment.

"Exempt Parking Square Footage" means the Square Footage of parking within a Taxable Building that, pursuant to Sections 151.1 and 204.5 of the Planning Code, is estimated to be needed to serve Land Uses within a building in the CFD, as determined by the Zoning Authority. If a prepayment is made in association with any Taxable Parking Square Footage, such Square Footage shall also be deemed Exempt Parking Square Footage beginning in the Fiscal Year following receipt of the prepayment.

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

"For-Sale Residential Square Footage" or **"For-Sale Residential Square Foot"** means Square Footage that is or is expected to be part of a For-Sale Unit. The Zoning Authority shall make the determination as to the For-Sale Residential Square Footage within a Taxable Building in the CFD. For-Sale Residential Square Foot means a single square-foot unit of For-Sale Residential Square Footage.

"For-Sale Unit" means (i) in a Taxable Building that is not a Converted Apartment Building: a Market Rate Unit that has been, or is available or expected to be, sold, and (ii) in a Converted Apartment Building, a Converted For-Sale Unit. The Administrator shall make the final determination as to whether a Market Rate Unit is a For-Sale Unit or a Rental Unit.

"Indenture" means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which CFD No. 2014-1 Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Initial Annual Adjustment Factor" means, as of July 1 of any Fiscal Year, the Annual Infrastructure Construction Cost Inflation Estimate published by the Office of the City Administrator's Capital Planning Group and used to calculate the annual adjustment to the City's development impact fees that took effect as of January 1 of the prior Fiscal Year pursuant to Section 409(b) of the Planning Code, as may be amended from time to time. If changes are made to the office responsible for calculating the annual adjustment, the name of the inflation index, or the date on which the development fee adjustment takes effect, the Administrator shall continue to rely on whatever annual adjustment factor is applied to the City's development impact fees in order to calculate adjustments to the Base Special Taxes pursuant to Section D.1 below. Notwithstanding the foregoing, the Base Special Taxes shall, in no Fiscal Year, be increased or decreased by more than four percent (4%) of the amount in effect in the prior Fiscal Year.

"Initial Square Footage" means, for any Taxable Building in the CFD, the aggregate Square Footage of all Land Uses within the Building, as determined by the Zoning Authority upon issuance of the COO.

"IPIC" means the Interagency Plan Implementation Committee, or if the Interagency Plan Implementation Committee no longer exists, "IPIC" shall mean the designated staff member(s) within the City and/or TJPA that will recommend issuance of Tax Commencement Authorizations for Conditioned Projects within the CFD.

"Land Use" means residential, office, retail, hotel, parking, or child care use. For purposes of this RMA, the City shall have the final determination of the actual Land Use(s) on any Parcel within the CFD.

"Landlord" means an entity that owns at least twenty percent (20%) of the Rental Units within an Apartment Building or Converted Apartment Building.

"Market Rate Unit" means a Residential Unit that is not a Below Market Rate Unit.

"Maximum Special Tax" means the greatest amount of Special Tax that can be levied on a Taxable Parcel in the CFD in any Fiscal Year, as determined in accordance with Section C below.

"Net New Square Footage" means any Square Footage added to a Taxable Building after the Initial Square Footage in the Building has paid Special Taxes in one or more Fiscal Years.

"Office/Hotel Square Footage" or **"Office/Hotel Square Foot"** means Square Footage that is or is expected to be: (i) Square Footage of office space in which professional, banking, insurance, real estate, administrative, or in-office medical or dental activities are conducted, (ii) Square Footage that will be used by any organization, business, or institution for a Land Use that does not meet the definition of For-Sale Residential Square Footage Rental Residential Square Footage, or Retail Square Footage, including space used for cultural, educational, recreational, religious, or social service facilities, (iii) Taxable Child Care Square Footage, (iv) Square Footage in a residential care facility that is staffed by licensed medical professionals, and (v) any other Square Footage within a Taxable Building that does not fall within the definition provided for other Land Uses in this RMA. Notwithstanding the foregoing, street-level retail bank branches, real estate brokerage offices, and other such ground-level uses that are open to the public shall be categorized as Retail Square Footage pursuant to the Planning Code. Office/Hotel Square Foot means a single square-foot unit of Office/Hotel Square Footage.

For purposes of this RMA, "Office/Hotel Square Footage" shall also include Square Footage that is or is expected to be part of a non-residential structure that constitutes a place of lodging, providing temporary sleeping accommodations and related facilities. All Square Footage that shares an Assessor's Parcel number within such a non-residential structure, including Square Footage of restaurants, meeting and convention facilities, gift shops, spas, offices, and other related uses shall be categorized as Office/Hotel Square Footage. If there are separate Assessor's Parcel numbers for these other uses, the Administrator shall apply the Base Special Tax for

Retail Square Footage to determine the Maximum Special Tax for Parcels on which a restaurant, gift shop, spa, or other retail use is located or anticipated, and the Base Special Tax for Office/Hotel Square Footage shall be used to determine the Maximum Special Tax for Parcels on which other uses in the building are located. The Zoning Authority shall make the final determination as to the amount of Office/Hotel Square Footage within a building in the CFD.

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

"Proportionately" means that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Taxable Parcels.

"Rental Residential Square Footage" or **"Rental Residential Square Foot"** means Square Footage that is or is expected to be used for one or more of the following uses: (i) Rental Units, (ii) any type of group or student housing which provides lodging for a week or more and may or may not have individual cooking facilities, including but not limited to boarding houses, dormitories, housing operated by medical institutions, and single room occupancy units, or (iii) a residential care facility that is not staffed by licensed medical professionals. The Zoning Authority shall make the determination as to the amount of Rental Residential Square Footage within a Taxable Building in the CFD. Rental Residential Square Foot means a single square-foot unit of Rental Residential Square Footage.

"Rental Unit" means (i) all Market Rate Units within an Apartment Building, and (ii) all Market Rate Units within a Converted Apartment Building that have yet to be sold to an individual homeowner or investor. "Rental Unit" shall not include any Residential Unit which has been purchased by a homeowner or investor and subsequently offered for rent to the general public. The Administrator shall make the final determination as to whether a Market Rate Unit is a For-Sale Unit or a Rental Unit.

"Retail Square Footage" or **"Retail Square Foot"** means Square Footage that is or, based on the Certificate of Occupancy, will be Square Footage of a commercial establishment that sells general merchandise, hard goods, food and beverage, personal services, and other items directly to consumers, including but not limited to restaurants, bars, entertainment venues, health clubs, laundromats, dry cleaners, repair shops, storage facilities, and parcel delivery shops. In addition, all Taxable Parking Square Footage in a Building, and all street-level retail bank branches, real estate brokerages, and other such ground-level uses that are open to the public, shall be categorized as Retail Square Footage for purposes of calculating the Maximum Special Tax pursuant to Section C below. The Zoning Authority shall make the final determination as to the amount of Retail Square Footage within a Taxable Building in the CFD. Retail Square Foot means a single square-foot unit of Retail Square Footage.

"Residential Unit" means an individual townhome, condominium, live/work unit, or apartment within a Building in the CFD.

"Residential Use" means (i) any and all Residential Units within a Taxable Building in the CFD, (ii) any type of group or student housing which provides lodging for a week or more and may or may not have individual cooking facilities, including but not limited to boarding houses, dormitories, housing operated by medical institutions, and single room occupancy units, and (iii) a residential care facility that is not staffed by licensed medical professionals.

"RMA" means this Rate and Method of Apportionment of Special Tax.

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

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

"Square Footage" means, for any Taxable Building in the CFD, the net saleable or leasable square footage of each Land Use on each Taxable Parcel within the Building, as determined by the Zoning Authority. If a building permit is issued to increase the Square Footage on any Taxable Parcel, the Administrator shall, in the first Fiscal Year after the final building permit inspection has been conducted in association with such expansion, work with the Zoning Authority to recalculate (i) the Square Footage of each Land Use on each Taxable Parcel, and (ii) the Maximum Special Tax for each Taxable Parcel based on the increased Square Footage. The final determination of Square Footage for each Land Use on each Taxable Parcel shall be made by the Zoning Authority.

"Story" or **"Stories"** means a portion or portions of a Building, except a mezzanine as defined in the City Building Code, included between the surface of any floor and the surface of the next floor above it, or if there is no floor above it, then the space between the surface of the floor and the ceiling next above it.

"Taxable Building" means, in any Fiscal Year, any Building within the CFD that is, or is part of, a Conditioned Project, and for which a Certificate of Occupancy was issued and a Tax Commencement Authorization was received by the Administrator on or prior to June 30 of the preceding Fiscal Year. If only a portion of the Building is a Conditioned Project, as determined

by the Zoning Authority, that portion of the Building shall be treated as a Taxable Building for purposes of this RMA.

"Tax Commencement Authorization" means a written authorization issued by the Administrator upon the recommendations of the IPIC and CPC in order to initiate the levy of the Special Tax on a Conditioned Project that has been issued a COO.

"Taxable Child Care Square Footage" means the amount of Square Footage determined by subtracting the Exempt Child Care Square Footage within a Taxable Building from the total net leasable square footage within a Building that is used for licensed child care facilities, as determined by the Zoning Authority.

"Taxable Parcel" means, within a Taxable Building, any Parcel that is not exempt from the Special Tax pursuant to law or Section G below. If, in any Fiscal Year, a Special Tax is levied on only Net New Square Footage in a Taxable Building, only the Parcel(s) on which the Net New Square Footage is located shall be Taxable Parcel(s) for purposes of calculating and levying the Special Tax pursuant to this RMA.

"Taxable Parking Square Footage" means Square Footage of parking in a Taxable Building that is determined by the Zoning Authority not to be Exempt Parking Square Footage.

"TJPA" means the Transbay Joint Powers Authority.

"Zoning Authority" means either the City Zoning Administrator, the Executive Director of the San Francisco Office of Community Investment and Infrastructure, or an alternate designee from the agency or department responsible for the approvals and entitlements of a project in the CFD. If there is any doubt as to the responsible party, the Administrator shall coordinate with the City Zoning Administrator to determine the appropriate party to serve as the Zoning Authority for purposes of this RMA.

B. DATA FOR CFD ADMINISTRATION

On or after July 1 of each Fiscal Year, the Administrator shall identify the current Assessor's Parcel numbers for all Taxable Parcels in the CFD. In order to identify Taxable Parcels, the Administrator shall confirm which Buildings in the CFD have been issued both a Tax Commencement Authorization and a COO.

The Administrator shall also work with the Zoning Authority to confirm: (i) the Building Height for each Taxable Building , (ii) the For-Sale Residential Square Footage, Rental Residential Square Footage, Office/Hotel Square Footage, and Retail Square Footage on each Taxable Parcel, (iii) if applicable, the number of BMR Units and aggregate Square Footage of BMR Units within the Building, (iv) whether any of the Square Footage on a Parcel is subject to a Certificate of Exemption, and (v) the Special Tax Requirement for the Fiscal Year. In each Fiscal Year, the Administrator shall also keep track of how many Fiscal Years the Special Tax has been levied on each Parcel within the CFD. If there is Initial Square Footage and Net New

Square Footage on a Parcel, the Administrator shall separately track the duration of the Special Tax levy in order to ensure compliance with Section F below.

In any Fiscal Year, if it is determined by the Administrator that (i) a parcel map or condominium plan for a portion of property in the CFD was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), and (ii) the Assessor does not yet recognize the newly-created parcels, the Administrator shall calculate the Special Tax that applies separately to each newly-created parcel, then applying the sum of the individual Special Taxes to the Assessor's Parcel that was subdivided by recordation of the parcel map or condominium plan.

C. DETERMINATION OF THE MAXIMUM SPECIAL TAX

1. Base Special Tax

Once the Building Height of, and Land Use(s) within, a Taxable Building have been identified, the Base Special Tax to be used for calculation of the Maximum Special Tax for each Taxable Parcel within the Building shall be determined based on reference to the applicable table(s) below:

FOR-SALE RESIDENTIAL SQUARE FOOTAGE

Building Height	*Base Special Tax Fiscal Year 2013-14**
1 – 5 Stories	$4.71 per For-Sale Residential Square Foot
6 – 10 Stories	$5.02 per For-Sale Residential Square Foot
11 – 15 Stories	$6.13 per For-Sale Residential Square Foot
16 – 20 Stories	$6.40 per For-Sale Residential Square Foot
21 – 25 Stories	$6.61 per For-Sale Residential Square Foot
26 – 30 Stories	$6.76 per For-Sale Residential Square Foot
31 – 35 Stories	$6.88 per For-Sale Residential Square Foot
36 – 40 Stories	$7.00 per For-Sale Residential Square Foot
41 – 45 Stories	$7.11 per For Sale Residential Square Foot
46 – 50 Stories	$7.25 per For-Sale Residential Square Foot
More than 50 Stories	$7.36 per For-Sale Residential Square Foot

RENTAL RESIDENTIAL SQUARE FOOTAGE

Building Height	*Base Special Tax Fiscal Year 2013-14**
1 – 5 Stories	$4.43 per Rental Residential Square Foot
6 – 10 Stories	$4.60 per Rental Residential Square Foot
11 – 15 Stories	$4.65 per Rental Residential Square Foot
16 – 20 Stories	$4.68 per Rental Residential Square Foot
21 – 25 Stories	$4.73 per Rental Residential Square Foot
26 – 30 Stories	$4.78 per Rental Residential Square Foot
31 – 35 Stories	$4.83 per Rental Residential Square Foot
36 – 40 Stories	$4.87 per Rental Residential Square Foot
41 – 45 Stories	$4.92 per Rental Residential Square Foot
46 – 50 Stories	$4.98 per Rental Residential Square Foot
More than 50 Stories	$5.03 per Rental Residential Square Foot

OFFICE/HOTEL SQUARE FOOTAGE

Building Height	*Base Special Tax Fiscal Year 2013-14**
1 – 5 Stories	$3.45 per Office/Hotel Square Foot
6 – 10 Stories	$3.56 per Office/Hotel Square Foot
11 – 15 Stories	$4.03 per Office/Hotel Square Foot
16 – 20 Stories	$4.14 per Office/Hotel Square Foot
21 – 25 Stories	$4.25 per Office/Hotel Square Foot
26 – 30 Stories	$4.36 per Office/Hotel Square Foot
31 – 35 Stories	$4.47 per Office/Hotel Square Foot
36 – 40 Stories	$4.58 per Office/Hotel Square Foot
41 – 45 Stories	$4.69 per Office/Hotel Square Foot
46 – 50 Stories	$4.80 per Office/Hotel Square Foot
More than 50 Stories	$4.91 per Office/Hotel Square Foot

RETAIL SQUARE FOOTAGE

Building Height	*Base Special Tax Fiscal Year 2013-14**
N/A	$3.18 per Retail Square Foot

** The Base Special Tax rates shown above for each Land Use shall escalate as set forth in Section D.1 below.*

2. Determining the Maximum Special Tax for Taxable Parcels

Upon issuance of a Tax Commencement Authorization and the first Certificate of Occupancy for a Taxable Building within a Conditioned Project that is not an Affordable Housing Project, the

Administrator shall coordinate with the Zoning Authority to determine the Square Footage of each Land Use on each Taxable Parcel. The Administrator shall then apply the following steps to determine the Maximum Special Tax for the next succeeding Fiscal Year for each Taxable Parcel in the Taxable Building:

Step 1. Determine the Building Height for the Taxable Building for which a Certificate of Occupancy was issued.

Step 2. Determine the For-Sale Residential Square Footage and/or Rental Residential Square Footage for all Residential Units on each Taxable Parcel, as well as the Office/Hotel Square Footage and Retail Square Footage on each Taxable Parcel.

Step 3. ***For each Taxable Parcel that includes only For-Sale Units***, multiply the For-Sale Residential Square Footage by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 4. ***For each Taxable Parcel that includes only Rental Units***, multiply the Rental Residential Square Footage by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 5. ***For each Taxable Parcel that includes only Residential Uses other than Market Rate Units,*** net out the Square Footage associated with any BMR Units and multiply the remaining Rental Residential Square Footage (if any) by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 6. ***For each Taxable Parcel that includes only Office/Hotel Square Footage,*** multiply the Office/Hotel Square Footage on the Parcel by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 7. ***For each Taxable Parcel that includes only Retail Square Footage***, multiply the Retail Square Footage on the Parcel by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 8. ***For Taxable Parcels that include multiple Land Uses,*** separately determine the For-Sale Residential Square Footage, Rental Residential Square Footage, Office/Hotel Square Footage, and/or Retail Square Footage. Multiply the Square Footage of each Land Use by the applicable Base Special Tax from Section C.1, and sum the individual amounts to determine the aggregate Maximum Special Tax for the Taxable Parcel for the first succeeding Fiscal Year.

D. CHANGES TO THE MAXIMUM SPECIAL TAX

1. *Annual Escalation of Base Special Tax*

The Base Special Tax rates identified in Section C.1 are applicable for fiscal year 2013-14. Beginning July 1, 2014 and each July 1 thereafter, the Base Special Taxes shall be adjusted by the Initial Annual Adjustment Factor. The Base Special Tax rates shall be used to calculate the Maximum Special Tax for each Taxable Parcel in a Taxable Building for the first Fiscal Year in which the Building is a Taxable Building, as set forth in Section C.2 and subject to the limitations set forth in Section D.3.

2. *Adjustment of the Maximum Special Tax*

After a Maximum Special Tax has been assigned to a Parcel for its first Fiscal Year as a Taxable Parcel pursuant to Section C.2 and Section D.1, the Maximum Special Tax shall escalate for subsequent Fiscal Years beginning July 1 of the Fiscal Year after the first Fiscal Year in which the Parcel was a Taxable Parcel, and each July 1 thereafter, by two percent (2%) of the amount in effect in the prior Fiscal Year. In addition to the foregoing, the Maximum Special Tax assigned to a Taxable Parcel shall be increased in any Fiscal Year in which the Administrator determines that Net New Square Footage was added to the Parcel in the prior Fiscal Year.

3. *Converted Apartment Buildings*

If an Apartment Building in the CFD becomes a Converted Apartment Building, the Administrator shall rely on information from the County Assessor, site visits to the sales office, data provided by the entity that is selling Residential Units within the Building, and any other available source of information to track sales of Residential Units. In the first Fiscal Year in which there is a Converted For-Sale Unit within the Building, the Administrator shall determine the applicable Base Maximum Special Tax for For-Sale Residential Units for that Fiscal Year. Such Base Maximum Special Tax shall be used to calculate the Maximum Special Tax for all Converted For-Sale Units in the Building in that Fiscal Year. In addition, this Base Maximum Special Tax, escalated each Fiscal Year by two percent (2%) of the amount in effect in the prior Fiscal Year, shall be used to calculate the Maximum Special Tax for all future Converted For-Sale Units within the Building. Solely for purposes of calculating Maximum Special Taxes for Converted For-Sale Units within the Converted Apartment Building, the adjustment of Base Maximum Special Taxes set forth in Section D.1 shall not apply. All Rental Residential Square Footage within the Converted Apartment Building shall continue to be subject to the Maximum Special Tax for Rental Residential Square Footage until such time as the units become Converted For-Sale Units. The Maximum Special Tax for all Taxable Parcels within the Building shall escalate each Fiscal Year by two percent (2%) of the amount in effect in the prior Fiscal Year.

4. *BMR Unit/Market Rate Unit Transfers*

If, in any Fiscal Year, the Administrator determines that a Residential Unit that had previously been designated as a BMR Unit no longer qualifies as such, the Maximum Special Tax on the

new Market Rate Unit shall be established pursuant to Section C.2 and adjusted, as applicable, by Sections D.1 and D.2. If a Market Rate Unit becomes a BMR Unit after it has been taxed in prior Fiscal Years as a Market Rate Unit, the Maximum Special Tax on such Residential Unit shall not be decreased unless: (i) a BMR Unit is simultaneously redesignated as a Market Rate Unit, and (ii) such redesignation results in a Maximum Special Tax on the new Market Rate Unit that is greater than or equal to the Maximum Special Tax that was levied on the Market Rate Unit prior to the swap of units. If, based on the Building Height or Square Footage, there would be a reduction in the Maximum Special Tax due to the swap, the Maximum Special Tax that applied to the former Market Rate Unit will be transferred to the new Market Rate Unit regardless of the Building Height and Square Footage associated with the new Market Rate Unit.

5. Changes in Land Use on a Taxable Parcel

If any Square Footage that had been taxed as For-Sale Residential Square Footage, Rental Residential Square Footage, Office/Hotel Square Footage, or Retail Square Footage in a prior Fiscal Year is rezoned or otherwise changes Land Use, the Administrator shall apply the applicable subsection in Section C.2 to calculate what the Maximum Special Tax would be for the Parcel based on the new Land Use(s). If the amount determined is greater than the Maximum Special Tax that applied to the Parcel prior to the Land Use change, the Administrator shall increase the Maximum Special Tax to the amount calculated for the new Land Uses. If the amount determined is less than the Maximum Special Tax that applied prior to the Land Use change, there will be no change to the Maximum Special Tax for the Parcel. Under no circumstances shall the Maximum Special Tax on any Taxable Parcel be reduced, regardless of changes in Land Use or Square Footage on the Parcel, including reductions in Square Footage that may occur due to demolition, fire, water damage, or acts of God. In addition, if a Taxable Building within the CFD that had been subject to the levy of Special Taxes in any prior Fiscal Year becomes all or part of an Affordable Housing Project, the Parcel(s) shall continue to be subject to the Maximum Special Tax that had applied to the Parcel(s) before they became part of the Affordable Housing Project. All Maximum Special Taxes determined pursuant to Section C.2 shall be adjusted, as applicable, by Sections D.1 and D.2.

6. Prepayments

If a Parcel makes a prepayment pursuant to Section H below, the Administrator shall issue the owner of the Parcel a Certificate of Exemption for the Square Footage that was used to determine the prepayment amount, and no Special Tax shall be levied on the Parcel in future Fiscal Years unless there is Net New Square Footage added to a Building on the Parcel. Thereafter, a Special Tax calculated based solely on the Net New Square Footage on the Parcel shall be levied for up to thirty Fiscal Years, subject to the limitations set forth in Section F below. Notwithstanding the foregoing, any Special Tax that had been levied against, but not yet collected from, the Parcel is still due and payable, and no Certificate of Exemption shall be issued until such amounts are fully paid. If a prepayment is made in order to exempt Taxable Child Care Square Footage on a Parcel on which there are multiple Land Uses, the Maximum Special Tax for the Parcel shall be recalculated based on the exemption of this Child Care Square Footage which shall, after such prepayment, be designated as Exempt Child Care Square Footage and remain exempt in all Fiscal Years after the prepayment has been received.

E. METHOD OF LEVY OF THE SPECIAL TAX

Each Fiscal Year, the Special Tax shall be levied Proportionately on each Taxable Parcel up to 100% of the Maximum Special Tax for each Parcel for such Fiscal Year until the amount levied on Taxable Parcels is equal to the Special Tax Requirement.

F. COLLECTION OF SPECIAL TAX

The Special Taxes for CFD No. 2014-1 shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section H below and provided further that the City may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected from the first Fiscal Year in which a Parcel is designated as a Taxable Parcel until the principal and interest on all Bonds have been paid, the City's costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. Notwithstanding the foregoing, the Special Tax shall not be levied on any Square Footage in the CFD for more than thirty Fiscal Years, except that a Special Tax that was lawfully levied in or before the final Fiscal Year and that remains delinquent may be collected in subsequent Fiscal Years. After a Building or a particular block of Square Footage within a Building (i.e., Initial Square Footage vs. Net New Square Footage) has paid the Special Tax for thirty Fiscal Years, the then-current record owner of the Parcel(s) on which that Square Footage is located shall be issued a Certificate of Exemption for such Square Footage. Notwithstanding the foregoing, the Special Tax shall cease to be levied, and a Release of Special Tax Lien shall be recorded against all Parcels in the CFD that are still subject to the Special Tax, after the Special Tax has been levied in the CFD for seventy-five Fiscal Years.

Pursuant to Section 53321 (d) of the Act, the Special Tax levied against Residential Uses shall under no circumstances increase more than ten percent (10%) as a consequence of delinquency or default by the owner of any other Parcel or Parcels and shall, in no event, exceed the Maximum Special Tax in effect for the Fiscal Year in which the Special Tax is being levied.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on: (i) Square Footage for which a prepayment has been received and a Certificate of Exemption issued, (ii) Below Market Rate Units except as otherwise provided in Sections D.3 and D.4, (iii) Affordable Housing Projects, including all Residential Units, Retail Square Footage, and Office Square Footage within buildings that are part of an Affordable Housing Project, except as otherwise provided in Section D.4, and (iv) Exempt Child Care Square Footage.

H. PREPAYMENT OF SPECIAL TAX

The Special Tax obligation applicable to Square Footage in a building may be fully prepaid as described herein, provided that a prepayment may be made only if (i) the Parcel is a Taxable Parcel, and (ii) there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. Any prepayment made by a Parcel owner must satisfy the Special Tax obligation associated with all Square Footage on the Parcel that is subject to the Special Tax at the time the prepayment is calculated. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for the Square Footage on such Assessor's Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes. The Prepayment Amount for a Taxable Parcel shall be calculated as follows:

Step 1: Determine the Square Footage of each Land Use on the Parcel.

Step 2: Determine how many Fiscal Years the Square Footage on the Parcel has paid the Special Tax, which may be a separate total for Initial Square Footage and Net New Square Footage on the Parcel. If a Special Tax has been levied, but not yet paid, in the Fiscal Year in which the prepayment is being calculated, such Fiscal Year will be counted as a year in which the Special Tax was paid, but a Certificate of Exemption shall not be issued until such Special Taxes are received by the City's Office of the Treasurer and Tax Collector.

Step 3: Subtract the number of Fiscal Years for which the Special Tax has been paid (as determined in Step 2) from 30 to determine the remaining number of Fiscal Years for which Special Taxes are due from the Square Footage for which the prepayment is being made. This calculation would result in a different remainder for Initial Square Footage and Net New Square Footage within a building.

Step 4: Separately for Initial Square Footage and Net New Square Footage, and separately for each Land Use on the Parcel, multiply the amount of Square Footage by the applicable Maximum Special Tax that would apply to such Square Footage in each of the remaining Fiscal Years, taking into account the 2% escalator set forth in Section D.2, to determine the annual stream of Maximum Special Taxes that could be collected in future Fiscal Years.

Step 5: For each Parcel for which a prepayment is being made, sum the annual amounts calculated for each Land Use in Step 4 to determine the annual Maximum Special Tax that could have been levied on the Parcel in each of the remaining Fiscal Years.

Step 6. Calculate the net present value of the future annual Maximum Special Taxes that were determined in Step 5 using, as the discount rate for the net present value calculation, the true interest cost (TIC) on the Bonds as identified by the Office of Public Finance. If there is more than one series of Bonds outstanding at the time of the prepayment calculation, the Administrator shall determine the weighted average TIC based on the Bonds from each series that remain outstanding. The amount determined pursuant to this Step 6 is the required prepayment for each Parcel. Notwithstanding the foregoing, if at any point in time the Administrator determines that the Maximum Special Tax revenue that could be collected from Square Footage that remains subject to the Special Tax after the proposed prepayment is less than 110% of debt service on Bonds that will remain outstanding after defeasance or redemption of Bonds from proceeds of the estimated prepayment, the amount of the prepayment shall be increased until the amount of Bonds defeased or redeemed is sufficient to reduce remaining annual debt service to a point at which 110% debt service coverage is realized.

Once a prepayment has been received by the City, a Certificate of Exemption shall be issued to the owner of the Parcel indicating that all Square Footage that was the subject of such prepayment shall be exempt from Special Taxes.

I. INTERPRETATION OF SPECIAL TAX FORMULA

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

J. SPECIAL TAX APPEALS

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

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

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

EXHIBIT D

CITY AND COUNTY OF SAN FRANCISCO
Community Facilities District No. 2014-1
(Transbay Transit Center)

CFD Formation Study

Description of CFD Formation Study. The Implementation Document calls for a CFD formation study:

> "To estimate the revenues that could be generated by a Mello-Roos Special Tax from the Plan area, the Funding Program assumes that each new development or net addition of square footage in the Plan Area that would exceed the 9:1 FAR threshold would pay a Special Tax equivalent to 0.55 percent of the assessed value of the entire development project, which would raise the overall tax rate to roughly 1.70 percent of assessed value of the affected property. In actuality, if a CFD were to be formed, the Special Tax would be established through an election that would authorize the imposition of the Special Tax. The Special Tax structure would likely not be directly related to property value. Rather, it will likely be assessed based on a variety of factors, as determined through a detailed CFD formation study, such as the amount of development on the property and other factors, and the Special Tax will be a per-square foot assessment. However regardless of the ultimate methodology and tax structure, the final Special Tax assessed to each property will be calculated to be equivalent to 0.55 percent of property value."

Summary of Special Tax Rate Calculation. The Implementation Document alternately refers to a special tax that would be equivalent to 0.55 percent of "property value" and a special tax that would be equivalent to 0.55 percent of "assessed value." In a manner that is consistent with California law, the Proposed RMA calculates special tax rates based on the net square footage of each type of use (office, residential, hotel, etc.) and density of use (the rate is higher for buildings with more floors). The rates are based on the values of typical space of each type and density within the Transbay Transit Center District, with the objective that the total tax for any particular property subject to the special tax will be the equivalent of 0.55 percent of the value of the property.[1]

The following paragraphs summarize the method by which City staff developed the Proposed RMA:

Concord Group Study. The City commissioned the Concord Group to calculate the estimated value of hypothetical buildings in the Transit Center District Plan area in certain land-use categories in Spring 2013. The Concord Group report, dated April 10, 2013, that was used by City staff in preparation of the Proposed RMA is attached hereto as Appendix 1.

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[1] Although the City used the Concord Group study to set the Base Special Taxes for fiscal year 2013-14, which is consistent with the Implementation Document, the CFD special tax has not been designed as an ad valorem tax; in other words, the CFD special tax will not be levied on any particular parcel based upon the value of that parcel.

The Concord Group study specifically identified a building height premium for residential and office uses.

Rate and Method of Apportionment of Special Tax. The City commissioned a special tax consultant to develop the rate and method of levying the special taxes on taxable property in the CFD. The special tax consultant drafted the Proposed RMA, in consultation with City staff and consultants and representatives of the Transbay Joint Powers Authority and the Office of Community Investment and Infrastructure. The Proposed RMA distinguishes among land uses (specifically, for-sale residential, for-rent residential, office, retail, hotel, parking and child care) and, with reference to the building height premium identified by the Concord Group, distinguishes among residential and office/hotel buildings based on height.

Base Special Taxes; Maximum Special Taxes. As explained more completely below, the Proposed RMA includes two special tax rates:

(A) A "Base Special Tax" for fiscal year 2013-14 that is based on 0.55 percent of the values determined by the Concord Group.

(B) A "Maximum Special Tax" that may be levied on a "Taxable Parcel" for a 30-year period. The Base Special Tax will be used to calculate the Maximum Special Tax for a Taxable Parcel for the first fiscal year in which it is subject to the special tax.

Adjustment Factors. Because the Implementation Document calls for "the final Special Tax assessed to each property [to] be calculated to be equivalent to 0.55 percent of property value," City staff proposed two adjustment factors to the fiscal year 2013-14 Base Special Taxes. The first adjustment factor will be applied to the Base Special Taxes beginning in the City's fiscal year 2014-15 and, separately for each Taxable Parcel, continuing through the fiscal year in which special taxes are first levied on the Taxable Parcel.

The second adjustment factor would adjust the Maximum Special Tax for a Taxable Parcel for the 2nd through 30th years that the parcel is subject to the special tax.

Initial Adjustment Factor. The Implementation Document contemplates that special taxes would apply to a parcel for 30 years beginning at issuance of the first temporary certificate of occupancy. The Proposed RMA, in order to ensure a special tax revenue flow that will efficiently support the issuance of bonds (which are typically issued with a 30-year final maturity), calls for the City to begin levying the special tax on a parcel when the first temporary certificate of occupancy has been issued for the related building and the Director of Public Finance (upon the recommendations of the Interagency Plan Implementation Committee and Capital Planning Committee) has ordered the special taxes to be levied (this order is referred to in the Proposed RMA as a "Tax Commencement Authorization").

City staff initially considered a pre-certificate of occupancy adjustment factor that would have annually increased the Base Special Taxes beginning with fiscal year 2014-15 by reference to an annual appraisal of market value in the Transit Center area. However, as a result of initial feedback from developers that the proposed adjustment factor would make it difficult for them to estimate the special tax burden on a property prior to issuance of a certificate of occupancy, City staff incorporated an alternative initial adjustment factor in the Proposed RMA, which the City believes is responsive to the developers' initial concerns: the Annual Infrastructure Construction Cost Inflation

Estimate published by the Office of the City Administrator's Capital Planning Group, as it may be amended from time to time. However, to avoid large annual fluctuations in the Base Special Taxes as a result of the initial adjustment factor, the Proposed RMA provides that the Base Special Taxes may not be increased or decreased in a fiscal year by more than four percent of the amount in effect in the prior fiscal year.

Escalation After Certificate of Occupancy. The Proposed RMA calls for a "Maximum Special Tax" to be established for each property when a Certificate of Occupancy and a Tax Commencement Authorization have been issued for the Building. The annual adjustment factor is 2 percent of the amount in effect in the prior year and will be applied during the 2nd through 30th years in which special taxes will be levied on a parcel. The annual adjustment factor reflects City staff's attempt to balance, on the one hand, references to 0.55 percent of property value in the Implementation Document and, on the other hand, the goal of establishing a special tax that can be efficiently leveraged for the issuance of bonds.

Article XIIIA, Section 2 of the California Constitution provides for an escalation of assessed values in each year based on a variety of factors, including inflation. The inflation adjustment in any year cannot exceed 2 percent, but may be lower based on the consumer price index. In 31 of the 39 years beginning with fiscal year 1976-77 and continuing through fiscal year 2014-15, the inflation escalator has been equal to 2 percent.

Although it would have been possible to tie this second adjustment factor to the annual Proposition 13 inflation adjustment, City staff decided to establish a fixed 2 percent adjustment factor because, if the adjustment factor were a variable amount, the special taxes that would be generated by the adjustment factor could not be leveraged for the issuance of bonds because bond investors would not tolerate the possibility that special tax revenues could be less than bond debt service. For the same reason, the Proposed RMA does not permit downward adjustment of Maximum Special Taxes in those circumstances in which the assessed value of a property could be temporarily adjusted under California Revenue and Taxation Code Section 51(b). However, the Proposed RMA also does not propose to escalate the Maximum Special Tax that could be paid by a property based on new construction and changes of ownership, which, based on relevant San Francisco history, are factors that are likely to increase a Taxable Parcel's assessed value during the 30 years in which special taxes are levied on the Taxable Parcel.

Appendix 1

Concord Group Report

THE CONCORD GROUP

251 KEARNY STREET, 6TH FLOOR
SAN FRANCISCO, CALIFORNIA 94108
PHONE 415.397.5490 FAX 415.397.5496

1523

DEVELOPMENT VALUATION UPDATE FOR VARIOUS REAL ESTATE PRODUCT TYPES RELATIVE TO THE ASSESSMENT OF A CFD ON THE TRANSBAY PLANNING DISTRICT IN SAN FRANCISCO, CALIFORNIA

DEVELOPMENT VALUE UPDATE
APRIL 10, 2013

PREPARED FOR:
NANCY WHELAN
CONSULTING ON BEHALF OF THE TRANSBAY JOINT POWERS AUTHORITY

LIST OF EXHIBITS

6. Positioning
7. Hotel Value Projection

I. SUMMARY

EXHIBIT I-1

VALUATION SUMMARY BY PRODUCT TYPE
TRANSBAY
MARCH 2013

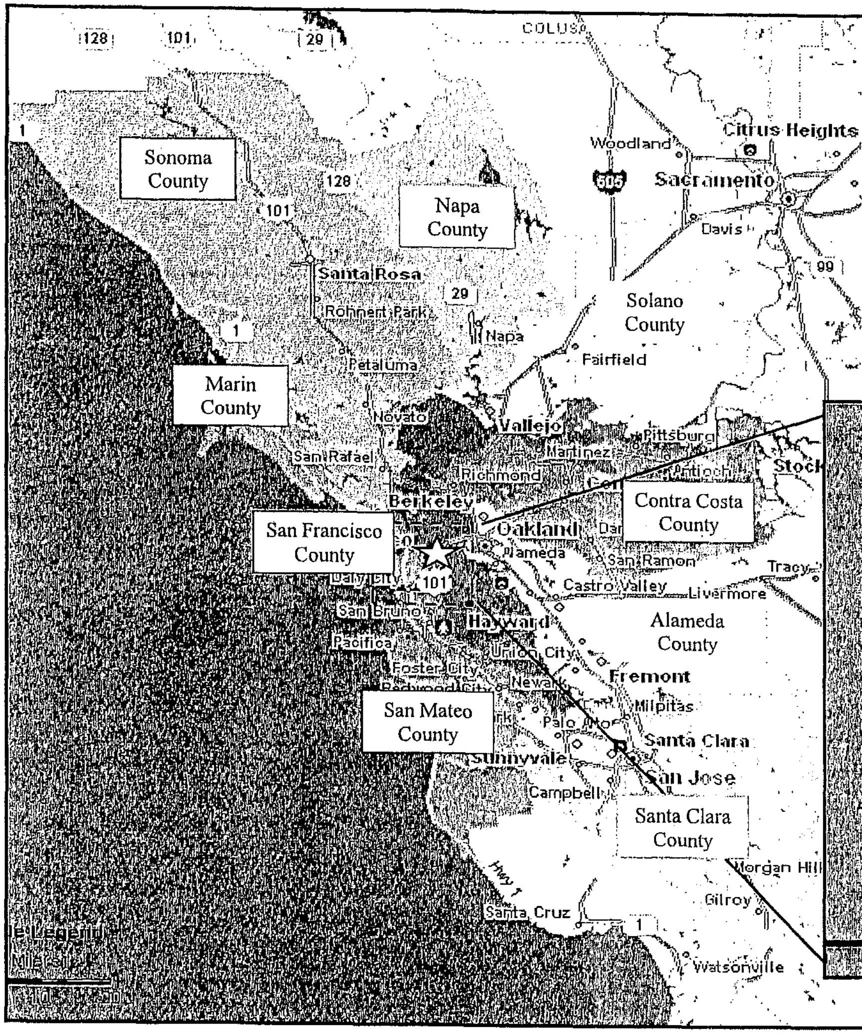
	Average Per Square Foot Development Value by Building Height										
Number of	For Sale Residential			For Rent Residential			Office		Ground Floor	Hotel	
Floors	Podium	Mid-Rise	High-Rise	Podium	Mid-Rise	High-Rise	Low-Rise	High-Rise	Retail	Business	Luxury
1	$853	$849	$884	$796	$823	$831	$614	$675	$579	$528	$1,218
2	$853	$849	$906	$796	$824	$831	$617	$679			
3	$853	$849	$927	$796	$825	$831	$621	$683			
4	$853	$849	$947	$797	$826	$831	$625	$687			
5	$856	$852	$966	$805	$828	$831	$628	$691			
6	$864	$859	$985	$824	$829	$831	$632	$695			
7	$874	$869	$1,002	$824	$831	$832	$636	$699			
8	$887	$882	$1,019	$824	$832	$833	$639	$703			
9		$896	$1,035		$834	$834	$643	$707			
10		$912	$1,050		$836	$835	$647	$711			
11		$928	$1,064		$837	$836		$716			
12		$944	$1,078		$839	$837		$720			
13		$960	$1,091		$841	$839		$724			
14		$975	$1,103		$843	$840		$728			
15		$988	$1,115		$845	$842		$732			
16			$1,126			$843		$736			
17			$1,136			$845		$740			
18			$1,146			$847		$744			
19			$1,155			$848		$748			
20			$1,164			$850		$752			
21			$1,172			$852		$756			
22			$1,180			$854		$760			
23			$1,187			$856		$764			
24			$1,194			$858		$768			
25			$1,201			$860		$772			
26			$1,207			$862		$776			
27			$1,213			$863		$780			
28			$1,219			$865		$784			
29			$1,224			$867		$788			
30			$1,229			$869		$792			
31			$1,234			$871		$797			
32			$1,238			$873		$801			
33			$1,243			$875		$805			
34			$1,247			$876		$809			
35			$1,251			$878		$813			
36			$1,256			$880		$817			
37			$1,260			$881		$821			
38			$1,264			$883		$825			
39			$1,268			$884		$829			
40			$1,272			$886		$833			
41			$1,276			$887		$837			
42			$1,280			$889		$841			
43			$1,284			$891		$845			
44			$1,288			$892		$849			
45			$1,293			$894		$853			
46			$1,298			$897		$857			
47			$1,303			$899		$861			
48			$1,308			$901		$865			
49			$1,313			$903		$869			
50			$1,319			$905		$873			

II. FOR-SALE

1530

EXHIBIT II-1

FOR-SALE MARKET AREA DEFINITION
9-COUNTY BAY AREA, CALIFORNIA
MARCH 2013



The shaded areas represent the **Primary Market Area ("PMA")**, the area from which the majority of demand is expected to emanate, defined as the **9-County Bay Area**, includes Alameda, Contra Costa, Marin, Napa, Santa Clara, San Francisco, San Mateo, Solano and Sonoma Counties.

The red area represents the **Competitive Market Area ("CMA")**, the area in which like product will compete with that planned for the subject site on a more or less equal basis, generally defined as San Francisco County.

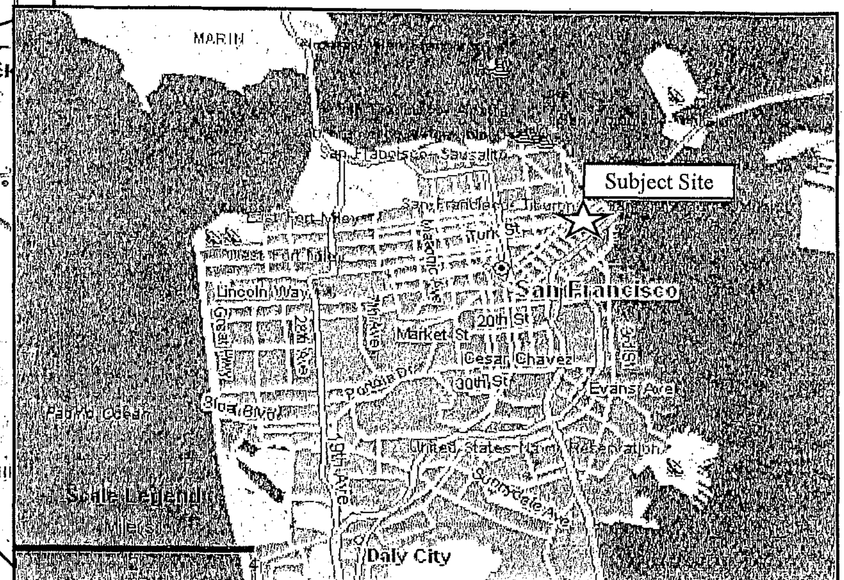
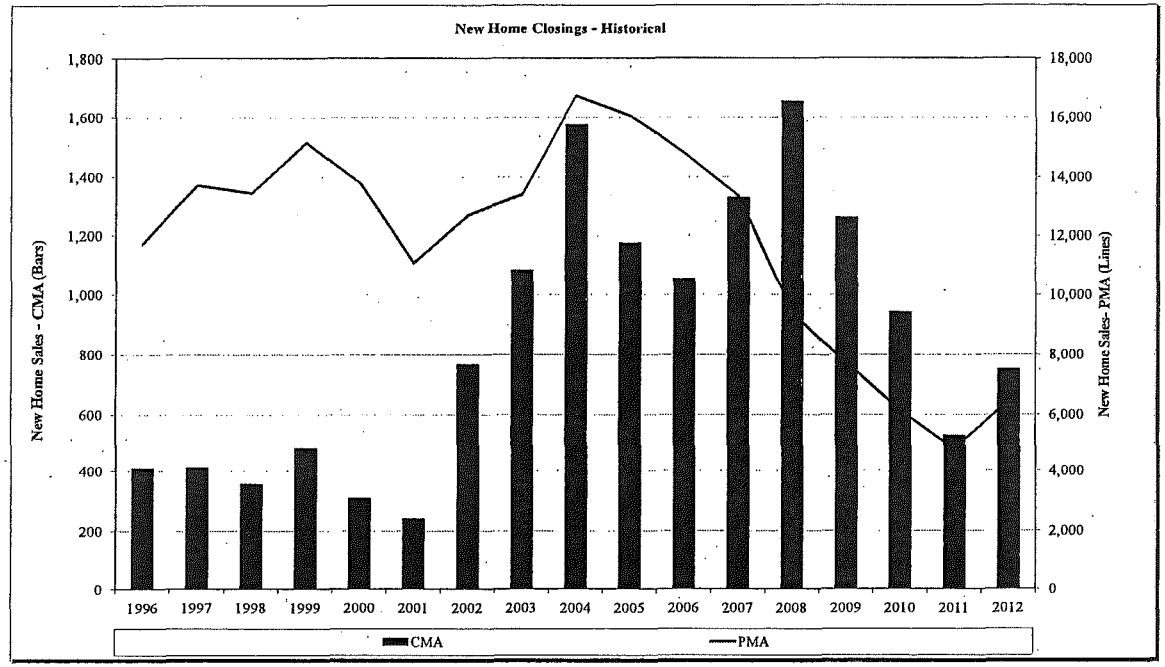
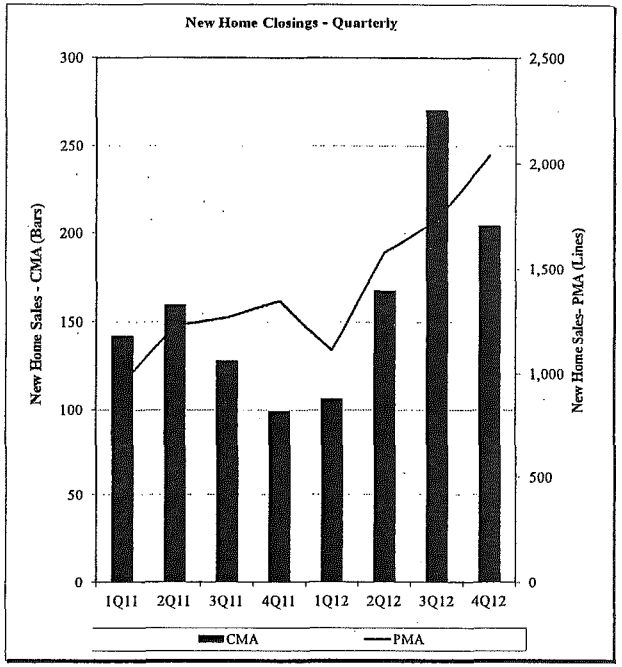


EXHIBIT II-2

HISTORICAL CLOSINGS AND MEDIAN PRICE
COMPETITIVE AND PRIMARY MARKET AREAS
1996 THROUGH 4Q2012

	Annual																	Average	Quarterly							
Period:	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**10-Yr**	**1Q11**	**2Q11**	**3Q11**	**4Q11**	**1Q12**	**2Q12**	**3Q12**	**4Q12**
New Home Closings																										
CMA	409	411	358	481	309	239	764	1,082	1,573	1,174	1,052	1,327	1,656	1,259	942	527	747	1,136	142	159	127	99	106	167	270	204
% Change		0%	-13%	34%	-36%	-23%	220%	42%	45%	-25%	-10%	26%	25%	-24%	-25%	-44%	42%		*Same Quarter Change:*				-25%	5%	113%	106%
PMA	11,712	13,706	13,432	15,142	13,772	11,065	12,676	13,388	16,747	16,044	14,789	13,336	9,435	7,687	6,149	4,792	6,450	11,504	945	1,232	1,271	1,344	1,113	1,574	1,725	2,038
% Change		17%	-2%	13%	-9%	-20%	15%	6%	25%	-4%	-8%	-10%	-29%	-19%	-20%	-22%	35%		*Same Quarter Change:*				18%	28%	36%	52%
CMA % of PMA	3%	3%	3%	3%	2%	2%	6%	8%	9%	7%	7%	10%	18%	16%	15%	11%	12%	11%	15%	13%	10%	7%	10%	11%	16%	10%
Resale Closings																										
CMA	5,018	5,725	6,045	6,217	5,343	4,436	5,606	6,200	6,835	6,332	5,377	5,283	4,322	4,373	4,667	4,964	5,918	5,396	1,055	1,411	1,243	1,255	1,154	1,642	1,531	1,591
% Change		14%	6%	3%	-14%	-17%	26%	11%	10%	-7%	-15%	-2%	-18%	1%	7%	6%	19%		*Same Quarter Change:*				9%	16%	23%	27%
PMA	72,531	83,177	96,115	103,762	97,159	80,403	100,298	108,912	120,142	109,304	85,666	66,632	66,360	80,005	74,449	76,449	84,623	88,822	16,469	20,921	20,076	18,983	17,732	23,735	22,004	21,152
% Change		15%	16%	8%	-6%	-17%	25%	9%	10%	-9%	-22%	-22%	0%	21%	-7%	3%	11%		*Same Quarter Change:*				8%	13%	10%	11%
CMA % of PMA	7%	7%	6%	6%	5%	6%	6%	6%	6%	6%	6%	8%	7%	5%	6%	6%	7%	6%	6%	7%	6%	7%	7%	7%	7%	8%



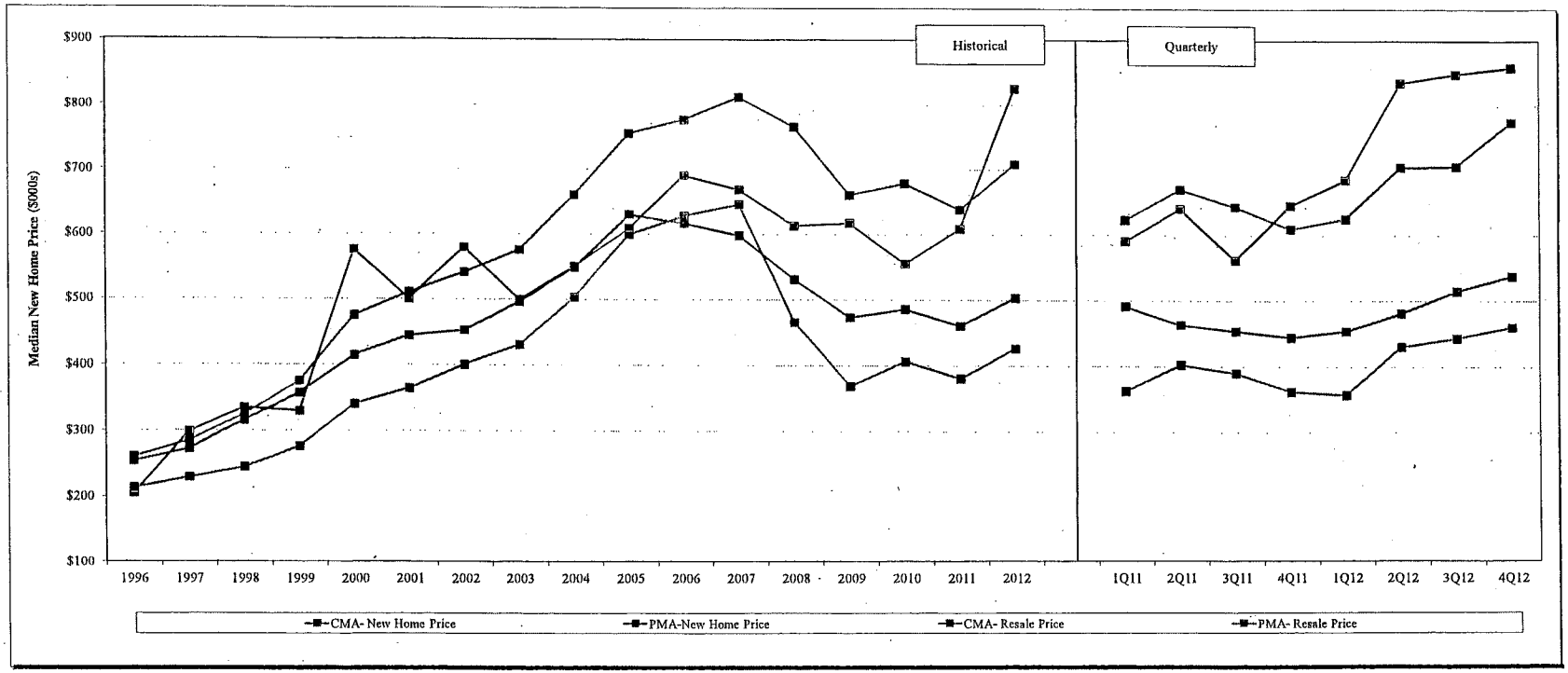


Note: Includes detached and attached product types
Source: DataQuick

EXHIBIT II-2

HISTORICAL CLOSINGS AND MEDIAN PRICE
COMPETITIVE AND PRIMARY MARKET AREAS
1996 THROUGH 4Q2012

	Annual																	Average	Quarterly							
Period:	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**10-Yr**	**1Q11**	**2Q11**	**3Q11**	**4Q11**	**1Q12**	**2Q12**	**3Q12**	**4Q12**
Median New Home Price ($000s)																										
CMA	205	299	335	330	575	500	579	499	550	609	691	668	613	618	554	608	825	599	590	640	561	645	685	835	849	859
% Change	-26%	46%	12%	-1%	74%	-13%	16%	-14%	10%	11%	13%	-3%	-8%	1%	-10%	10%	36%		*Same Quarter Change:*				16%	31%	51%	33%
PMA	254	273	316	357	414	444	452	496	548	629	617	598	530	473	486	460	503	529	491	463	453	443	453	481	514	537
% Change	-9%	7%	16%	13%	16%	7%	2%	10%	10%	15%	-2%	-3%	-11%	-11%	3%	-5%	9%		*Same Quarter Change:*				-8%	4%	13%	21%
CMA % of PMA	-19%	10%	6%	-8%	39%	13%	28%	1%	0%	-3%	12%	12%	16%	31%	14%	32%	64%	14%	20%	38%	24%	45%	51%	74%	65%	60%
Median Resale Price ($000s)																										
CMA	261	285	325	375	475	510	540	575	660	755	776	811	765	660	678	638	708	686	623	670	643	609	625	705	706	774
% Change		9%	14%	15%	27%	7%	6%	6%	15%	14%	3%	5%	-6%	-14%	3%	-6%	11%		*Same Quarter Change:*				0%	5%	10%	27%
PMA	213	229	245	277	341	364	400	430	503	599	628	646	465	369	406	381	425	483	363	402	390	362	357	430	442	459
% Change		7%	7%	13%	23%	7%	10%	430	17%	19%	5%	3%	-28%	-21%	10%	-6%	12%		*Same Quarter Change:*				-1%	7%	13%	27%



Note: Includes detached and attached product types
Source: DataQuick

EXHIBIT II-3

COMPARABLE FOR-SALE INVENTORY
SAN FRANCISCO, CALIFORNIA
MARCH 2013

Project Name	Developer	Sales Open Date	Product Type	Units Rem.	Units Total	Home Size	Base Price Price	Base Price PSF	Net Price Price	Net Price PSF	Concession	Avg. Monthly Abs. L3M	Avg. Monthly Abs. Lifetime
San Francisco													
Actively-Selling Communities													
750 2nd Street	Morgan Creek Ventures	11/1/2012	Condo	8	14	1,850	$1,750,000	$946	$1,750,000	$946	None	1.0	1.5
The Heights	Ray Steffen / Charles Castro	1/8/2013	Condo	5	13	1,875	1,695,800	905	1,695,800	905	None	2.7	4.4
One Hawthorne	Jackson Pacific Ventures	4/1/2010	Condo	2	165	1,012	668,550	660	668,550	660	None	3.3	4.6
Candlestick Cove	Signature Properties	10/20/2007	TH	10	150	1,621	686,667	424	686,667	424	None	4.7	2.2
		Total:	**4 Communities**	**25**	**342**							**11.7**	**12.7**
		Weighted Average (1):		**6**	**86**	**1,696**	**$1,227,311**	**$724**	**$1,227,311**	**$724**	**$0**	**3.0**	**2.6**
Recently Sold-Out Communities													
411 Valencia	411 Valencia Street, LLC	10/1/2012	Condo	-	14	650	$600,000	$923	$600,000	$923	None	4.7	6.7
2020 Ellis (Phase 1)	John McInemy	8/12/2012	Condo	-	12	650	549,000	845	549,000	845	None	1.7	1.8
The Madrone	Bosa Development	6/1/2011	Condo	-	329	1,076	837,972	779	837,972	779	None	11.7	16.6
The Artani	George McNabb et al	1/1/2012	Condo	-	53	824	627,910	762	627,910	762	None	4.0	3.8
299 Valencia	J.S. Sullivan	3/1/2012	Condo	-	36	785	594,800	757	594,800	757	None	--	10.3
Millwheel South	Raymond Lyons	4/1/2012	Condo	-	32	1,200	704,469	587	704,469	587	None	--	10.2
Esprit Park- North Court	Macquarie Holdings	11/1/2011	Condo	-	67	1,143	677,440	593	656,091	574	$21,350	--	7.9
5800 3rd Street	Holliday Development	9/1/2010	Condo	17 (3)	137	1,041	449,999	432	449,999	432	None	5.0	4.2
		Total:	**8 Communities**	**17**	**680**							**27.0**	**61.6**
		Weighted Average (1):		**2**	**85**	**1,030**	**$698,462**	**$678**	**$696,358**	**$676**	**$2,669**	**7.1**	**11.2**

(1) Home size, price and lot size averages are weighted by units remaining per project (actively-selling) or total units (recently sold-out); others straight averages.
(3) 5800 3rd St currently sold out, 17 additional planned units unbuilt

EXHIBIT II-4

NEW HOME COMMUNITIES MAP
COMPETITIVE MARKET AREA
MARCH 2013

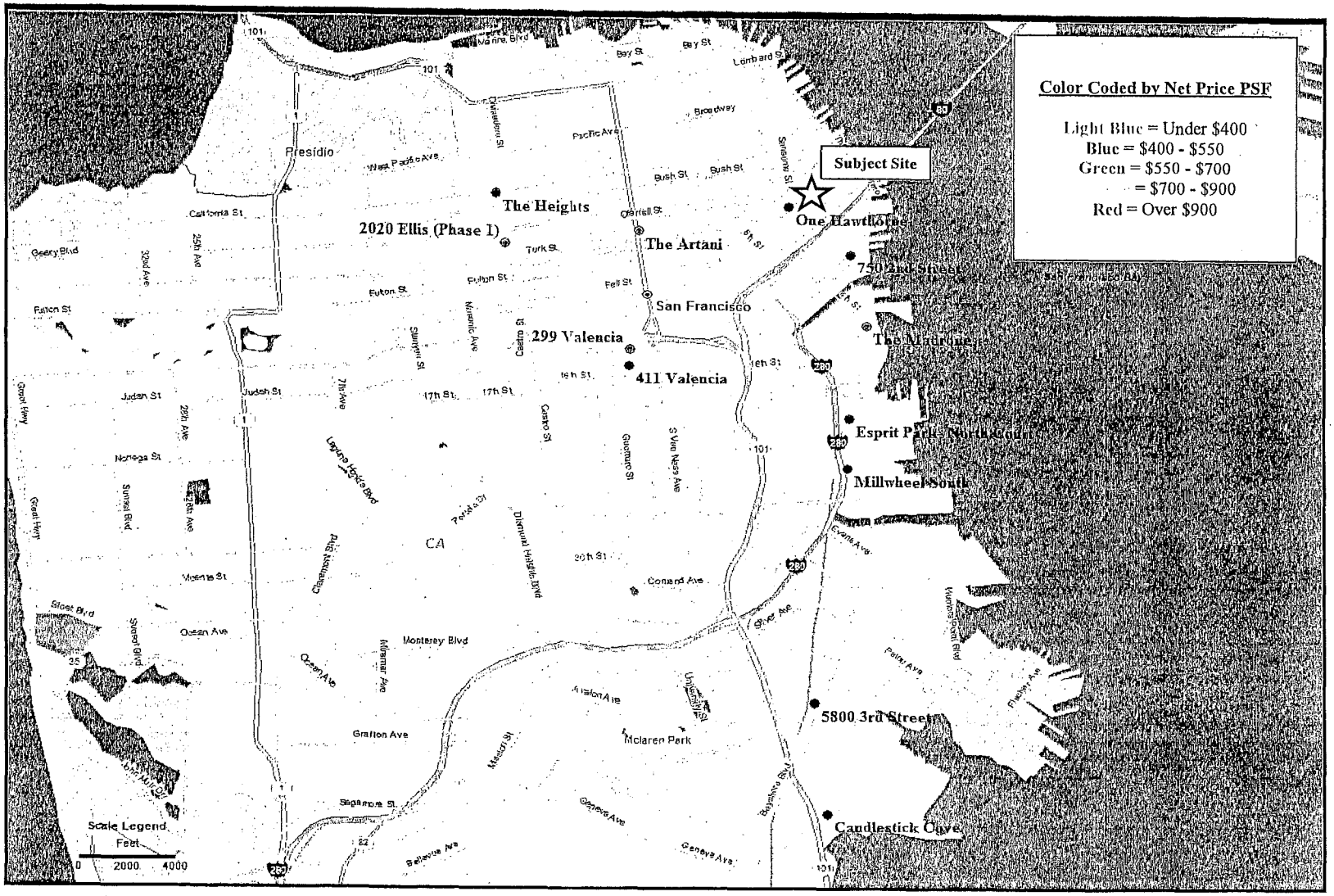
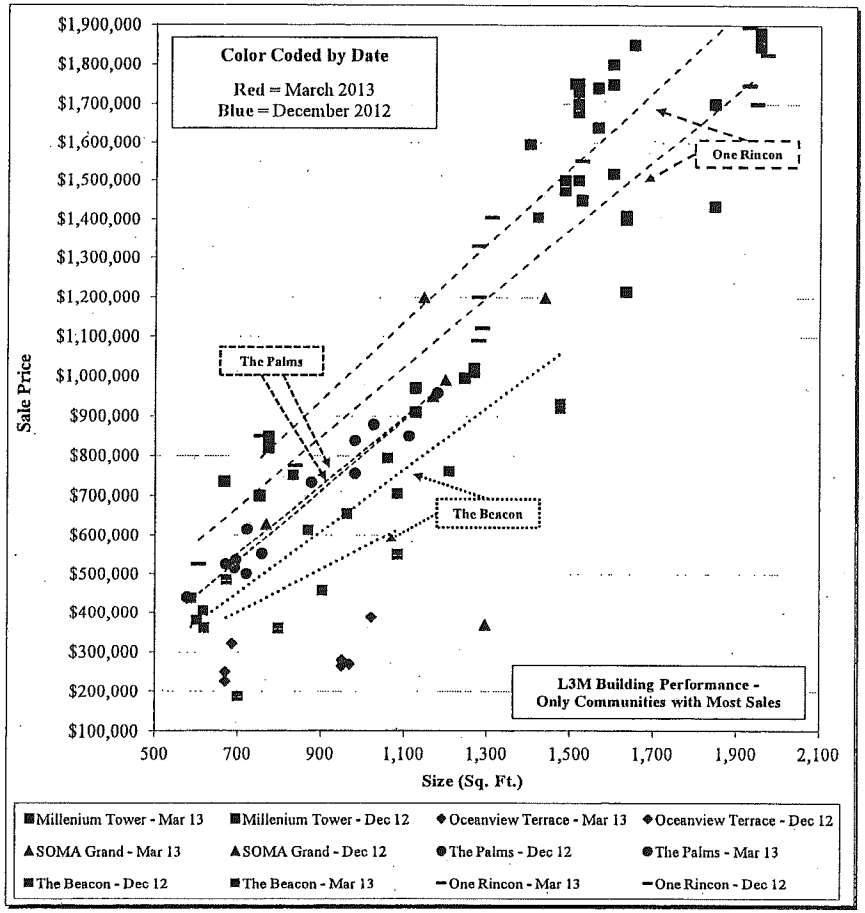


EXHIBIT II-5

RESALES BY BUILDING - BUILT SINCE 2000
SAN FRANCISCO, CALIFORNIA
DECEMBER 2012 VS. MARCH 2013

Project Name	Total Units	December 2012 Average Sale $	December 2012 Average Sale PSF	March 2013 Average Sale $	March 2013 Average Sale PSF	$ Chg. PSF
50+ Unit Condo Buildings Built Post-2000						
199 New Montgomery	168	619,204	803	$359,000	486	-39%
235 Berry ST	99	919,000	830	$1,213,750	808	-3%
Infinity Tower	650	1,101,375	923	$1,451,000	1,110	20%
Millenium Tower	425	1,936,105	1,173	$1,992,607	1,200	2%
Oceanview Terrace	790	281,800	331	$295,044	357	8%
One Hawthorne	165	816,250	822	$1,145,000	997	21%
One Rincon	374	1,395,500	974	$1,100,583	834	-14%
SOMA Grand	246	838,949	697	$938,833	827	19%
St. Regis Residences	100	2,540,000	1,425	$2,526,667	1,451	2%
The Beacon	595	678,615	685	$466,400	571	-17%
The Brannan	390	1,422,500	1,057	$1,136,667	923	-13%
The BridgeView	248	691,000	723	$840,000	759	5%
The Hayes	128	660,000	949	$676,000	781	-18%
The Lansing	82	776,667	699	$720,000	770	10%
The Metropolitan	342	664,333	831	$799,400	748	-10%
The Palms	300	639,757	781	$702,583	803	3%
The Towers	233	960,667	818	$1,028,333	915	12%
The Watermark	138	1,282,500	988	$1,186,250	967	-2%
Total:	**5,473**					
Straight Average:	**304**	**$1,012,457**	**$903**	**$1,032,118**	**$901**	**-1%**

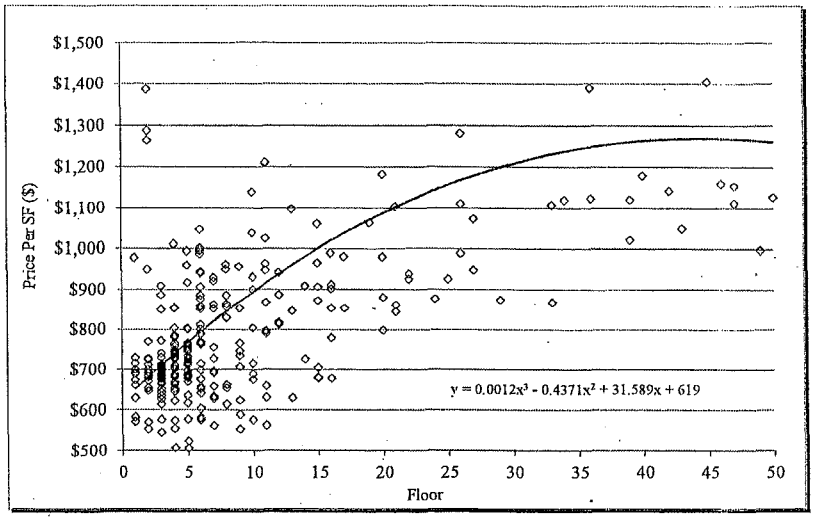


Source: RedFin

EXHIBIT II-6

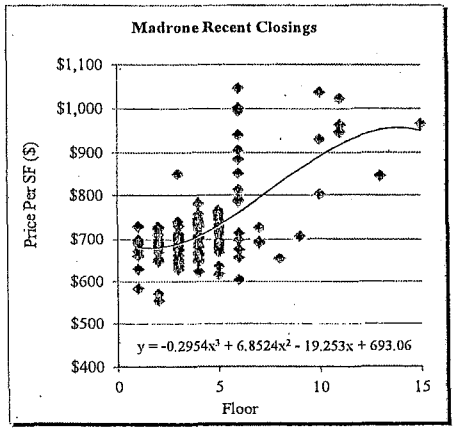
FLOOR HEIGHT PREMIUM ANALYSIS
SOUTH OF MARKET; SAN FRANCISCO, CA
MARCH 2013

Recent Same-Building Closings by Floor - SoMa



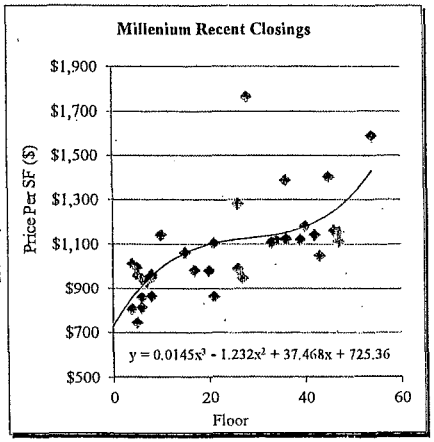
The Madrone Recent Closed Transactions By Floor

	PSF	% Above Base Floor
Floor 1	$676	
Floor 2	$683	4%
Floor 3	$693	6%
Floor 4	$705	8%
Floor 5	$710	8%
Floor 6	$815	25%
Floor 7	$705	8%
Floor 8	$654	0%
Floor 9	$707	8%
Floor 10	$925	41%
Floor 11	$978	49%
Floor 12	--	--
Floor 13	$846	29%
Floor 14	--	--
Floor 15	$966	48%
Wtd. Average:	**$774**	**10.7%**
Avg Floor Prem:		**3.3%**



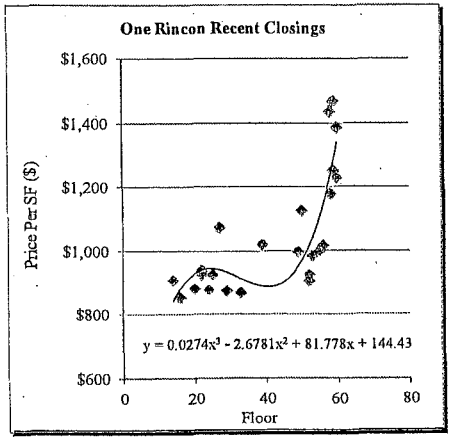
The Millenium Recent Closed Transactions By Floor

	Average PSF	% Above Base Floor
Below Floor 10	$945	
Floor 11-20	$1,007	7%
Floor 21-30	$1,208	28%
Floor 31-40	$1,157	22%
Floor 41-50	$1,178	25%
Above 50	$1,971	109%
Wtd. Average:	**$1,244**	**27.4%**
Avg Floor Prem:		**2.0%**



One Rincon Recent Closed Transactions By Floor

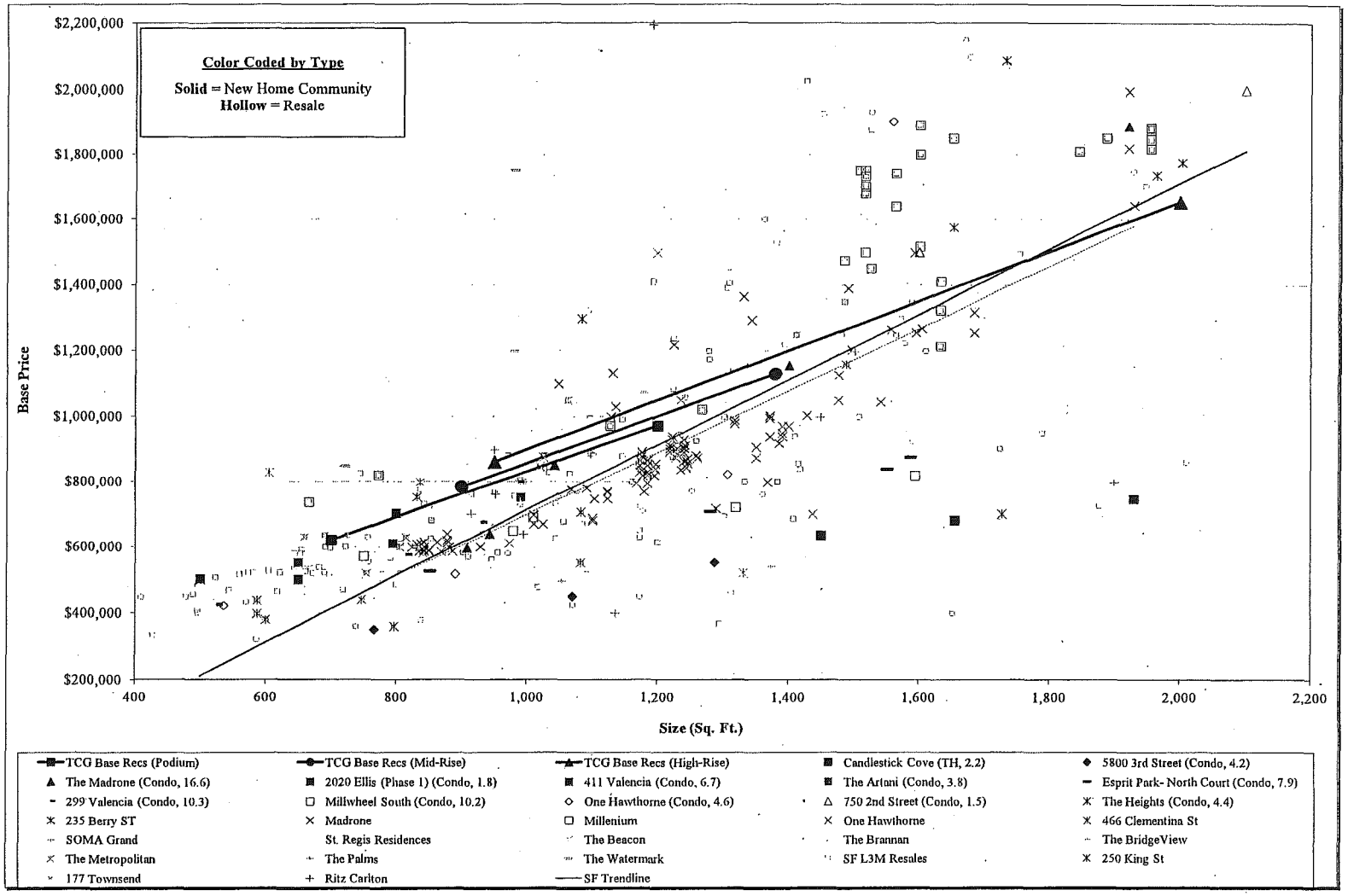
	PSF	% Above Base Floor
Below Floor 20	$881	--
Floor 21-30	$936	6%
Floor 31-40	$944	7%
Floor 41-50	$1,062	21%
Floor 51-60	$1,101	25%
Above 60	$1,308	49%
Wtd. Average:	**$1,038**	**11.2%**
Avg Floor Prem:		**0.8%**



Note: Recent transactions include closings since September 2012

EXHIBIT II-7

FOR SALE PRODUCT PROGRAM POSITIONING
TRANSBAY REDEVELOPMENT SITE: SAN FRANCISCO, CA
MARCH 2013



Note: The number in parentheses represent product type and absorption, respectively.

EXHIBIT II-8

VALUE PROJECTION - FOR SALE

TRANSBAY

FEBRUARY 2013

I. For-Sale Positioning

Low-Rise/Podium (<9 Stories)

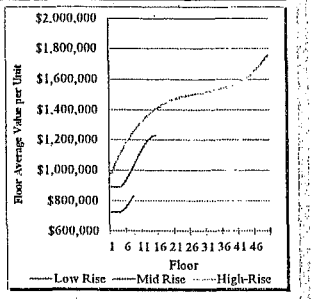
	Stories	Unit Size	Base Price	Base PSF
Min Unit	8	700	$620,000	$886
Max Unit		1,200	$970,000	$808
Weighted Average:		850	$725,000	$853

Mid-Rise (Up to 15 Stories)

	Stories	Unit Size	Base Price	Base PSF
Min Unit	15	900	$782,800	$870
Max Unit		1,380	$1,128,880	$818
Weighted Average:		1,050	$890,950	$849

High-Rise (Above 20 Stories)

	Stories	Unit Size	Base Price	Base PSF
Min Unit	50	950	$858,600	$904
Max Unit		2,000	$1,652,400	$826
Weighted Average:		1,100	$972,000	$884



II. For-Sale Building Values - Base Prices

		Low-Rise/Podium (<9 Stories)	Mid-Rise (Up to 15 Stories)	High-Rise (Above 20 Stories)
Average Unit Size		850	1050	1100
Base Positioning		$725,000	$890,950	$972,000
Vacancy Loss	-	--	--	--
OpEx	-	--	--	--
NOI		--	--	--
Cap Rate		--	--	--
Cap Value		--	--	--
Value Per Square Foot		$853	$849	$884

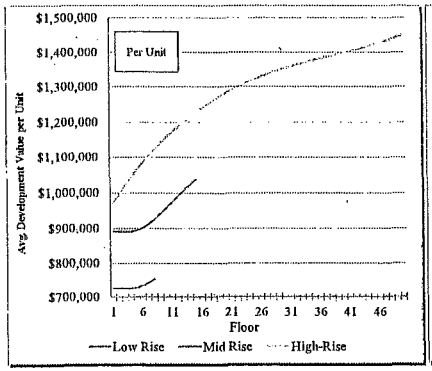
III. Hypothetical Building Matrix - For Sale Unit Values

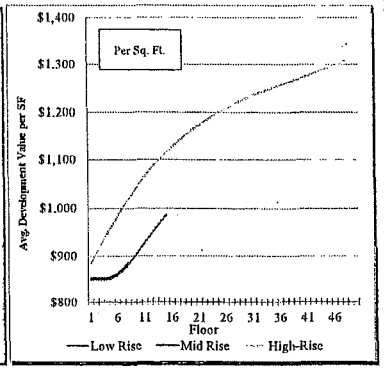
	Low Rise			Mid Rise			High-Rise		
Floor	Prem.	Per Unit	Per SF	Prem.	Per Unit	Per SF	Prem.	Per Unit	Per SF
1	0%	$725,000	$853	0%	$890,950	$849	0%	$972,000	$884
2	0%	$725,000	$853	0%	$890,950	$849	5%	$1,020,577	$928
3	0%	$725,000	$853	0%	$890,950	$849	10%	$1,065,968	$969
4	0%	$725,000	$853	0%	$890,950	$849	14%	$1,108,291	$1,008
5	2%	$739,353	$870	2%	$908,589	$865	18%	$1,147,661	$1,043
6	6%	$764,877	$900	6%	$939,954	$895	22%	$1,184,196	$1,077
7	10%	$795,466	$936	10%	$977,546	$931	25%	$1,218,012	$1,107
8	14%	$829,268	$976	14%	$1,019,085	$971	29%	$1,249,226	$1,136
9				19%	$1,062,292	$1,012	31%	$1,277,954	$1,162
10				24%	$1,104,889	$1,052	34%	$1,304,313	$1,186
11				28%	$1,144,598	$1,090	37%	$1,328,420	$1,208
12				32%	$1,179,140	$1,123	39%	$1,350,390	$1,228
13				35%	$1,206,237	$1,149	41%	$1,370,341	$1,246
14				37%	$1,223,610	$1,165	43%	$1,388,389	$1,262
15				38%	$1,228,981	$1,170	45%	$1,404,651	$1,277
16							46%	$1,419,243	$1,290
17							47%	$1,432,282	$1,302
18							49%	$1,443,885	$1,313
19							50%	$1,454,168	$1,322
20							51%	$1,463,247	$1,330
21							51%	$1,471,239	$1,337
22							52%	$1,478,262	$1,344
23							53%	$1,484,431	$1,349
24							53%	$1,489,862	$1,354
25							54%	$1,494,674	$1,359
26							54%	$1,498,981	$1,363
27							55%	$1,502,902	$1,366
28							55%	$1,506,551	$1,370
29							55%	$1,510,047	$1,373
30							56%	$1,513,504	$1,376
31							56%	$1,517,041	$1,379
32							56%	$1,520,774	$1,383
33							57%	$1,524,819	$1,386
34							57%	$1,529,293	$1,390
35							58%	$1,534,312	$1,395
36							58%	$1,539,993	$1,400
37							59%	$1,546,452	$1,406
38							60%	$1,553,807	$1,413
39							61%	$1,562,173	$1,420
40							62%	$1,571,668	$1,429
41							63%	$1,582,408	$1,439
42							64%	$1,594,509	$1,450
43							65%	$1,608,088	$1,462
44							67%	$1,623,262	$1,476
45							69%	$1,640,147	$1,491
46							71%	$1,658,860	$1,508
47							73%	$1,679,517	$1,527
48							75%	$1,702,235	$1,547
49							78%	$1,727,130	$1,570
50							80%	$1,754,320	$1,595
Avg:	4%	$753,621	$887	16%	$1,037,248	$988	49%	$1,450,489	$1,319
	0.5% per floor			1.1% per floor			1.0% per floor		

IV. Building Average Values by Floor Height (Assumes Equal Floor Plates)

Low Rise		Mid Rise		High-Rise	
Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF
$725,000	$853	$890,950	$849	$972,000	$884
$725,000	$853	$890,950	$849	$996,288	$906
$725,000	$853	$890,950	$849	$1,019,515	$927
$725,000	$853	$890,950	$849	$1,041,709	$947
$727,871	$856	$894,478	$852	$1,062,899	$966
$734,038	$864	$902,057	$859	$1,083,115	$985
$742,814	$874	$912,841	$869	$1,102,386	$1,002
$753,621	$887	$926,122	$882	$1,120,741	$1,019
		$941,252	$896	$1,138,209	$1,035
		$957,615	$912	$1,154,820	$1,050
		$974,614	$928	$1,170,602	$1,064
		$991,658	$944	$1,185,584	$1,078
		$1,008,164	$960	$1,199,796	$1,091
		$1,023,553	$975	$1,213,267	$1,103
		$1,037,248	$988	$1,226,026	$1,115
				$1,238,102	$1,126
				$1,249,524	$1,136
				$1,260,322	$1,146
				$1,270,525	$1,155
				$1,280,161	$1,164
				$1,289,260	$1,172
				$1,297,851	$1,180
				$1,305,963	$1,187
				$1,313,625	$1,194
				$1,320,867	$1,201
				$1,327,718	$1,207
				$1,334,206	$1,213
				$1,340,361	$1,219
				$1,346,212	$1,224
				$1,351,789	$1,229
				$1,357,120	$1,234
				$1,362,234	$1,238
				$1,367,161	$1,243
				$1,371,929	$1,247
				$1,376,569	$1,251
				$1,381,108	$1,256
				$1,385,577	$1,260
				$1,390,004	$1,264
				$1,394,419	$1,268
				$1,398,850	$1,272
				$1,403,327	$1,276
				$1,407,879	$1,280
				$1,412,535	$1,284
				$1,417,324	$1,288
				$1,422,276	$1,293
				$1,427,419	$1,298
				$1,432,783	$1,303
				$1,438,396	$1,308
				$1,444,289	$1,313
				$1,450,489	$1,319

IV. For-Sale Building Values - Average Development Value by Building Scale (# of Floors)





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III. FOR-RENT

EXHIBIT III-1

APARTMENT MARKET AREA DEFINITION
SAN FRANCISCO AND SAN MATEO COUNTIES
MARCH 2013

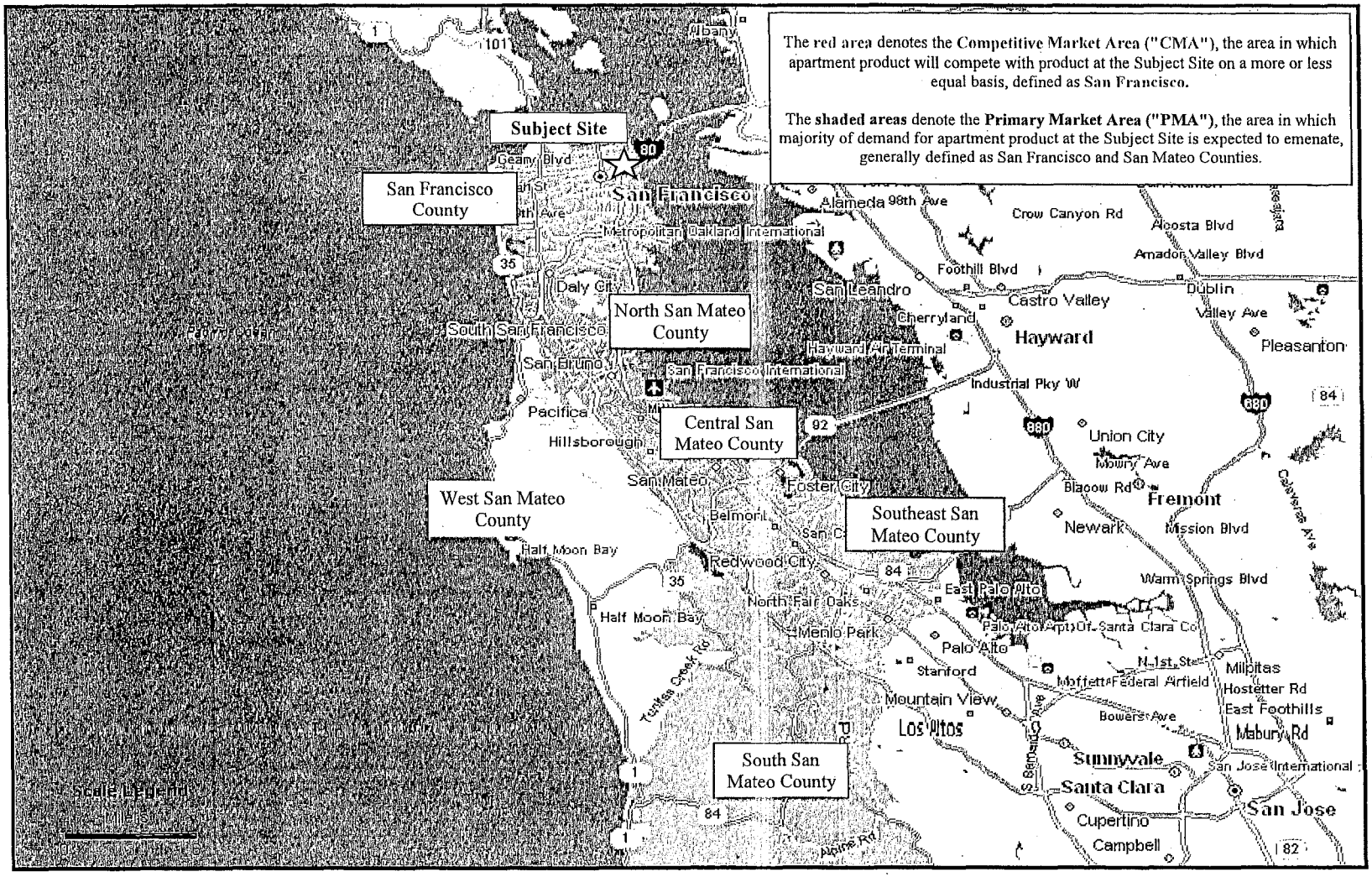

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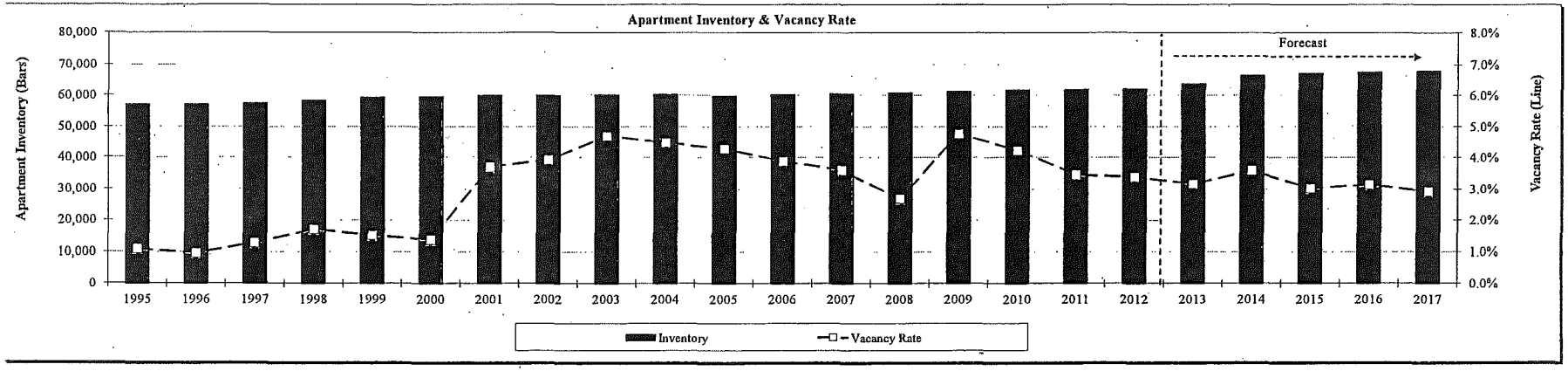
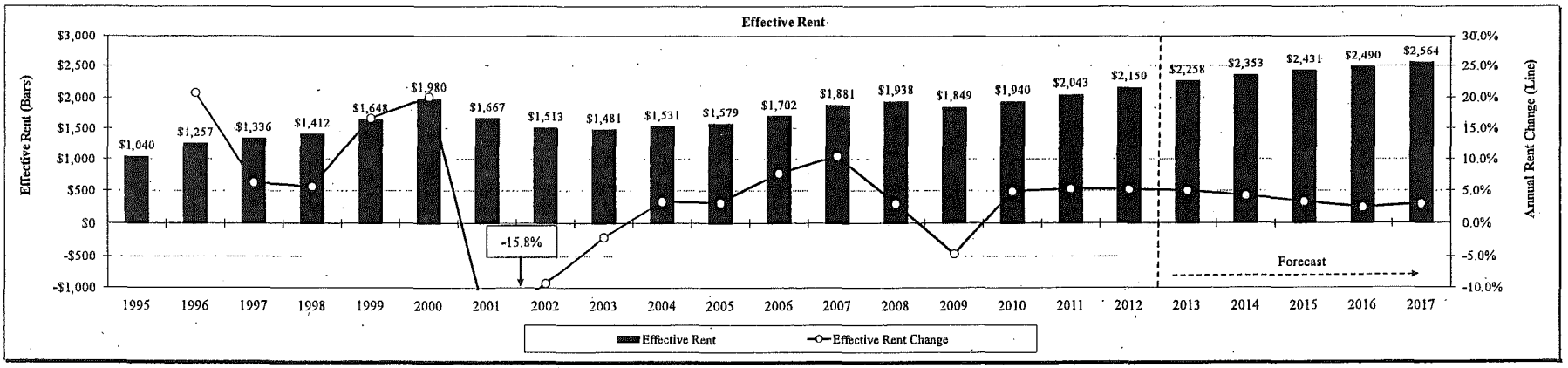
EXHIBIT III-2

APARTMENT MARKET PERFORMANCE
COMPETITIVE MARKET AREA (1)
1995 THROUGH 2017

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	'03-'12 Average	REIS Forecast (4) 2013	2014	2015	2016	2017
CMA/Urban San Francisco (1)																								
Inventory	57,197	57,197	57,512	58,319	59,298	59,576	60,062	60,062	60,267	60,436	59,822	60,355	60,573	60,854	61,306	61,856	61,932	62,112	60,951	63,806	66,482	67,285	67,643	68,046
Completions (3)	198	0	315	807	979	278	486	0	229	595	44	533	218	281	452	550	76	180	316	1,694	2,676	803	358	403
Conversions	0	0	0	0	0	0	0	0	-24	-49	-658	0	0	0	0	0	0	0	-73	0	0	0	0	0
Net Gain/(Loss)	*198*	*0*	*315*	*807*	*979*	*278*	*486*	*0*	*205*	*546*	*-614*	*533*	*218*	*281*	*452*	*550*	*76*	*180*	243	*1,694*	*2,676*	*803*	*358*	*403*
Vacancy Rate	1.1%	1.0%	1.3%	1.7%	1.5%	1.4%	3.7%	3.9%	4.7%	4.5%	4.3%	3.9%	3.6%	2.7%	4.8%	4.2%	3.5%	3.4%	4.0%	3.2%	3.6%	3.0%	3.2%	2.9%
Effective Rent	$1,040	$1,257	$1,336	$1,412	$1,648	$1,980	$1,667	$1,513	$1,481	$1,531	$1,579	$1,702	$1,881	$1,938	$1,849	$1,940	$2,043	$2,150	$1,809	$2,258	$2,353	$2,431	$2,490	$2,564
% Change		*20.8%*	*6.3%*	*5.7%*	*16.7%*	*20.2%*	*-15.8%*	*-9.2%*	*-2.1%*	*3.4%*	*3.2%*	*7.8%*	*10.5%*	*3.0%*	*-4.6%*	*4.9%*	*5.3%*	*5.2%*	3.7%	*5.0%*	*4.2%*	*3.3%*	*2.4%*	*3.0%*





(1) Apartment market area based on REIS Civic Center/ Downtown, Haight Ashbury/ Western Addition, Russian Hill/Embarcadero, Marina/Pacific Heights and South of Market Submarkets

(2) Employment data represents Total Non-Farm Employment

(3) REIS completion data represents a mixture of new apartment construction and apartment conversions.

Sources: US Bureau of Labor Statistics for Employment data; REIS for apartment rents and vacancy forecasts.

(4) REIS forecasts serve as independent benchmark; does not represent TCG conclusions

EXHIBIT III-3

CURRENT APARTMENT INVENTORY
COMPETITIVE MARKET AREA
MARCH 2013

Project	Project type (# of floors)	Year Built/	Total Units	Unit Size	December 2012 Occ. Rate	December 2012 Base Min $	December 2012 Base Min $/SF	March 2013 Occ. Rate (5)	March 2013 Base Min $	March 2013 Base Min $/SF	L3M % Δ	Concessions
Competitive Market Area												
SoMa Neighborhood												
Carmel Rincon	Highrise (23)	1989	320	605	90%	$3,195	$5.28	90%	$3,331	$5.50	4.2%	None
Arc Light	Mid-rise (6)	2012	94	701	96%	3,406	4.86	96%	3,413	4.87	0.2%	None
SOMA Residences	Midrise (4)	2000	278	476	98%	2,272	4.78	98%	2,279	4.79	0.3%	None
The Paramount	Highrise (43)	2001	496	734	99%	3,503	4.78	99%	3,502	4.77	0.0%	None
Archstone South Market	Midrise (9)	1989	410	788	93%	3,008	3.82	97%	3,401	4.32	13.1%	None
Rincon Green	Midrise (7)	2012	326	643	Lease-up	2,821	4.39	80% (5)	2,580	4.01	-8.6%	None
Bayside Village	Lowrise (4)	1988	862	704	99%	2,719	3.86	98%	2,708	3.85	-0.4%	None
388 Beale Street	Highrise (20)	1999	227	1,078	96%	3,670	3.41	96%	4,015	3.73	9.4%	None
Soma at 788	Midrise (6)	2000	160	801	96%	3,088	3.85	96%	2,820	3.52	-8.7%	None
Total/Wtd. Avg. (1):	**9 Projects**	**1996**	**3,173**	**715**	**97%**	**$3,005**	**$4.20**	**95%**	**$3,054**	**$4.27**	**1.4%**	
Mid-Market Neighborhood												
Argenta	Highrise (20)	2008	179	749	99%	$3,313	$4.42	96%	$3,400	$4.54	2.6%	None
Trinity Place (2)	Highrise (24)	2010	440	513	96%	2,320	4.52	93%	2,242	4.37	-3.4%	None
Fox Plaza (4)	Highrise (29)	1965/Ongoing	443	690	97%	2,880	4.17	93%	2,889	4.19	0.3%	None
Total/Wtd. Avg. (1):	**3 Projects**	**1991**	**1,062**	**627**	**97%**	**$2,721**	**$4.34**	**94%**	**$2,707**	**$4.32**	**-0.8%**	
Non Rent Controlled Properties (3):	**1 Projects**	**2008**	**179**	**749**	**99%**	**$3,313**	**$4.42**	**96%**	**$3,400**	**$4.54**	**2.6%**	
Dogpatch Neighborhood												
Potrero Launch	Midrise (6)	2012	196	668	Lease-up	$3,422	$5.12	72% (5)	$3,365	$5.03	-1.7%	2BR's 12 month lease: $2400 credit
550 18th Street	Midrise (5)	2009	35	1,333	100%	3,986	2.99	91%	4,065	3.05	2.0%	None
Total/Wtd. Avg. (1):	**2 Projects**	**2012**	**231**	**769**	**100%**	**$3,508**	**$4.56**	**91%**	**$3,471**	**$4.51**	**-1.1%**	
Mission Bay Neighborhood												
Avalon Mission Bay III	Highrise (18)	2009	260	812	96%	$3,368	$4.15	96%	$3,375	$4.16	0.2%	None
Edgewater	Midrise (5)	2007	193	803	90%	3,333	4.15	97%	3,397	4.23	1.9%	None
Avalon at Mission Bay North	Highrise (18)	2004	565	1,007	94%	3,749	3.72	94%	3,844	3.82	2.5%	None
Strata at Mission Bay	Highrise (8)	2009	192	883	95%	3,240	3.67	94%	3,211	3.64	-0.9%	$750 off exterior-facing apts
Total/Wtd. Avg. (1):	**4 Projects**	**2006**	**1,210**	**913**	**94%**	**$3,520**	**$3.86**	**95%**	**$3,571**	**$3.91**	**1.4%**	
Other SF Neighborhoods												
Avalon at Nob Hill	Midrise (9)	1990	185	590	98%	$2,832	$4.80	99%	$2,814	$4.77	-0.6%	None
The Fillmore Center	High Rise (19)	1989/Ongoing	1,114	770	95%	2,642	3.43	98%	2,911	3.78	10.2%	None
Total/Wtd. Avg. (1):	**2 Projects**	**1989**	**1,299**	**744**	**95%**	**$2,669**	**$3.59**	**98%**	**$2,897**	**$3.89**	**8.5%**	
Grand Total/Wtd. Avg. (1):	**20 Projects**	**1996**	**6,975**	**743**	**96%**	**$3,005**	**$4.04**	**96%**	**$3,075**	**$4.14**	**2.3%**	

(1) All averages weighted by number of units; Grand total includes all comparable communities, including rent controlled product.
(2) Majority of units at Trinity Place are rent controlled (out of 440 total, 360 are rent controlled, 12 BMR, remaining 68 market-rate).
(3) Rent controlled properties removed to portray market area PSF rents more accurately.
(4) Indicates a rent controlled property
(5) Rincon Green and Portrero Launch are still in lease-up and are not included in any occupancy averages

EXHIBIT III-4

LOCATION OF KEY COMPARABLE COMMUNITIES
COMPETITIVE MARKET AREA
MARCH 2013

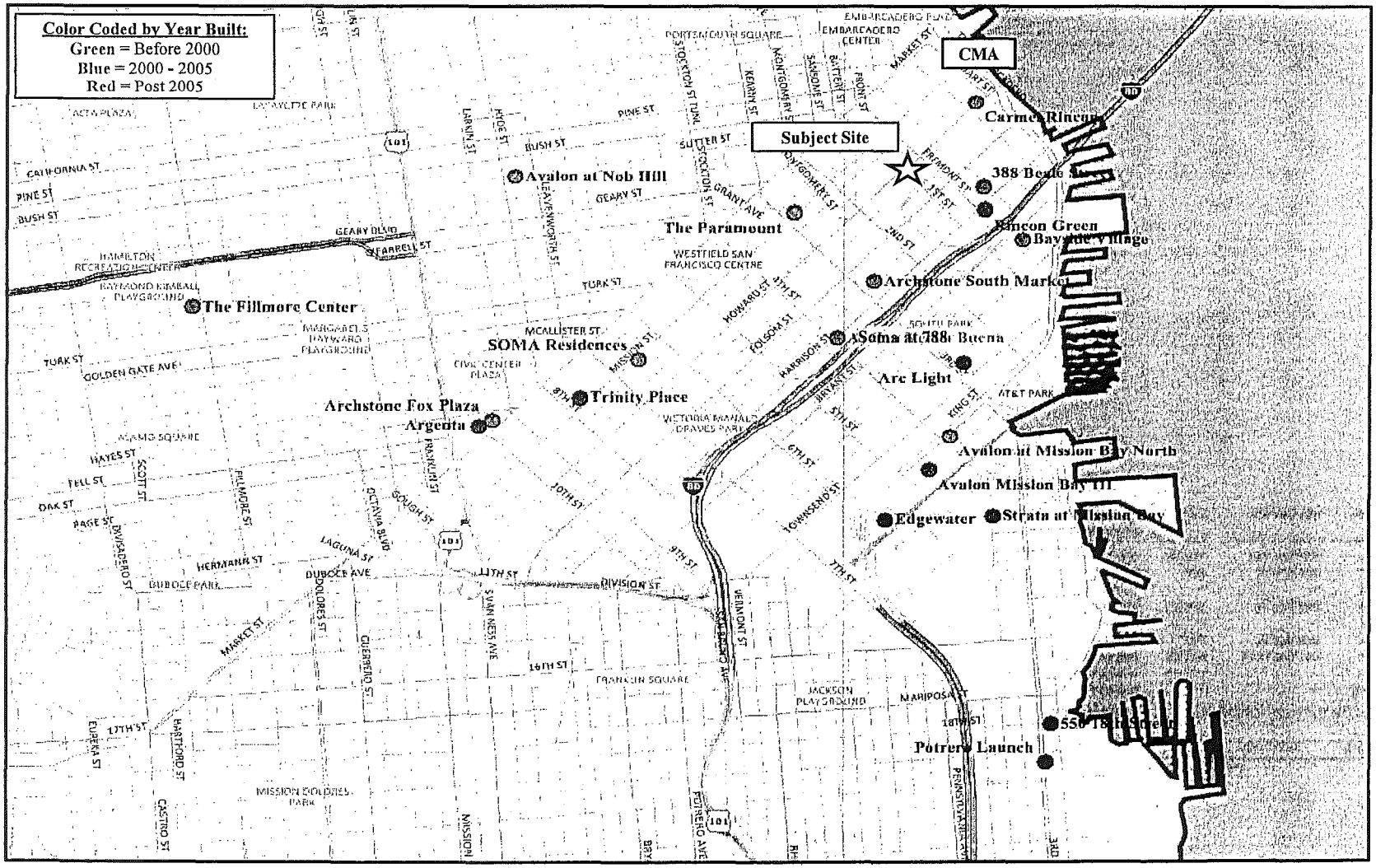


EXHIBIT III-5

BUILDING TRANSACTIONS - MULTIFAMILY RESIDENTIAL
SAN FRANCISCO, CALIFORNIA
MARCH 2013

Property	Neighborhood	Seller	Buyer	Sale Date	Building Area SF	Acres	Units	Price Sale	Per SF	Per Acre	Per Unit
Sales Comps - Multifamily Buildings											
Station House	SoMa	NA	Virtu Investments	Sep-12	--	--	25	$16,600,000	--	--	$664,000
2299 Pacific Ave	Pacific Heights	Marchus & Millichap	NA	Nov-12	--	--	16	10,500,000	--	--	656,250
Avalon Yerba Buena	SoMa	Avalon Bay	LaSalle Investment Management	Feb-13	32,000	0.73	160	103,000,000	$3,219	$140,208,750	643,750
1320 Lombard Street	Russian Hill	First American Title INS	Veritas LLC	May-11	25,800	0.59	33	19,000,000	736	32,079,070	575,758
2130 Post St.	Lower Pac Heights	University of the Pacific	Prado Group	Feb-12	--	--	57	27,800,000	--	--	488,147
Potrero Launch	Dogpatch	Martin Building	CityView	Mar-12	45,738	1.05	196	90,000,000	1,968	85,714,286	459,184
899 Pine St	Lower Nobb Hill	Grosvenor Properties Ltd.	Bridge Capital Partners	Jun-12	--	--	205	81,500,000	--	--	397,561
980 Bush Street	Lower Nobb Hill	LP Holdings LLC	AGPM Bush LP	Jun-12	12,197	0.28	37	11,320,000	928	40,428,571	305,946
Fox Plaza	Mid-Market	Archstone	Essex Property Trust	Feb-13	41,382	0.95	444	135,000,000	$3,262	142,105,263	304,054
Total:			**9 MF Sales**		**157,117**	**3.61**	**1,173**	**$494,720,000**			
Average:					**31,423**	**0.72**	**130**	**$54,968,889**	**$2,023**	**$88,107,188**	**$499,406**

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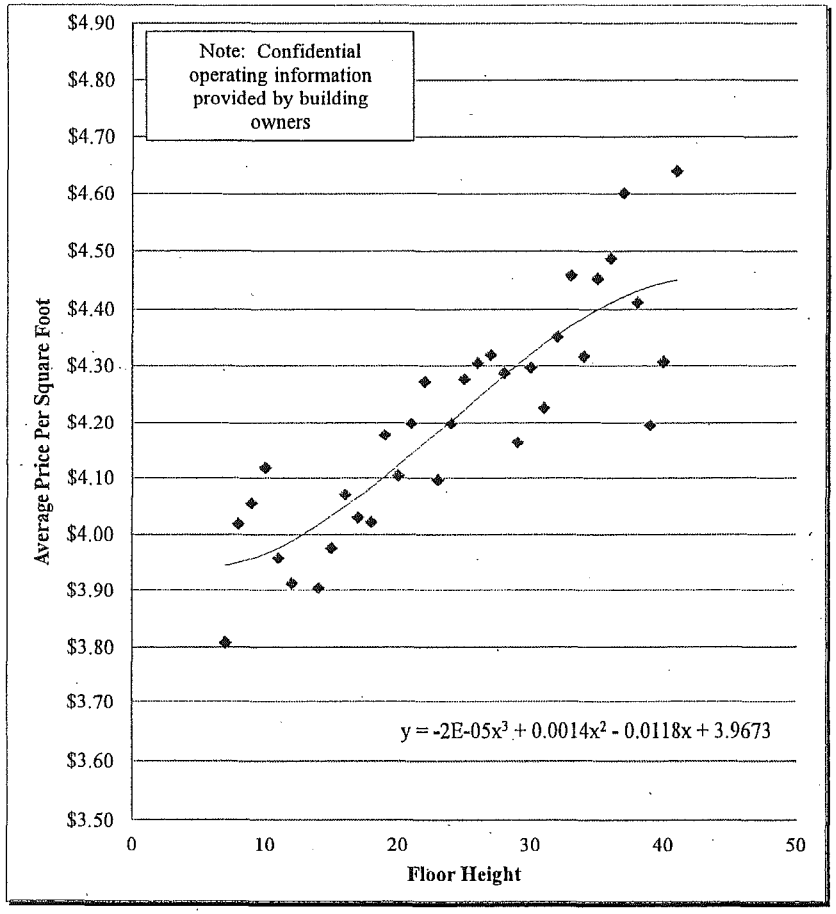
EXHIBIT III-6

FLOOR HEIGHT PREMIUM ANALYSIS
SOUTH OF MARKET; SAN FRANCISCO, CA
MARCH 2013

High-Rise Apartment Positioning by Floor



Podium Apartment Positioning by Floor

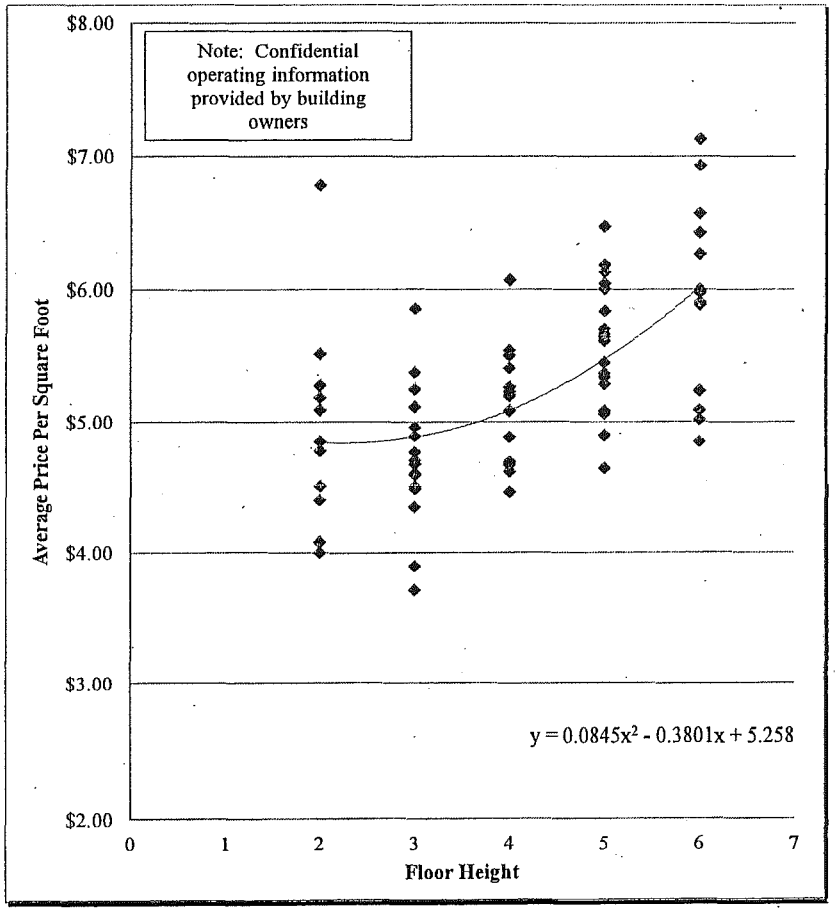


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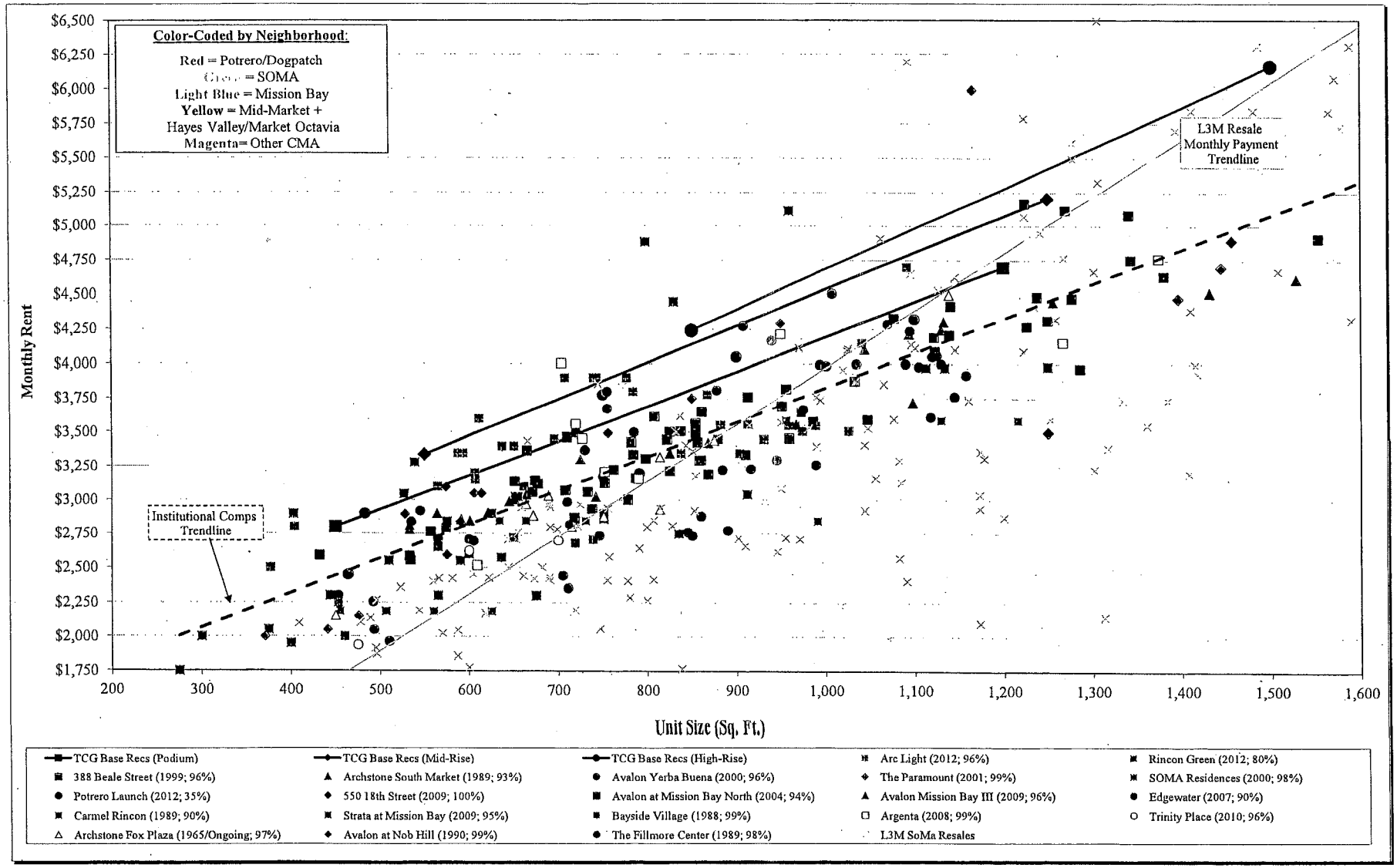
EXHIBIT III-7

PRODUCT PROGRAM POSITIONING
TRANSBAY REDEVELOPMENT SITE: SAN FRANCISCO, CA
MARCH 2013



Note: Subject Site rents exclude lease-up concessions (if any); Figures in parentheses represent year built and occupancy rate, respectively

EXHIBIT III-8

VALUE PROJECTION - RENTAL APARTMENTS
TRANSBAY
FEBRUARY 2013

I. Apartment Positioning

Low-Rise/Podium (<9 Stories)

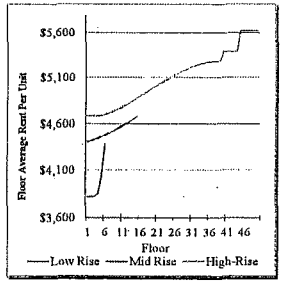
	Stories	Unit Size	Base Price	Base PSF
Min Unit	8	450	$2,800	$6.22
Max Unit		1,200	$4,700	$3.92
Weighted Average:		850	$3,813	$4.49

Mid-Rise (Up to 15 Stories)

	Stories	Unit Size	Base Price	Base PSF
Min Unit	15	550	$3,342	$6.08
Max Unit		1,250	$5,207	$4.17
Weighted Average:		950	$4,408	$4.64

High-Rise (Above 20 Stories)

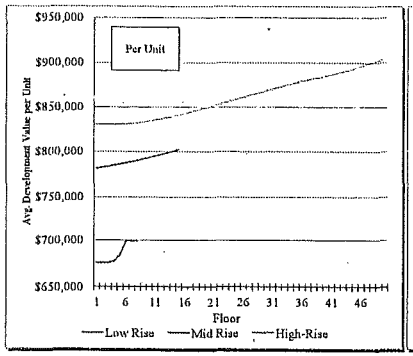
	Stories	Unit Size	Base Price	Base PSF
Min Unit	50	850	$4,242	$4.99
Max Unit		1,500	$6,160	$4.11
Weighted Average:		1,000	$4,685	$4.68

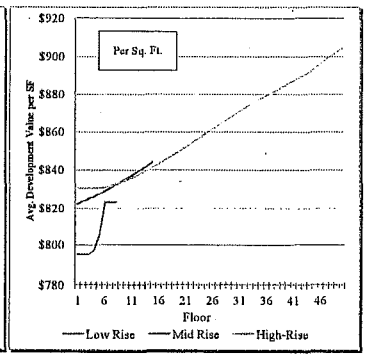


II. Apartment Building Values - Base Rents and Values

		Low-Rise/Podium (<9 Stories)	Mid-Rise (Up to 15 Stories)	High-Rise (Above 20 Stories)
Average Unit Size		850	950	1,000
Base Positioning		$3,813	$4,408	$4,685
Vacancy Loss	5%	$3,623	$4,187	$4,450
OpEx	30%	$1,087	$1,256	$1,335
NOI		$2,536	$2,931	$3,115
Cap Rate		4.5%	4.5%	4.5%
Cap Value		$676,231	$781,597	$830,728
Value Per Square Foot		$796	$823	$831

IV. Apartment Building Values - Average Development Value by Building Scale (# of Floors)





III. Hypothetical Building Matrix - Apartment Values

	Low Rise				Mid Rise				High-Rise			
Floor	Prem.	Rent	Per Unit	Per SF	Prem.	Rent	Per Unit	Per SF	Prem.	Rent	Per Unit	Per SF
1	0%	$3,813	$676,231	$796	0%	$4,408	$781,597	$823	0%	$4,685	$830,728	$831
2	0%	$3,813	$676,231	$796	0%	$4,421	$784,050	$825	0%	$4,685	$830,728	$831
3	0%	$3,813	$676,231	$796	1%	$4,434	$786,219	$828	0%	$4,685	$830,728	$831
4	1%	$3,847	$682,160	$803	1%	$4,447	$788,680	$830	0%	$4,685	$830,728	$831
5	5%	$4,013	$711,722	$837	1%	$4,463	$791,410	$833	0%	$4,688	$831,366	$831
6	15%	$4,385	$777,666	$915	2%	$4,480	$794,385	$836	0%	$4,699	$833,336	$833
7					2%	$4,498	$797,581	$840	1%	$4,712	$835,641	$836
8					2%	$4,517	$800,974	$843	1%	$4,727	$838,257	$838
9					3%	$4,537	$804,542	$847	1%	$4,743	$841,158	$841
10					3%	$4,558	$808,259	$851	2%	$4,761	$844,320	$844
11					4%	$4,580	$812,103	$855	2%	$4,780	$847,717	$848
12					4%	$4,602	$816,050	$859	2%	$4,801	$851,324	$851
13					5%	$4,624	$820,075	$863	3%	$4,822	$855,115	$855
14					5%	$4,647	$824,156	$868	3%	$4,844	$859,067	$859
15					6%	$4,671	$828,269	$872	4%	$4,867	$863,152	$863
16									4%	$4,891	$867,347	$867
17									5%	$4,915	$871,626	$872
18									5%	$4,940	$875,963	$876
19									6%	$4,964	$880,334	$880
20									6%	$4,989	$884,714	$885
21									7%	$5,014	$889,076	$889
22									8%	$5,038	$893,397	$893
23									8%	$5,062	$897,650	$898
24									9%	$5,085	$901,811	$902
25									9%	$5,108	$905,855	$906
26									10%	$5,130	$909,756	$910
27									10%	$5,151	$913,489	$913
28									10%	$5,171	$917,028	$917
29									11%	$5,190	$920,350	$920
30									11%	$5,207	$923,427	$923
31									11%	$5,223	$926,237	$926
32									12%	$5,237	$928,752	$929
33									12%	$5,250	$930,948	$931
34									12%	$5,260	$932,799	$933
35									12%	$5,269	$934,282	$934
36									13%	$5,275	$935,369	$935
37									13%	$5,278	$936,037	$936
38									13%	$5,280	$936,259	$936
39									13%	$5,278	$936,012	$936
40									15%	$5,387	$955,337	$955
41									15%	$5,387	$955,337	$955
42									15%	$5,387	$955,337	$955
43									15%	$5,387	$955,337	$955
44									15%	$5,387	$955,337	$955
45									20%	$5,621	$996,874	$997
46									20%	$5,621	$996,874	$997
47									20%	$5,621	$996,874	$997
48									20%	$5,621	$996,874	$997
49									20%	$5,621	$996,874	$997
50									20%	$5,621	$996,874	$997
Avg:	3.5%	$3,948	$700,040	$824	2.7%	$4,526	$802,557	$845	8.9%	$5,101	$904,596	$905
	0.6% per floor				0.2% per floor				0.2% per floor			

IV. Building Avg. Values by Floor Height (Assumes Equal Floor Plates)

Low Rise		Mid Rise		High-Rise	
Per Unit	Per SF	Per Unit	Per SF	Per Unit	Per SF
$676,231	$796	$781,597	$823	$830,728	$831
$676,231	$796	$782,823	$824	$830,728	$831
$676,231	$796	$783,955	$825	$830,728	$831
$677,713	$797	$785,136	$826	$830,728	$831
$684,515	$805	$786,391	$828	$830,856	$831
$700,040	$824	$787,723	$829	$831,269	$831
$700,040	$824	$789,132	$831	$831,894	$832
$700,040	$824	$790,612	$832	$832,689	$833
		$792,160	$834	$833,630	$834
		$793,770	$836	$834,699	$835
		$795,436	$837	$835,883	$836
		$797,154	$839	$837,169	$837
		$798,917	$841	$838,550	$839
		$800,720	$843	$840,015	$840
		$802,557	$845	$841,558	$842
				$843,170	$843
				$844,843	$845
				$846,572	$847
				$848,349	$848
				$850,167	$850
				$852,020	$852
				$853,901	$854
				$855,803	$856
				$857,720	$858
				$859,646	$860
				$861,573	$862
				$863,496	$863
				$865,408	$865
				$867,302	$867
				$869,173	$869
				$871,014	$871
				$872,818	$873
				$874,580	$875
				$876,292	$876
				$877,949	$878
				$879,544	$880
				$881,071	$881
				$882,523	$883
				$883,894	$884
				$885,681	$886
				$887,379	$887
				$888,998	$889
				$890,540	$891
				$892,013	$892
				$894,343	$894
				$896,572	$897
				$898,706	$899
				$900,751	$901
				$902,713	$903
				$904,596	$905

IV. OFFICE

EXHIBIT IV-1

OFFICE MARKET AREA DELINEATION
SAN FRANCISCO, CALIFRONIA
MARCH 2013

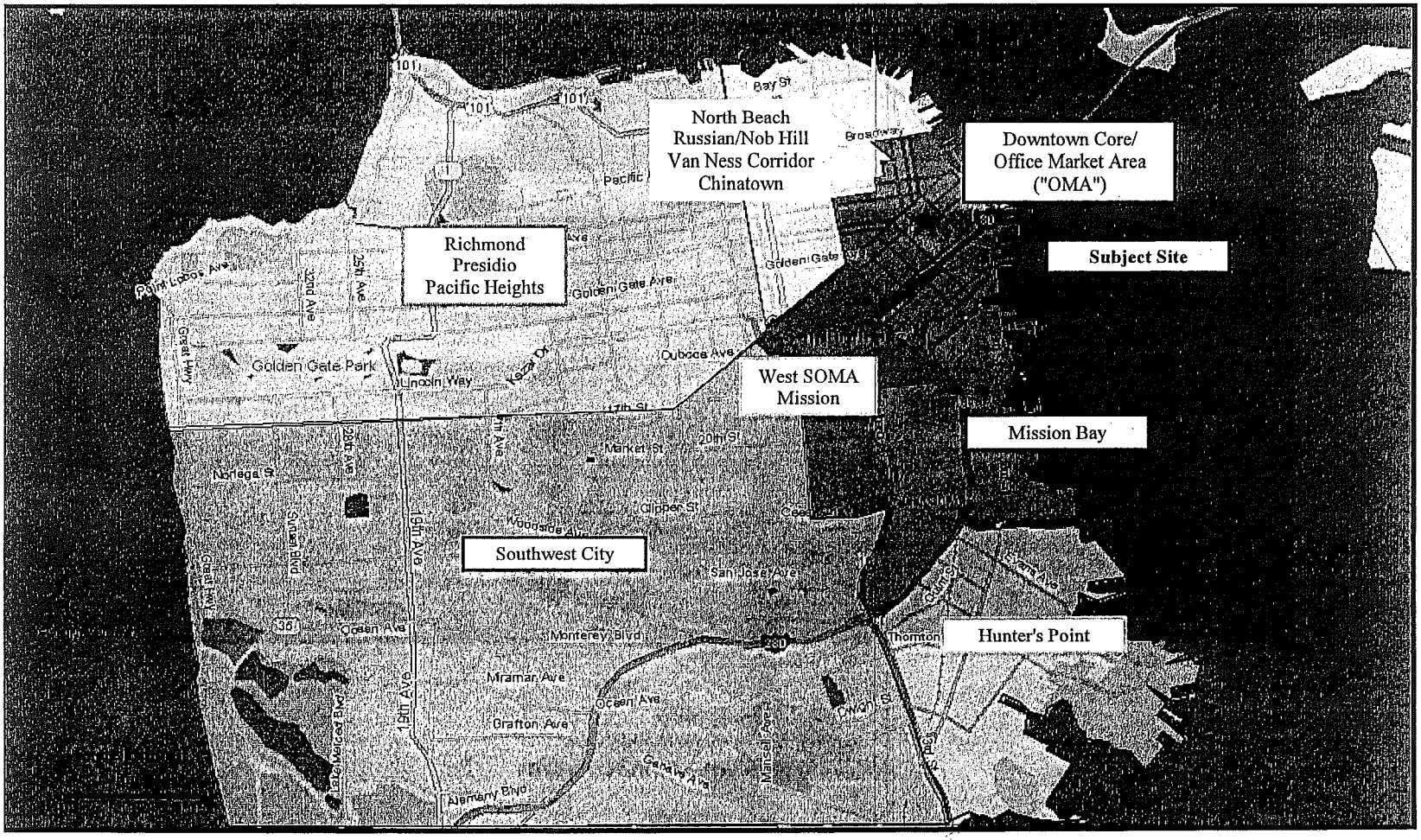


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EXHIBIT IV-1

OFFICE MARKET AREA DELINEATION
SAN FRANCISCO, CALIFRONIA
MARCH 2013

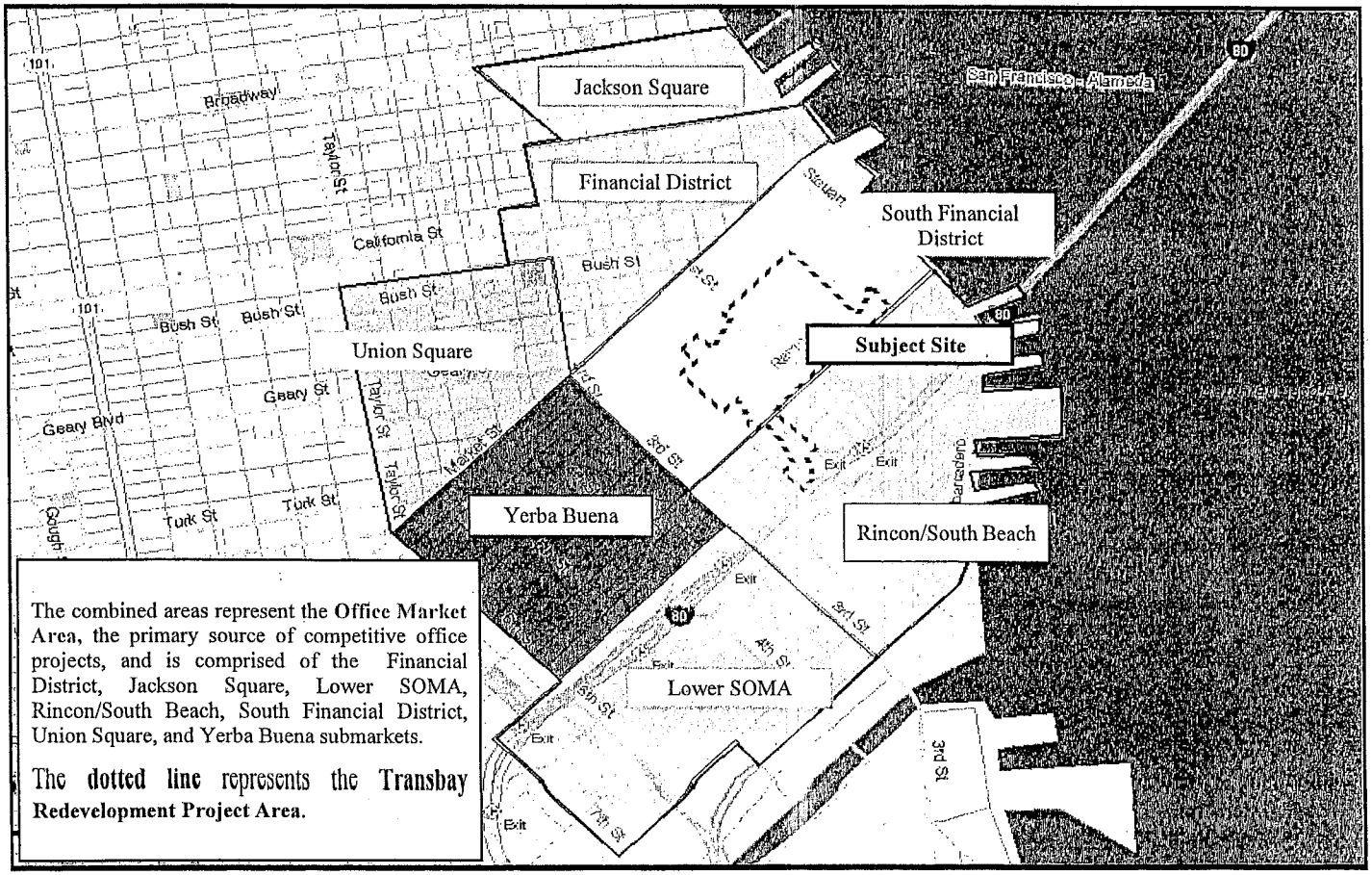

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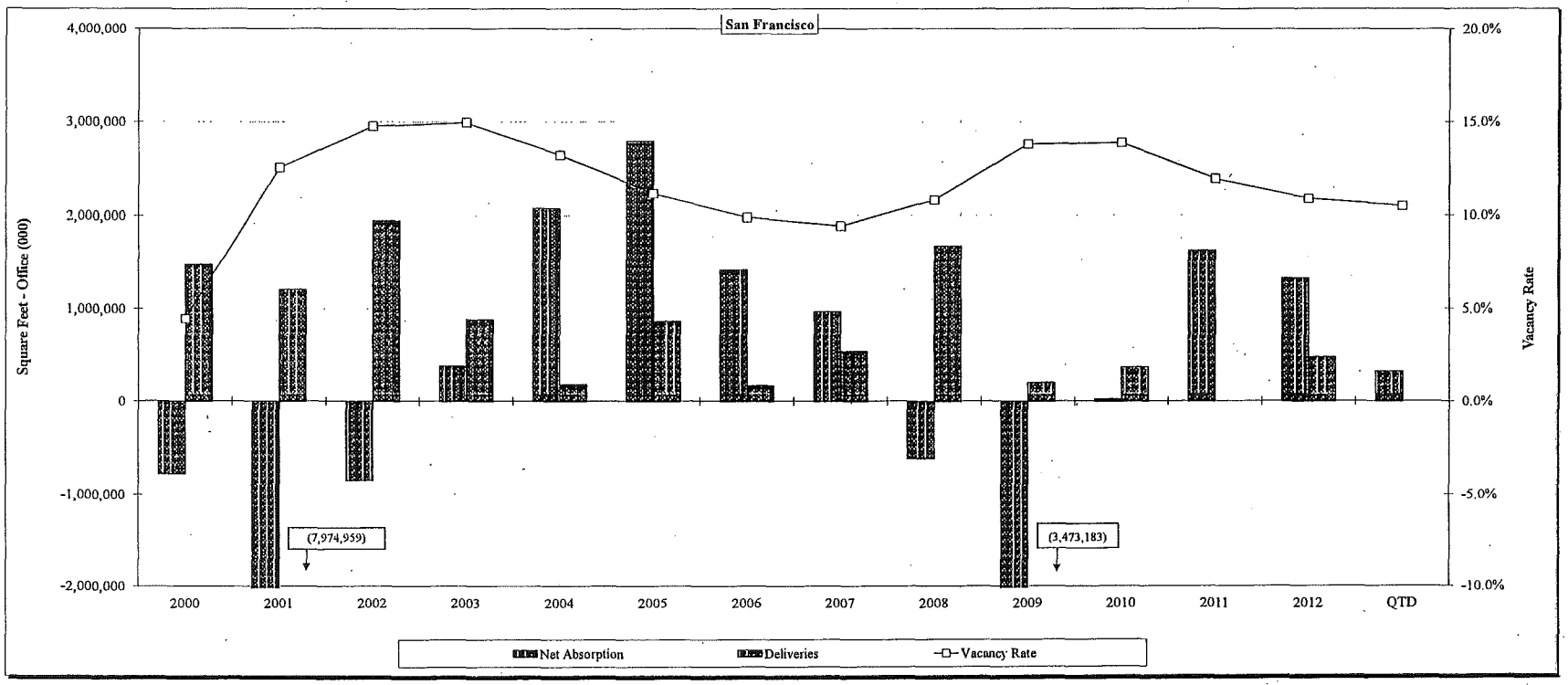
EXHIBIT IV-2

MACRO MARKET PERFORMANCE
SAN FRANCISCO COUNTY, CALIFORNIA
2000 THROUGH 1Q2013

Market Factor	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	QTD
San Francisco														
SF County RBA	109,242,919	110,200,213	112,093,630	112,788,300	112,919,478	113,453,060	113,513,965	114,016,213	115,077,280	115,056,368	115,178,468	114,493,497	114,633,327	114,493,215
Net Absorption	-767,689	-7,974,959	-838,298	381,497	2,075,238	2,793,262	1,418,861	973,564	-617,001	-3,473,183	21,624	1,633,576	1,323,037	326,202
Deliveries	1,479,284	1,203,537	1,945,417	885,110	185,026	868,381	172,679	537,400	1,678,272	206,729	370,410	0	475,653	0
Total Vacancy Rate	4.5%	12.5%	14.8%	15.0%	13.2%	11.2%	9.9%	9.4%	10.8%	13.8%	13.9%	11.9%	10.9%	10.5%
Vacant SF	4,892,712	13,824,965	16,556,680	16,869,853	14,925,793	12,666,113	11,236,127	10,764,811	12,442,879	15,895,150	15,995,626	13,677,079	12,493,872	12,027,558



Source: CoStar

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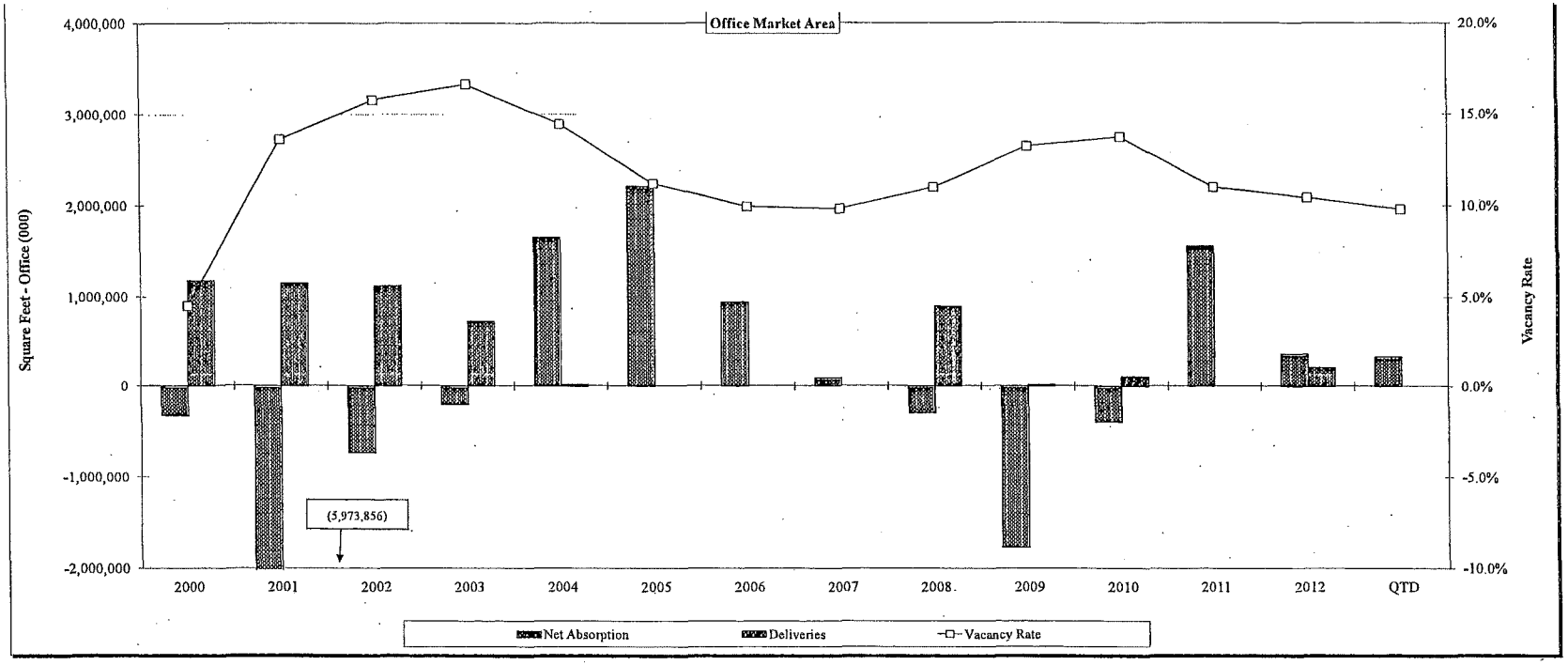
EXHIBIT IV-2

MACRO MARKET PERFORMANCE
OFFICE MARKET AREA
2000 THROUGH 1Q2013

Market Factor	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	QTD
Office Market Area														
SF County RBA	74,117,167	75,021,915	76,092,062	76,635,969	76,599,523	76,264,724	76,264,724	76,264,724	76,915,834	76,863,923	76,851,933	76,245,778	76,188,917	76,048,805
Net Absorption	-324,549	-5,973,856	-738,339	-202,974	1,663,189	2,208,701	942,729	96,733	-298,748	-1,777,416	-395,211	1,568,244	376,833	345,079
Deliveries	1,182,196	1,150,991	1,122,147	734,347	17,402	0	0	0	900,053	15,000	112,410	0	218,556	0
Total Vacancy Rate	4.5%	13.6%	15.8%	16.7%	14.5%	11.2%	10.0%	9.8%	11.0%	13.2%	13.7%	11.0%	10.4%	9.8%
Vacant SF	3,348,244	10,226,848	12,035,334	12,782,215	11,082,580	8,539,080	7,596,351	7,499,618	8,449,476	10,174,981	10,558,202	8,383,803	7,950,109	7,464,918



Source: CoStar

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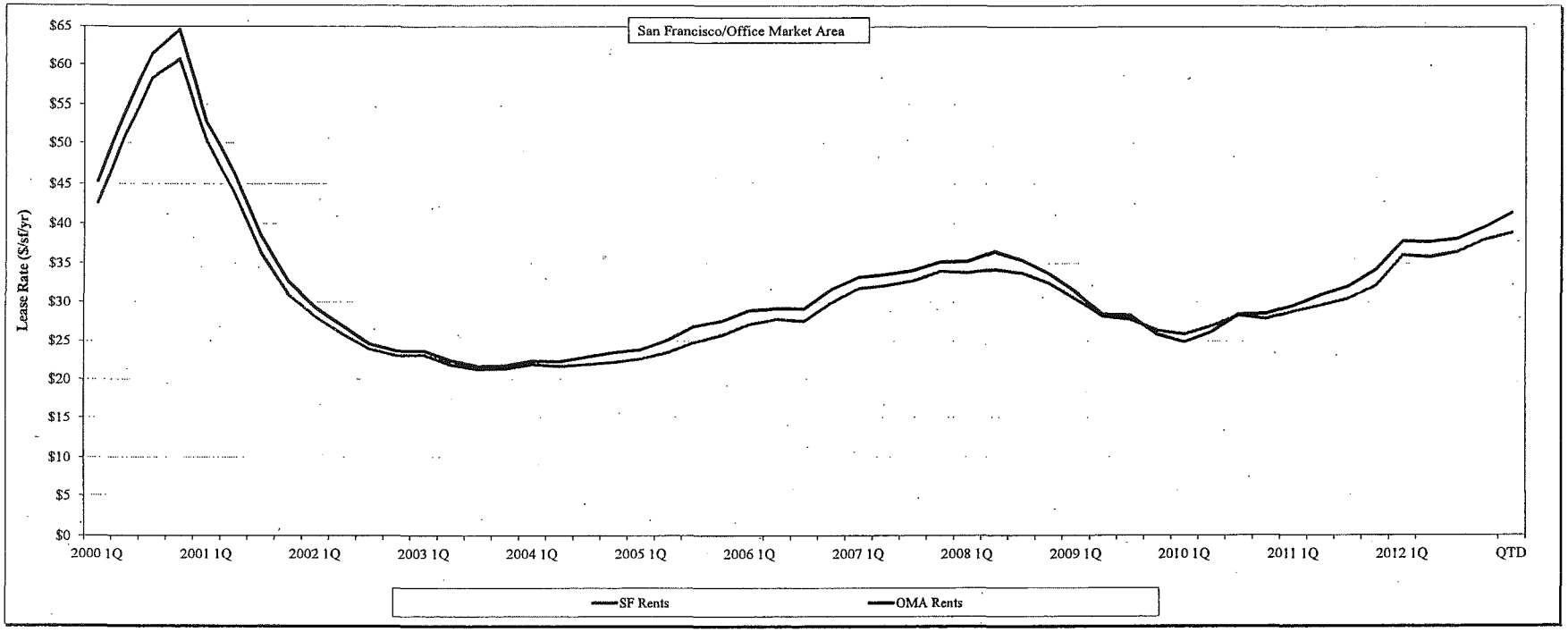
EXHIBIT IV-2

MACRO MARKET PERFORMANCE
SAN FRANCISCO COUNTY, CALIFORNIA
2000 THROUGH 2012

Market Factor	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	QTD
San Francisco														
Rental Rate	60.770	31.069	23.059	21.319	22.159	25.819	29.969	34.049	32.479	26.450	27.909	32.209	38.049	38.919
Y/Y % Change	45%	-49%	-26%	-8%	4%	17%	16%	14%	-5%	-19%	-14%	22%	17%	47%
Vacancy Rate	4.5%	12.5%	14.8%	15.0%	13.2%	11.2%	9.9%	9.4%	10.8%	13.8%	13.9%	11.9%	10.9%	10.5%
Office Market Area														
Rental Rate	$56.37	$42.66	$26.18	$22.33	$22.71	$25.91	$29.75	$34.07	$35.29	$28.53	$27.05	$31.74	$38.39	$41.43
% City	93%	137%	114%	105%	102%	100%	99%	100%	109%	108%	97%	99%	101%	106%
Y/Y % Change	27%	-24%	-39%	-15%	2%	14%	15%	15%	4%	-19%	-23%	11%	9%	45%
Vacancy Rate	4.5%	13.6%	15.8%	16.7%	14.5%	11.2%	10.0%	9.8%	11.0%	13.2%	13.7%	11.0%	10.4%	9.8%



Source: CoStar

1553

EXHIBIT IV-3

CURRENT INVENTORY SUMMARY--CLASS A (1)
OFFICE MARKET AREA
MARCH 2013

Project/Address	Location	Year Built/ Renovated	No. Stories	Percent Leased	RBA (sf)	Typ. Floor Size (sf)	Direct Available (sf)	Rental Rate ($/SF/Yr) Min.	Max.	Average	Lease Type
South Financial District											
Wells Fargo Building	333 Market St	1979	33	98%	657,115	18,060	12,002			$54.00	
555 Mission St	555 Mission St	2008	33	88%	557,015	21,000	65,439	$40.00	$85.00	$58.00	FSG
Spear Street Tower	1 Market St	1976	42	96%	883,778	21,042	132,046	$52.00	$82.00	$57.00	FSG
Market Center Two	575 Market St	1975	40	89%	486,711	12,190	65,537			$55.00	FSG
First Market Tower	525 Market St	1973	39	95%	1,083,000	28,500	64,877			$50.00	FSG
Metropolitan Life Bldg	425 Market St	1973	38	95%	1,101,389	28,983	135,960	$30.00	$55.00	$42.50	
Steuart Street Tower	1 Market St	1976	27	99%	516,222	19,119	13,443	$45.00	$65.00	$54.00	FSG
New Montgomery Tower	33 New Montgomery St	1986	20	89%	241,794	12,500	35,158			$43.00	FSG
100 First St	100 First St	1988	27	99%	465,363	17,962	18,585			$42.75	FSG
595 Market St	595 Market St	1981	30	96%	428,420	14,280	48,168			$47.54	FSG
101 2nd St	101 2nd St	2000	25	93%	388,370	16,410	44,026			$50.00	
Two Rincon	121 Spear St	1989	6	91%	326,001	54,333	33,446	$35.00	$57.00	$43.32	FSG
Total:	**12 Bldgs**				**7,135,178**		**668,687**				
Average/Wtd. Average (2):		**1981**	**33**	**95%**	**594,598**	**22,751**	**68,067**			**$50.17**	
Financial District											
Bank of America Center	555 California St	1969	52	95%	1,497,000	28,627	75,903	$53.00	$94.00	$65.00	FSG
One Embarcadero Center	One Embarcadero Ctr	1971	45	96%	823,389	20,168	43,981			$55.00	FSG
333 Bush St	333 Bush St	1986	43	88%	542,743	17,500	69,049			$52.07	FSG
50 California St	50 California St	1972	37	99%	687,574	19,000	99,066			$48.00	FSG
The Hartford Building	650 California St	1963	33	95%	489,373	14,475	43,014			$32.00	FSG
505 Montgomery St	505 Montgomery St	1988	24	93%	329,732	14,500	24,094			$54.00	FSG
Four Embarcadero Center	Four Embarcadero Ctr	1979	45	91%	1,035,779	21,635	130,713	$45.00	$80.00	$64.00	FSG
One California St	One California St	1969	32	98%	484,129	16,000	54,083			$41.00	FSG
Three Embarcadero Center	Three Embarcadero Ctr	1976	30	96%	767,350	25,578	51,945	$45.00	$70.00	$48.00	FSG
Two Embarcadero Center	Two Embarcadero Ctr	1974	30	99%	772,990	26,010	20,918			$48.50	FSG
One Bush Plaza	1 Bush St	1959	18	94%	313,906	17,044	68,983			$50.00	FSG
Embarcadero Center West	275 Battery St	1988	30	87%	475,138	15,909	62,824	$32.00	$64.00	$50.00	FSG
Montgomery Washington Tower	655 Montgomery St	1983	27	71%	264,000	16,500	82,714			$57.50	FSG
California Federal Savings	66-88 Kearny St	1986	22	85%	221,952	10,088	35,078			$75.00	FSG
345 California Center	345 California St	1986	48	95%	600,000	17,143	66,873			$38.54	FSG
44 Montgomery St	44 Montgomery St	1966	42	95%	654,350	15,579	37,582			$24.20	FSG
Bank of the West Bldg	180 Montgomery St	1979	25	98%	325,006	13,000	22,563			$52.00	FSG
Two Transamerica Center	505 Sansome St	1980	20	94%	180,291	9,014	20,058			$39.96	FSG
One Sansome Street	1 Sansome St	1984	41	77%	611,000	16,000	168,024			$53.00	FSG
101 California St	101 California St	1982	48	88%	1,237,631	25,064	197,587			$47.30	FSG
100 Montgomery St	100 Montgomery St	1955	25	82%	424,254	16,970	95,428			$43.00	FSG
McKesson Bldg	1 Post St	1969	37	91%	443,000	11,000	54,280			$55.00	FSG
Transamerica Pyramid	600 Montgomery St	1972	48	90%	499,215	10,400	53,408			$40.00	FSG
Total:	**23 Bldgs**				**13,679,802**		**1,578,168**				
Average/Wtd. Average (2):		**1975**	**39**	**92%**	**594,774**	**19,567**	**80,207**			**$50.12**	
Overall Avg./Wtd. Avg. (2):	**35 Bldgs**				**20,814,980**		**2,246,855**				
Overall Avg./Wtd. Avg. (2):		**1977**	**37**	**93%**	**594,714**	**20,658**	**76,045**			**$50.14**	

(1) Selected comparable projects based on size, building class (A) and lease rate
(2) Weighted by rentable buildilng area sf
Sources: CoStar, The Concord Group

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EXHIBIT IV-4

CURRENT OFFICE INVENTORY LOCATIONS MAP
SAN FRANCISCO, CALIFORNIA
MARCH 2013

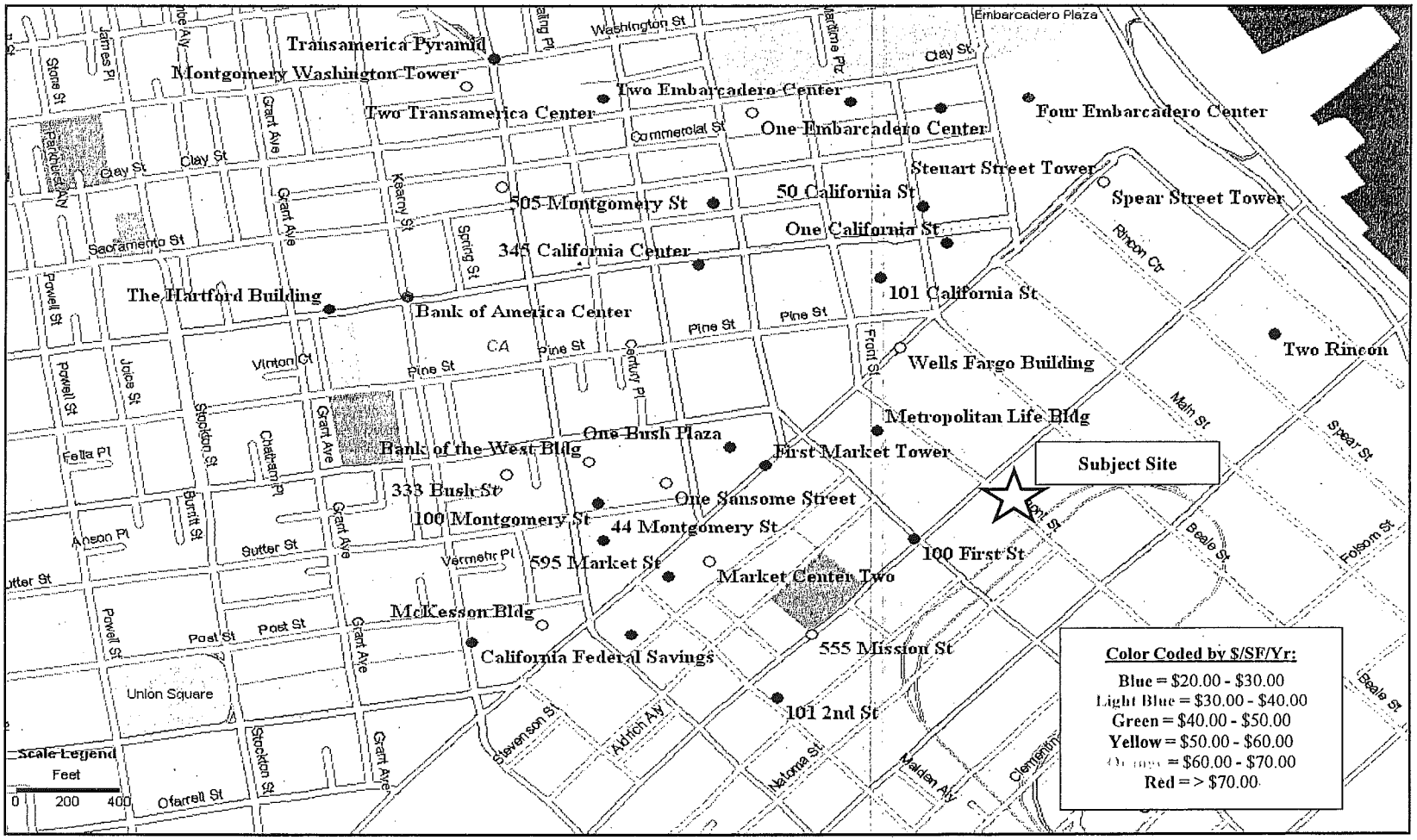

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EXHIBIT IV-5

BUILDING TRANSACTIONS - OFFICE
SAN FRANCISCO, CALIFORNIA
JANUARY 2012 THROUGH MARCH 2013

Property	Type	Seller	Buyer	Sale Date	RBA	Stories	Price Sale	Price Per SF	Cap Rate	Year Built
Sales Comps										
116 New Montgomery	Office	Africa Israel USA	Hines Invesco Ltd	Mar-13	131,345	9	57,000,000	$434	4.5%	1902
100 Spear Street	Office	Clarion Partners	Prduential Insurance	Mar-13	203,071	21	100,000,000	$492	--	1984
450 Sansome Street	Office	450 Sansome LLC	Cornerstone Real Estate Advisors	Jan-13	135,000	16	51,000,000	$378	--	1965
132 2nd Street	Office	Swint 140 Second Investors	140 Second Street	Jan-13	34,000	6	18,650,000	$549	6.0%	1907
199 Fremont Street	Office	GLL Real Estate Partners	GLL BVK Properties	Dec-12	405,000	20	123,650,010	$305	--	2000
333 Market	Office	HD333, LLC	Wells Fargo Real Estate Funds	Dec-12	657,115	33	395,250,000	$601	--	1979
255 California Street	Office	HB-255 California LLC	Prudential Real Estate Investors	Dec-12	182,528	14	76,000,000	$416	--	1959
343 Sansome Street	Office	Interland 343 Sansome, LLC	Clarion Partners	Dec-12	256,985	16	109,225,000	$425	4.8%	1929
475 Sansome Street	Office	475 Sansome LLC	MEPT	Dec-12	348,183	21	163,000,000	$468	4.1%	1969
101 California	Office	101 California Venture	Elm Property Venture LLC	Dec-12	1,237,631	48	864,500,000	$699	3.8%	1982
100 Montgomery Street	Office	Hines	The Blackstone Group	Oct-12	424,254	25	165,000,000	$389	4.1%	1955
255 Bush	Office	SEB Immobilient	Flynn Holdings	Sep-12	567,981	22	212,000,000	$373	--	1921
50 Beale Street	Office	Broadway Partners Fund Manager	Kevin Hackett, Yutaka Yanigisawa	Sep-12	662,060	23	305,000,000	$461	4.5%	1968
680 Folsom	Office	Rockwood Capital LLC	Boston Properties	Aug-12	479,220	14	171,615,000	$358	--	--
500 Howard Street	Office	Utah State Retirement Investment Fund	Heitman LLC	Jun-12	233,290	10	184,500,000	$791	7.1%	2003
600 California	Office	Beacon Capital Partners	Clarion Partners	Jun-12	346,640	20	180,000,000	$519	5.0%	1990
555 Mission St	Office	Tishman Speyer	The Union Investment Group	Jun-12	558,125	33	446,500,000	$800	--	--
650 California	Office	AEW Capital Management	Tishman Speyer	Jun-12	489,373	33	218,638,000	$447	4.5%	1963
901 Market St	Office/Retail	Hudson Advisors	Hudson Pacific Properties	May-12	211,000	6	90,000,000	$427	--	--
The Bancroft Building	Office	Ellis Partners	Harvest Properties/Invesco RE	May-12	93,107	6	30,000,000	$322	4.8%	--
72 Townsend St	Office	West Bay Builders	Hoopers Ventures, LLC	May-12	28,839	1	11,850,000	$411	5.3%	--
935-939 Market St	Office	Commonfund	Hudson Advisors	Apr-12	82,134	8	15,000,000	$183	--	--
Foundry Square I	Office	AREA Property Partners	State Teachers Retirement System of Ohio	Apr-12	334,230	10	238,000,000	$712	5.8%	--
650 Townsend	Office	Farallon Capital Management/ TMG	Zynga, Inc	Apr-12	670,000	8	228,000,000	$340	--	--
222 Sutter	Office	Equity One, LLC	SF 222 Sutter Street owner LLC	Mar-12	128,595	7	53,800,000	$418	--	--
2 Bryant St	Office	AEGON USA Realty Advisors	Strada investment	Feb-12	53,495	3	18,500,000	$346	5.0%	--
156 2nd Street	Office	Blue Vista Capital Partners	Nicola Crosby Real Estate Investments	Jan-12	58,313	6	25,750,000	$442	6.0%	1907
Total:			**27 Buildings**		**9,011,515**	**439**	**$4,552,428,010**			
Average:					**333,760**	**16**	**168,608,445**	**$505**		

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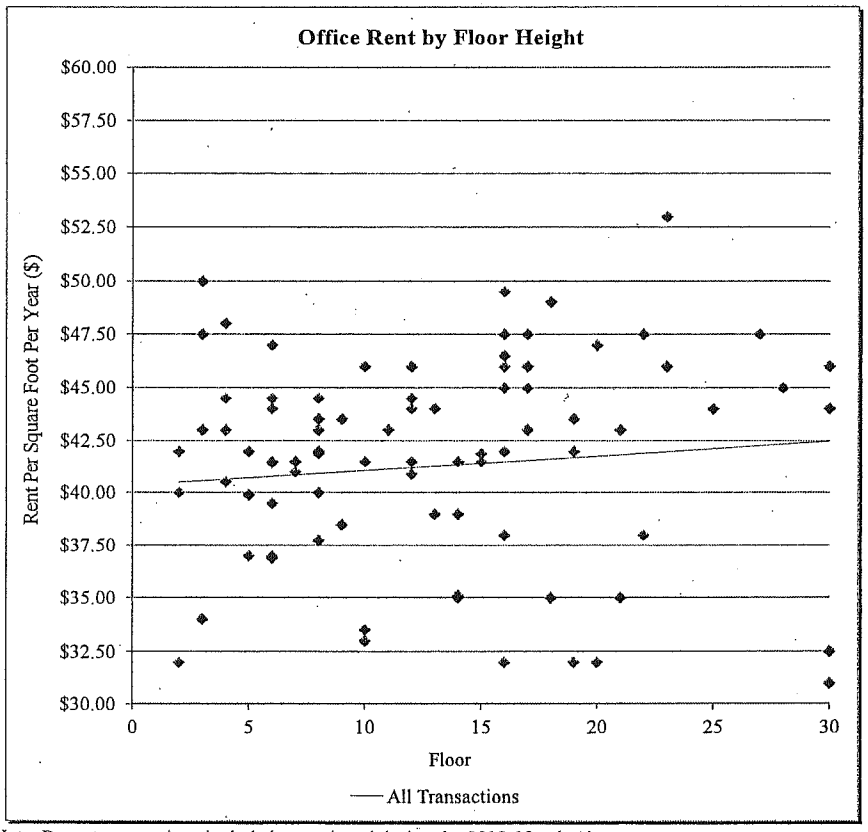
EXHIBIT IV-6

FLOOR HEIGHT PREMIUM ANALYSIS
OFFICE MARKET AREA
MARCH 2013

I. Recent Same-Building Lease Transactions by Floor - SoMa



Note: Recent transactions include leases signed during the 2012-13 calendar years

II. Selected Building Floor Premiums

	Base Floor	Top Floor	Base Floor Rent	Top Floor Rent	Bld. Premium	Average Per Floor Premium
33 New Montgomery St	12	18	$44.50	$49.00	10%	0.8%
111 Pine st	16	18	$32.00	$35.00	9%	2.3%
101 Montgomery St	5	17	$37.00	$43.00	16%	0.5%
221 Main St	2	16	$42.00	$49.50	18%	0.6%
555 Montgomery St	6	16	$36.89	$45.00	22%	1.2%
595 Market St	6	23	$41.44	$46.00	11%	0.3%
90 New Montgomery St	2	15	$40.00	$41.50	4%	0.2%
475 Sansome St	2	15	$41.00	$46.00	12%	0.6%
601 Montgomery St	6	20	$39.50	$47.00	19%	0.5%
575 Market St	17	19	$42.00	$46.00	10%	0.4%
455 Market St	5	16	$42.00	$46.17	10%	0.7%
Average:	**7**	**18**	**$39.85**	**$44.92**	**13%**	**1.2%**

EXHIBIT IV-7

RECOMMENDED OFFICE POSITIONING
OFFICE MARKET AREA
MARCH 2013

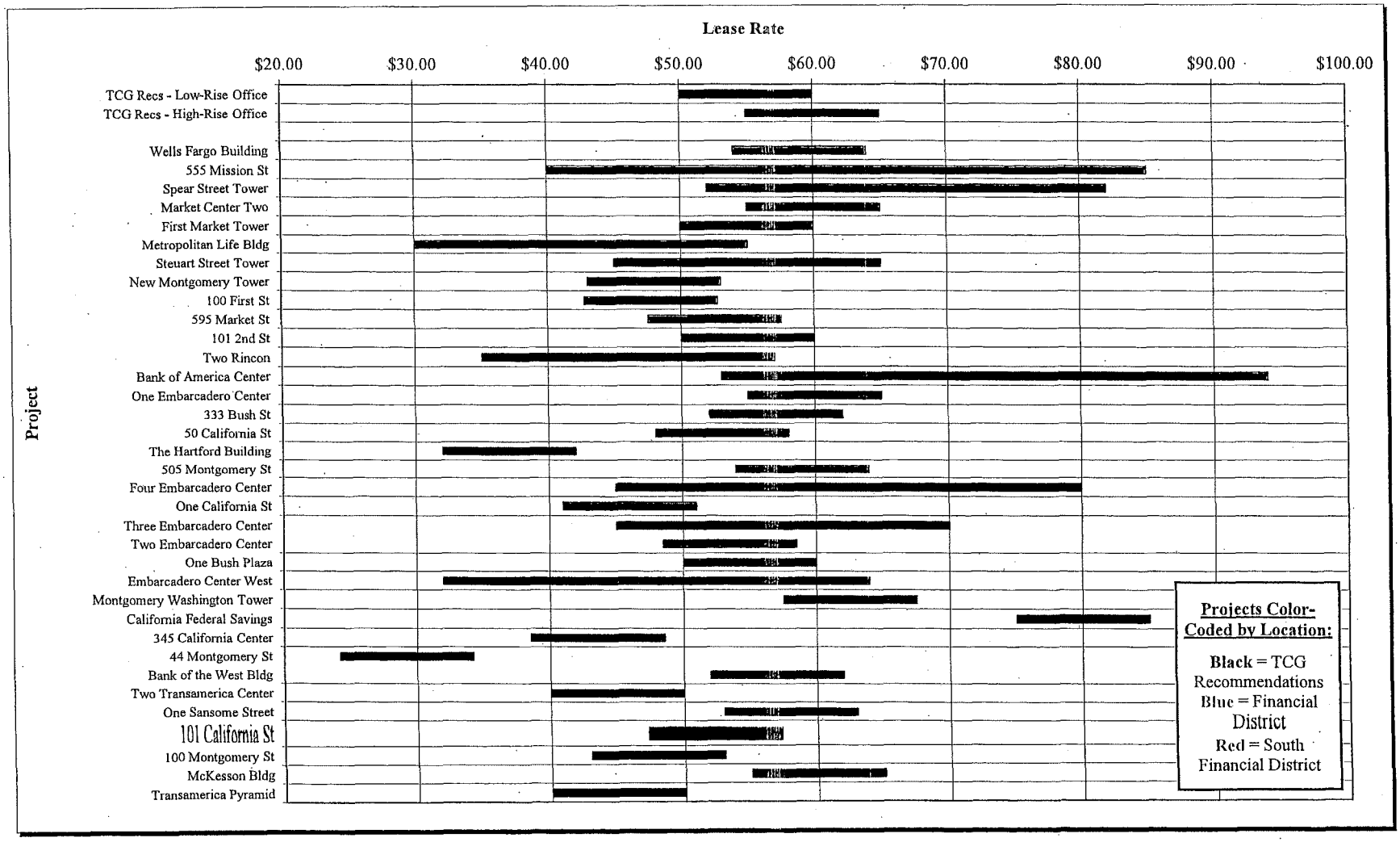


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EXHIBIT IV-8

VALUE PROJECTION - OFFICE
TRANSBAY
FEBRUARY 2013

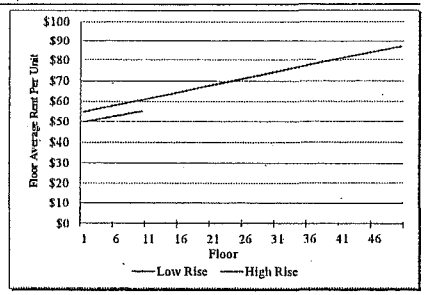
I. Office Positioning

Low Rise/Podium

Base Positioning	$50.00 per square foot

High Rise Office

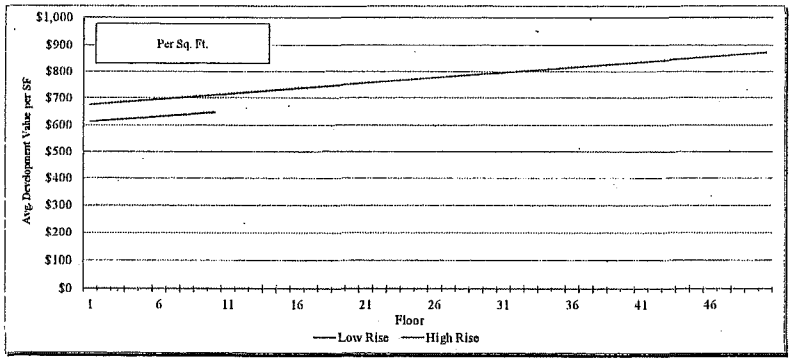
Base Positioning	$55.00 per square foot



II. Office Building Values - Base Rents

		Low Rise/Podium	High Rise
Base Positioning		$50	$55
Vacancy Loss	10%	$45	$50
OpEx	25%	$11	$12
NOI		$34	$37
Cap Rate		5.5%	5.5%
Cap Value		$614	$675
Value Per Square Foot		$614	$675

IV. Office Building Values - Average Development Value Per Foot by Building Scale (# of Floors)



III. Hypothetical Building Matrix - Office Values

	Low Rise			High Rise			IV. Building Avg. Values by Floor Height (1)	
Floor	Prem.	Rent	Per SF	Prem.	Rent	Per Unit	Low Rise Per SF	High Rise Per SF
1	0%	$50	$614	0%	$55	$675	$614	$675
2	1%	$51	$621	1%	$56	$683	$617	$679
3	2%	$51	$628	2%	$56	$691	$621	$683
4	4%	$52	$636	4%	$57	$699	$625	$687
5	5%	$52	$643	5%	$58	$707	$628	$691
6	6%	$53	$650	6%	$58	$716	$632	$695
7	7%	$54	$658	7%	$59	$724	$636	$699
8	8%	$54	$665	8%	$60	$732	$639	$703
9	10%	$55	$673	10%	$60	$740	$643	$707
10	11%	$55	$680	11%	$61	$748	$647	$711
11				12%	$62	$756		$716
12				13%	$62	$764		$720
13				14%	$63	$772		$724
14				16%	$64	$780		$728
15				17%	$64	$788		$732
16				18%	$65	$797		$736
17				19%	$66	$805		$740
18				20%	$66	$813		$744
19				22%	$67	$821		$748
20				23%	$68	$829		$752
21				24%	$68	$837		$756
22				25%	$69	$845		$760
23				26%	$70	$853		$764
24				28%	$70	$861		$768
25				29%	$71	$869		$772
26				30%	$72	$878		$776
27				31%	$72	$886		$780
28				32%	$73	$894		$784
29				34%	$73	$902		$788
30				35%	$74	$910		$792
31				36%	$75	$918		$797
32				37%	$75	$926		$801
33				38%	$76	$934		$805
34				40%	$77	$942		$809
35				41%	$77	$950		$813
36				42%	$78	$959		$817
37				43%	$79	$967		$821
38				44%	$79	$975		$825
39				46%	$80	$983		$829
40				47%	$81	$991		$833
41				48%	$81	$999		$837
42				49%	$82	$1,007		$841
43				50%	$83	$1,015		$845
44				52%	$83	$1,023		$849
45				53%	$84	$1,031		$853
46				54%	$85	$1,040		$857
47				55%	$85	$1,048		$861
48				56%	$86	$1,056		$865
49				58%	$87	$1,064		$869
50				59%	$87	$1,072		$873
Avg:	5%	$53	$647	29%	$71	$873		
	1.2% per floor			1.2% per floor				

(1) Assumes equal floor plate

V. RETAIL

EXHIBIT V-1

RETAIL TRADE AREA DEFINITION
SAN FRANCISCO, CALIFORNIA
MARCH 2013

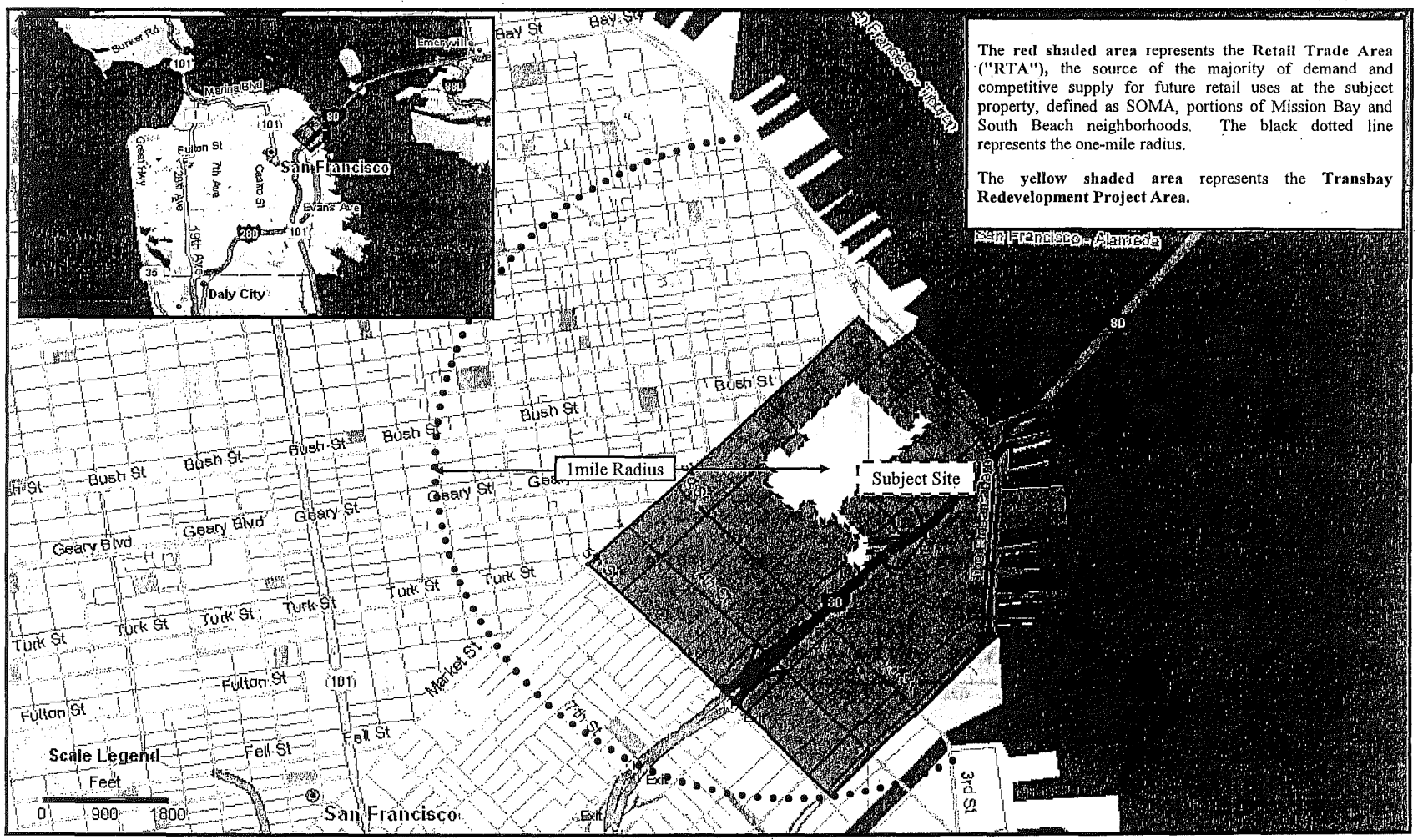
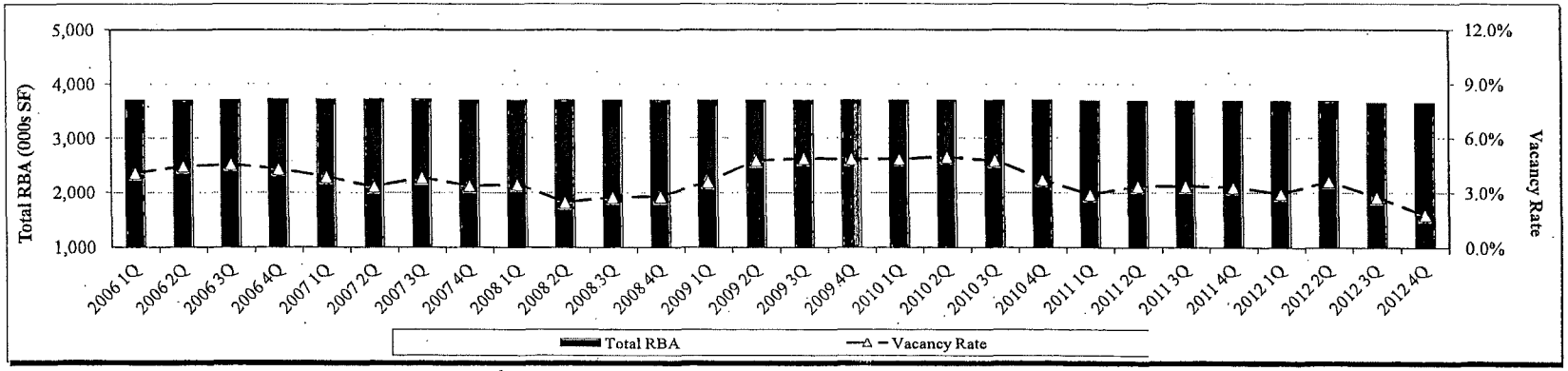
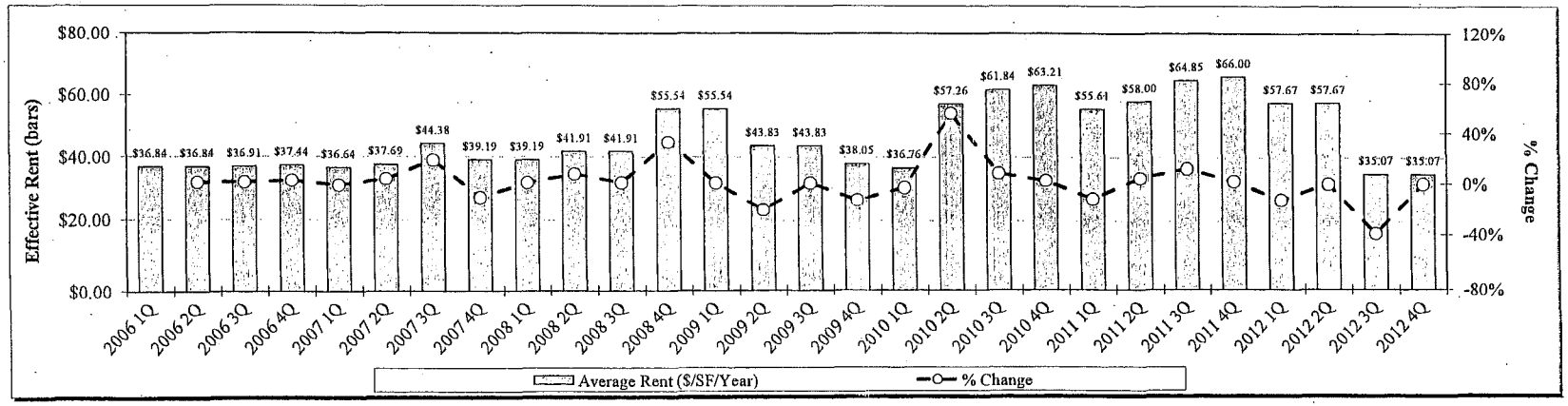


EXHIBIT V-2

RETAIL MACRO TRENDS
RETAIL TRADE AREA
2006 THROUGH 2016

									Forecast			
	2006	2007	2008	2009	2010	2011	2012	QTD	2013	2014	2015	2016
Retail Trade Area												
Total Inventory (000s SF) (1)	3,714	3,723	3,709	3,710	3,710	3,698	3,683	3,668	3,668	3,668	3,668	3,668
Quarterly Growth (000s SF)		10	-15	1	0	-12	-15	-15	-15	0	0	0
% Growth		*0.3%*	*-0.4%*	*0.0%*	*0.0%*	*-0.3%*	*-0.4%*	*-0.4%*	*-0.4%*	*0.0%*	*0.0%*	*0.0%*
Vacancy Rate	4.5%	3.6%	2.9%	4.7%	4.7%	3.2%	2.8%	0.8%	0.7%	0.4%	0.1%	0.0%
Total Avg Rent (NNN)	$37.09	$37.86	$41.55	$47.81	$57.64	$59.97	$41.36	$35.07	--	--	--	--
% Change												





(1) Rentable Building Area
Source: CoStar

EXHIBIT V-3

SELECTED COMPETITIVE RETAIL SPACES
RETAIL TRADE AREA
MARCH 2013

Name	Location	Type	Year Built	GLA	Vacancy Rate	Vacancy SF	Avail Apace	Lease Rate ($/sf/yr)
Community Center								
397 5th st	397 5th St	Restaurant	1966	1,161	0.0%	0	1,161	$87.84
188 Spear St	188 Spear St	Office with street-level Retail	2012	218,556	12.9%	28,194	28,186	$55.00
The Pelton Building	132-142 2nd St	Office with street-level Retail	1907	34,000	16.6%	5,630	5,848	$55.00
182-198 2nd St	182-198 2nd St	Office with street-level Retail	1909	36,135	28.2%	10,201	10,202	$50.00
26-34 3rd St	26-34 3rd St	Office with street-level Retail	1910	37,200	7.5%	2,786	2,787	$50.00
581-585 Market St	581-585 Market St	Storefront Retail/Office	1907	27,094	25.5%	6,901	6,900	$45.00
571 Howard St	571 Howard St	Office with street-level Retail	1924	5,000	0.0%	0	2,000	$45.00
One Rincon	101 Spear St	Office with street-level Retail	1940	280,000	9.7%	27,104	27,115	$40.00
473 Bryant St	473 Bryant St	Storefront Retail/Office	1906	2,750	100.0%	2,750	2,750	$36.00
50 Fremont St	50 Fremont St	Office with street-level Retail	1983	817,412	3.3%	26,566	7,297	$35.03
Borel Bldg II	180-182 Howard St	Office with street-level Retail	1986	205,926	6.3%	13,056	13,048	$32.04
The Shops @ Yerba Buena	833 Mission St	General Retail (Strip Center)	1978	24,000	18.4%	4,411	6,035	$32.04
611-615 Mission St	611-615 Mission St	Office with street-level Retail	1907	39,900	0.0%	0	3,760	$32.04
Foundry Square I	400 Howard St	Office with street-level Retail	2008	334,230	0.6%	2,039	2,025	$32.04
725-727 Folsom St	725-727 Folsom St	General Retail	1990	35,286	19.5%	6,870	6,870	$32.00
493-495 3rd St	493-495 3rd St	Office with street-level Retail	1907	5,250	40.5%	2,125	2,125	$30.00
711-713 Market St	711-713 Market St	General Retail	1908	10,000	50.0%	5,000	5,000	$28.80
326 1st St	326 1st St	Storefront	1967	4,000	72.0%	2,880	2,880	$28.80
Total:				**2,117,900**		**146,513**	**135,989**	
Average/WeightedAverage (1):		**Total/Average:**	**1945**	**117,661**	**6.9%**	**8,140**	**7,555**	**$42.43**

(1) Vacancy Rate weighted by GLA, average weigted rent weighted by available space

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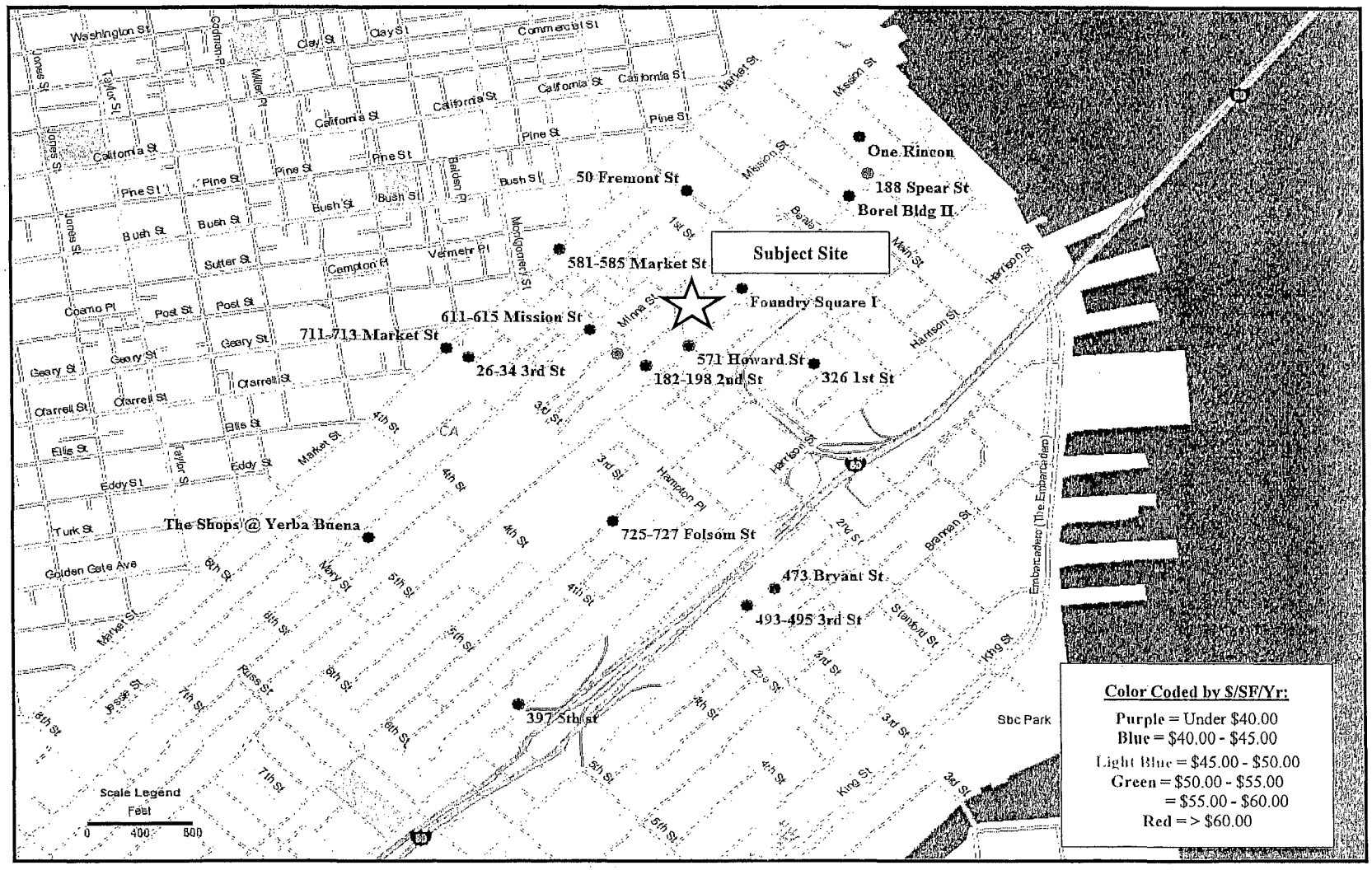
EXHIBIT V-4

CURRENT RETAIL INVENTORY LOCATIONS
SAN FRANCISCO, CALIFORNIA
MARCH 2013



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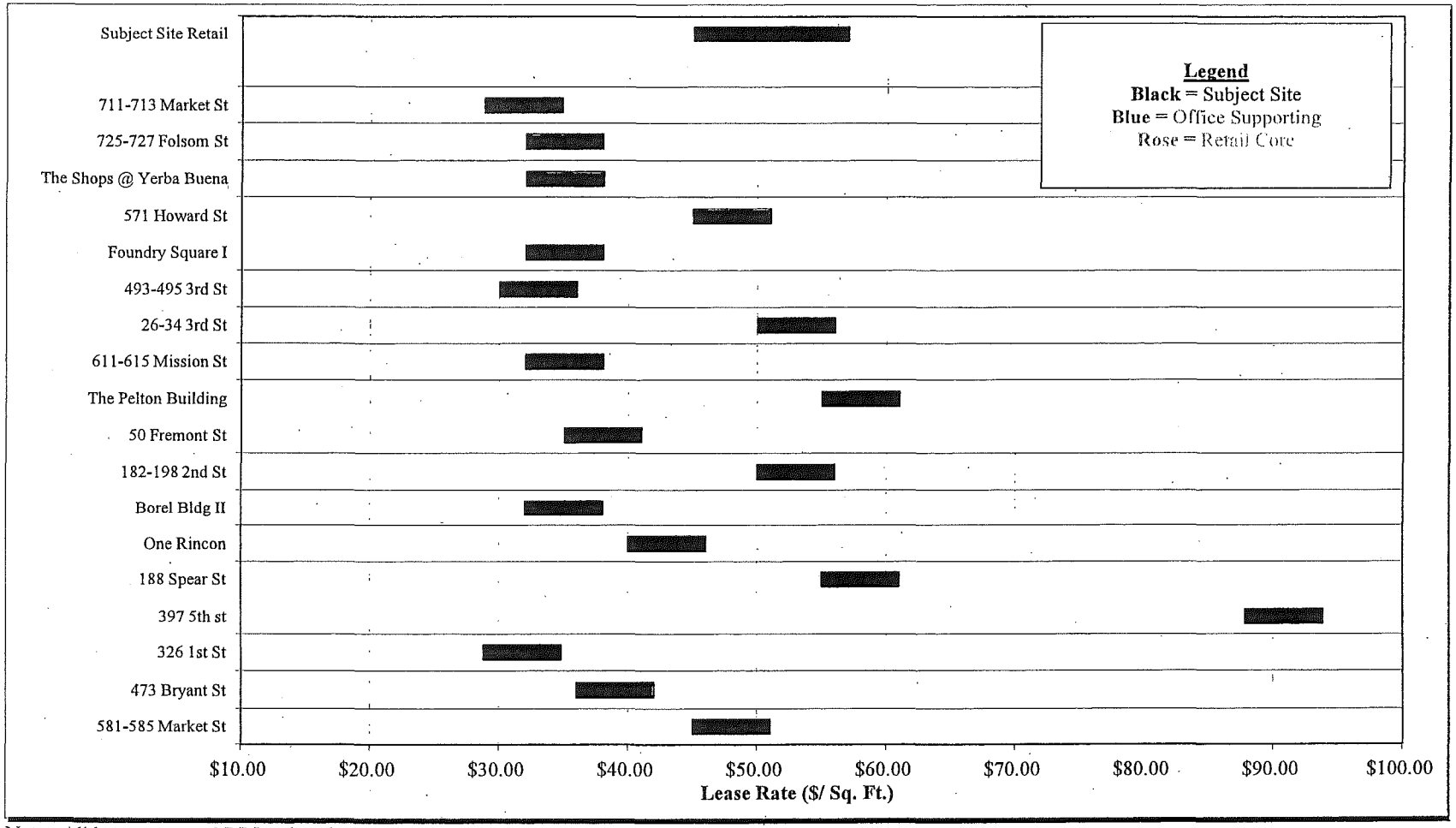
THE CONCORD GROUP

EXHIBIT V-5

LEASE RATES OF CURRENT RETAIL INVENTORY
RETAIL TRADE AREA
MARCH 2013



Note: All lease rates are NNN and exclusive of NNN expenses

EXHIBIT V-6

VALUE PROJECTION - GROUND FLOOR RETAIL
TRANSBAY
FEBRUARY 2013

I. Retail Positioning

Ground Floor Retail	Base Rent Per Foot/Year
Average Per Foot	$45.00

II. Retail Building Values - Base Rents

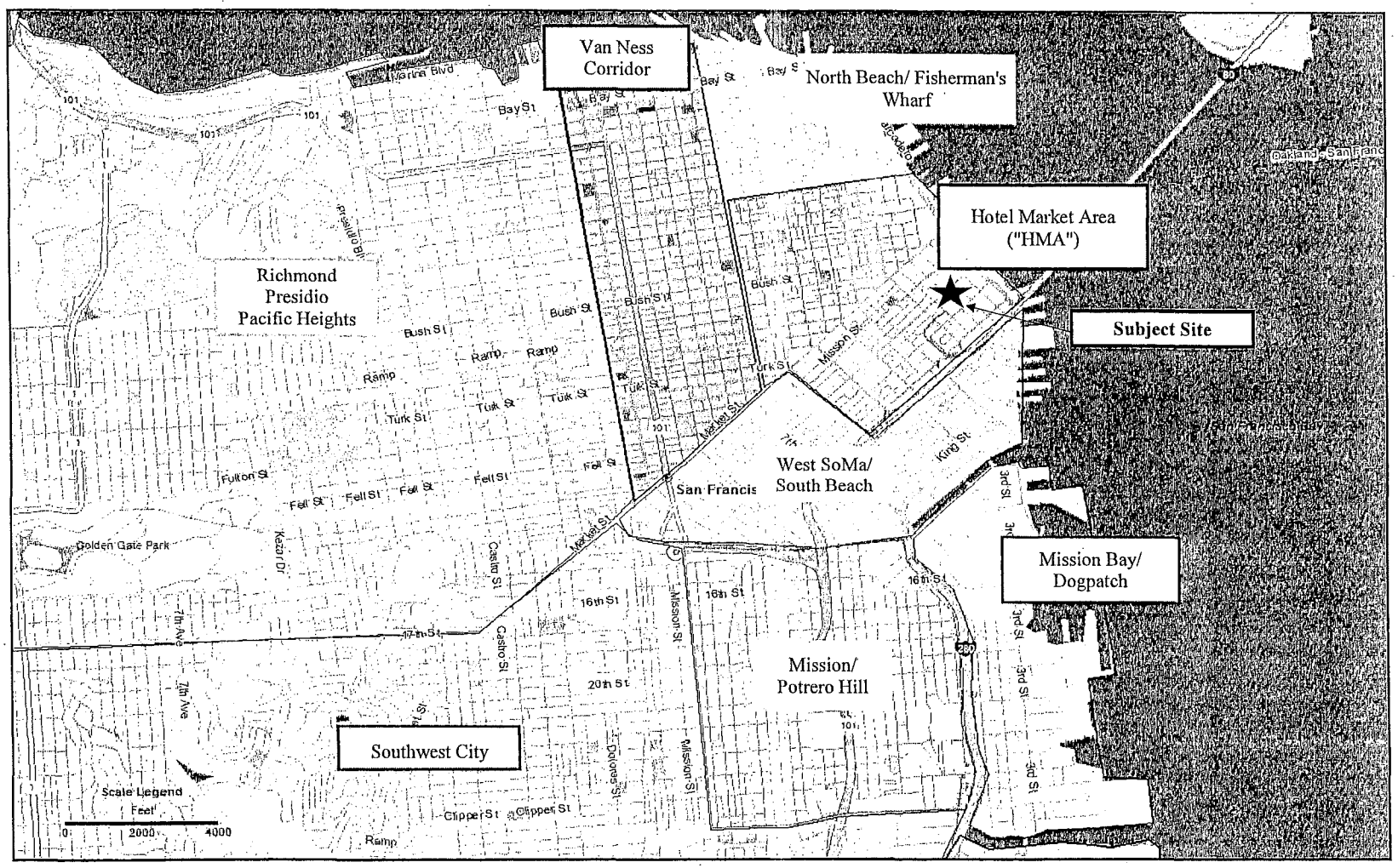
		Ground Floor Retail
Base Positioning		$45
Average Annual Rent		$45
Vacancy Loss	7%	$42
OpEx	10%	$4
NOI		$38
Cap Rate		6.5%
Cap Value		$579
Value Per Square Foot		$579

1566

VI. HOTEL

EXHIBIT VI-1

HOTEL MARKET AREA DELINEATION
SAN FRANCISCO, CALIFRONIA
APRIL 2013



THE CONCORD GROUP

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EXHIBIT VI-1

HOTEL MARKET AREA DELINEATION
SAN FRANCISCO, CALIFRONIA
APRIL 2013

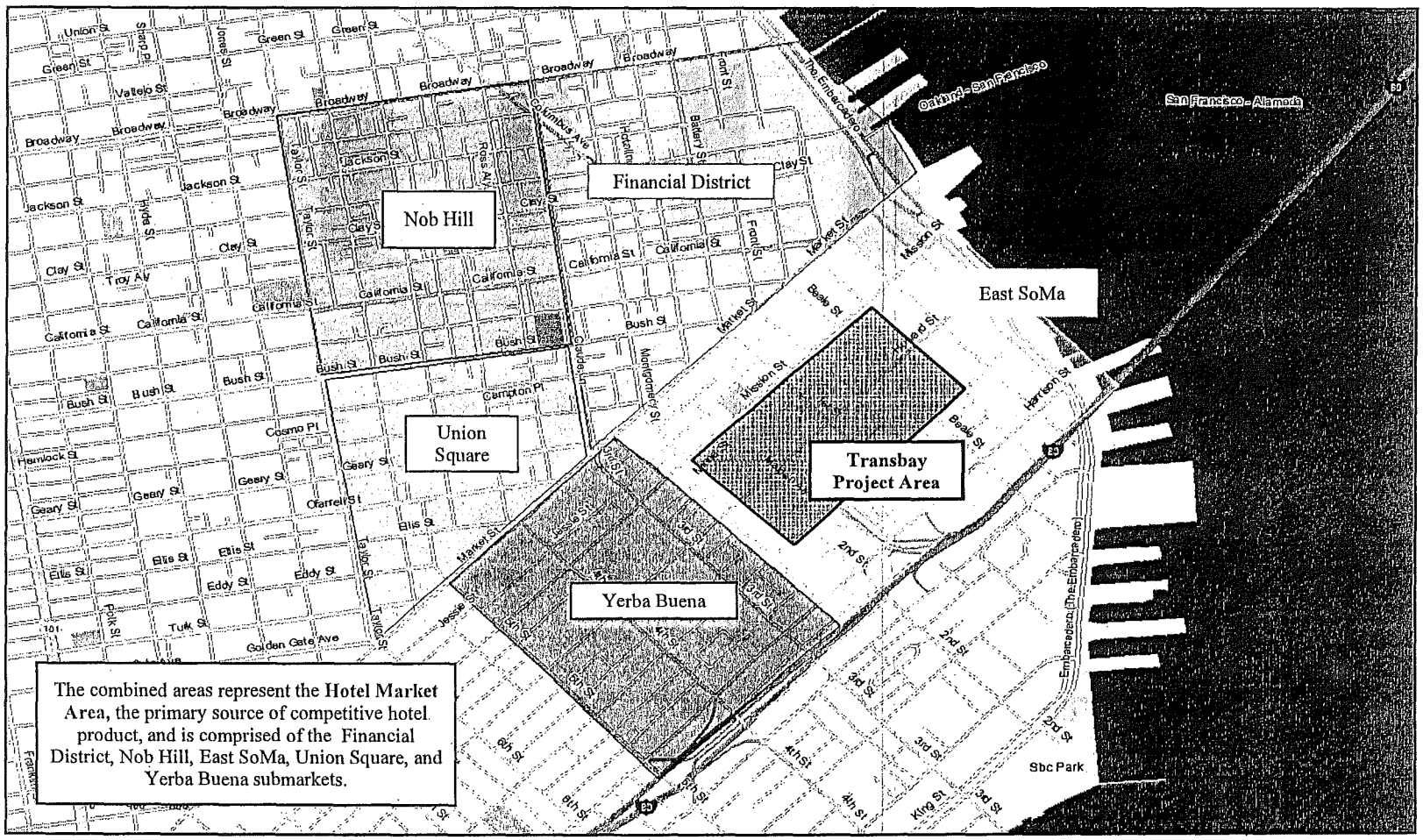

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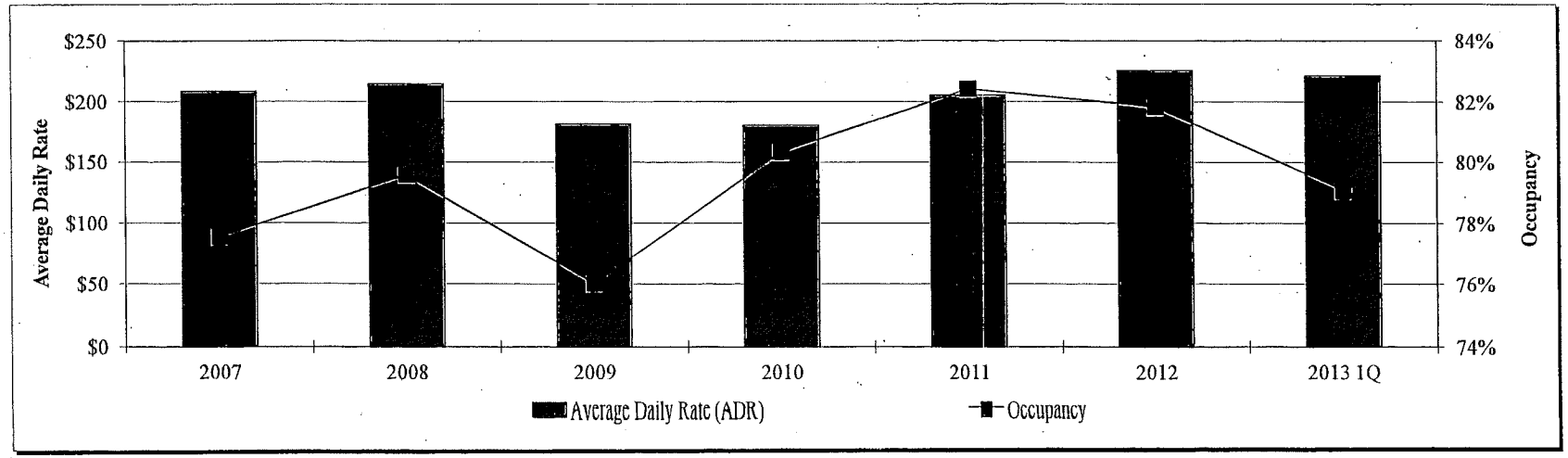
EXHIBIT VI-2

MACRO MARKET TRENDS
HOTEL MARKET AREA, CENTRAL SAN FRANCISCO
2007 THROUGH 1Q 2013

Variable	2007	2008	2009	2010	2011	2012	Average	2013 1Q
FiDi/Union Square/SoMa - Upscale Hotels (1)								
Total Rooms	9,875	10,575	10,709	11,319	11,604	11,430	10,919	11,323
Y/Y % Change	--	*7.1%*	*1.3%*	*5.7%*	*2.5%*	*-1.5%*	*3.0%*	
Average Daily Rate (ADR)	$209	$215	$181	$181	$205	$226	$203	$222
Y/Y % Change	--	*3.0%*	*-15.6%*	*-0.4%*	*13.7%*	*9.9%*	*2.1%*	
Occupancy	78%	80%	76%	80%	82%	82%	80%	79%
Nominal Change	--	*2.0%*	*-3.5%*	*4.3%*	*2.1%*	*-0.6%*	*0.9%*	
Average Revenue per Avail. Room (RevPAR)	$162	$171	$138	$145	$169	$185	$162	$175
Y/Y % Change	--	*5.6%*	*-19.3%*	*5.2%*	*16.7%*	*9.2%*	*3.5%*	
Total Revenue (000's)	$582,978	$659,460	$538,793	$599,311	$717,091	$770,959	$644,765	$667,361
Y/Y % Change	--	*13.1%*	*-18.3%*	*11.2%*	*19.7%*	*7.5%*	*6.6%*	



(1) Data represents set up of Upscale and Luxury hotels in the Central SF Hotel Market Area as categorized by Smith Travel Research

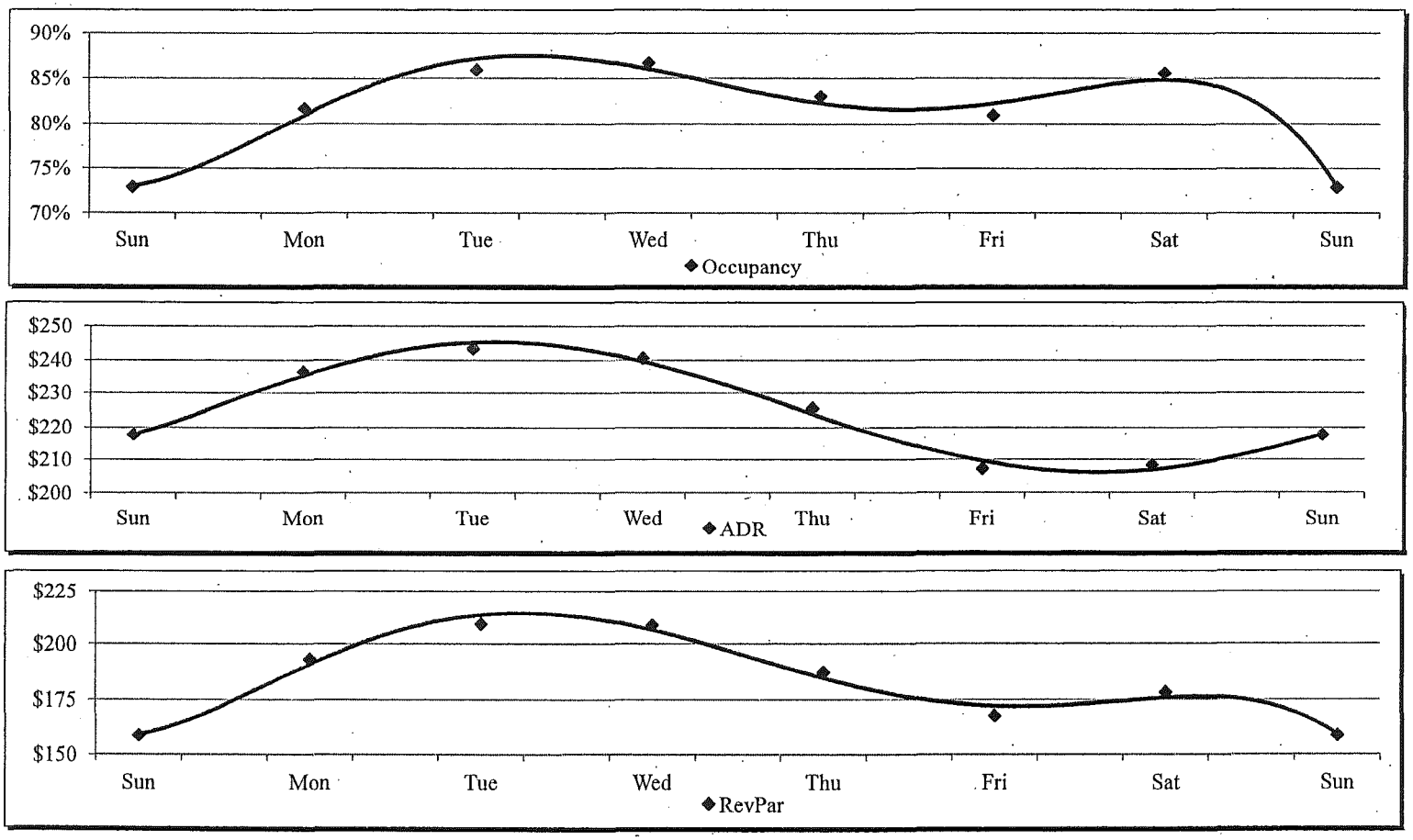
Source: STR

1570

EXHIBIT VI-2

MACRO MARKET TRENDS
HOTEL MARKET AREA, CENTRAL SAN FRANCISCO
2007 THROUGH 1Q 2013

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Occupancy	73%	82%	86%	87%	83%	81%	86%
ADR	$217.65	$236.49	$243.30	$240.57	$225.50	$207.27	$208.24
RevPar	$158.69	$193.14	$209.12	$208.59	$187.24	$167.80	$178.19



Source: STR

EXHIBIT VI-3

CURRENT HOTEL INVENTORY
HOTEL MARKET AREA
APRIL 2013

Hotel/Chain	Location	Neighborhood	Number of Rooms	Open Date	Occupancy		Best Avail Rate		APR (1)	Mix of Occupants	
					Weekday	Weekend	Low	High		Bus.	Leis.
Luxury											
Four Seasons San Francisco	757 Market St	SoMa	277	Oct-01	97%	60%	$475	$695	$592	70%	30%
St Regis San Francisco	125 3rd St	SoMa	260	Nov-05	95%	85%	$475	$625	$557	60%	40%
Mandarin Oriental	222 Sansome St	FiDi	158	May-87	NA	NA	$395	$595	$534	70%	30%
Fairmont San Francisco	950 Mason St	Nob Hill	591	Apr-07	85%	100%	$359	$669	$504	50%	50%
Ritz Carlton San Francisco	600 Stockton St	FiDi	336	Apr-91	NA	NA	$395	$595	$498	50%	50%
W Hotel San Francisco	181 3rd St	SoMa	410	May-99	90%	90%	$319	$689	$442	70%	30%
The Huntington Hotel - Preferred	1075 California St	Nob Hill	135	Jun-47	85%	95%	$259	$410	$361	60%	40%
Luxury Collection Palace Hotel	2 New Montgomery St	SoMa	553	Jan-00	87%	78%	$270	$389	$333	50%	50%
InterContinental Mark Hopkins	1 Nob Hill	Nob Hill	380	Jun-26	96%	94%	$249	$369	$293	65%	35%
		Total/Average:	**3,100**	**1962**	**91%**	**86%**	**$346**	**$560**	**$446**	**59%**	**41%**
Upscale											
Taj Group Campton Place	340 Stockton St	Union Square	110	Jun-83	NA	NA	$300	$675	$459	60%	40%
Nikko Hotel San Francisco	222 Mason St	Union Square	532	Oct-87	NA	NA	$219	$489	$345	65%	35%
JW Marriott - Union Square	500 Post St	Union Square	337	Sep-87	90%	95%	$269	$404	$343	60%	40%
Omni San Francisco Hotel	500 California St	FiDi	362	Feb-02	99%	93%	$245	$399	$336	60%	40%
Westin San Francisco Market Street	50 3rd St	SoMa	676	Apr-83	NA	NA	$219	$369	$322	80%	20%
Hyatt Grand San Francisco	345 Stockton St	Union Square	685	Jan-73	90%	90%	$209	$469	$319	80%	20%
Westin St Francis Union Square	335 Powell St	Union Square	1,195	Mar-04	97%	99%	$189	$399	$301	80%	20%
Hilton San Francisco - FiDi	750 Kearny St	FiDi	544	Nov-70	85%	80%	$269	$389	$297	75%	25%
Renaissance Stanford Court Hotel	905 California St	Nob Hill	393	Jun-73	90%	90%	$189	$379	$283	40%	60%
Hilton San Francisco - Union Square	333 Ofarrell St	Union Square	1,908	Aug-64	90%	85%	$159	$419	$265	80%	20%
Marriott Marquis	55 4th St	SoMa	1,498	Oct-89	95%	95%	$179	$329	$250	70%	30%
		Total/Average:	**8,240**	**1974**	**92%**	**91%**	**$199**	**$402**	**$294**	**73%**	**27%**
	Luxury & Upscale Total/Average:		**11,340**	**1969**	**91%**	**89%**	**$239**	**$446**	**$335**	**69%**	**31%**

(1) Average Published Rate

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EXHIBIT VI-4

MAP OF COMPARABLE HOTELS
HOTEL MARKET AREA
APRIL 2013

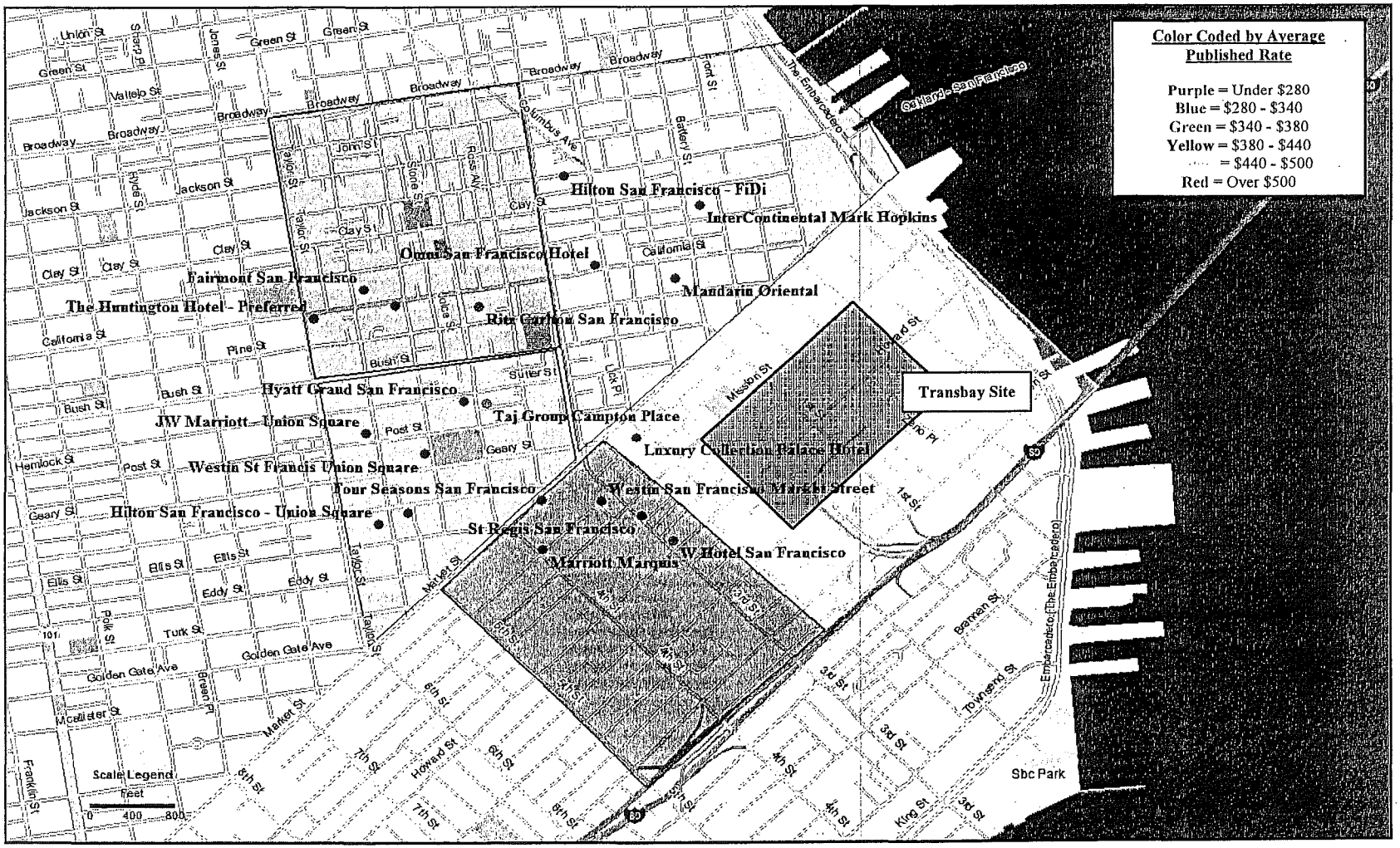

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EXHIBIT VI-5

BUILDING TRANSACTIONS - HOTEL
SAN FRANCISCO, CALIFORNIA
APRIL 2013

Property	Neighborhood	Seller	Buyer	Sale Date	Rooms	Price $	Price Per Key	Notes
Sales Comps - Hotels								
Fairmont San Francisco	Nob Hill	Maritz, Wolff & Co.	Woodridge Capital Partners	May-12	591	$200,000,000	$338,409	
Hotel Milano	SoMa	--	Pebblebrook Hotel Trust	Apr-12	108	30,000,000	277,778	
Hotel Palomar	SoMa	--	Pebblebrook Hotel Trust	Oct-12	196	58,000,000	295,918	
Hotel Rex	Union Square	--	DiamondRock Hospitality	Nov-12	94	29,500,000	313,830	
Parc 55 Wyndham	Union Square	Rockpoint Group	Blackstone Group	Mar-12	1,015	235,000,000	231,527	Distress Sale - Rockpoint defaulted
Hotel Frank	Union Square	AEW Capital	Offshore Investor	Oct-12	153	32,000,000	209,150	
Total:			**6 Hotel Sales**		**2,157**	**$584,500,000**		
Average:					**360**	**$97,416,667**	**$277,769**	

EXHIBIT IV-6

PROUCT POSITIONING - HOTEL
HOTEL MARKET AREA; SAN FRANCISCO, CALIFORNIA
APRIL 2013

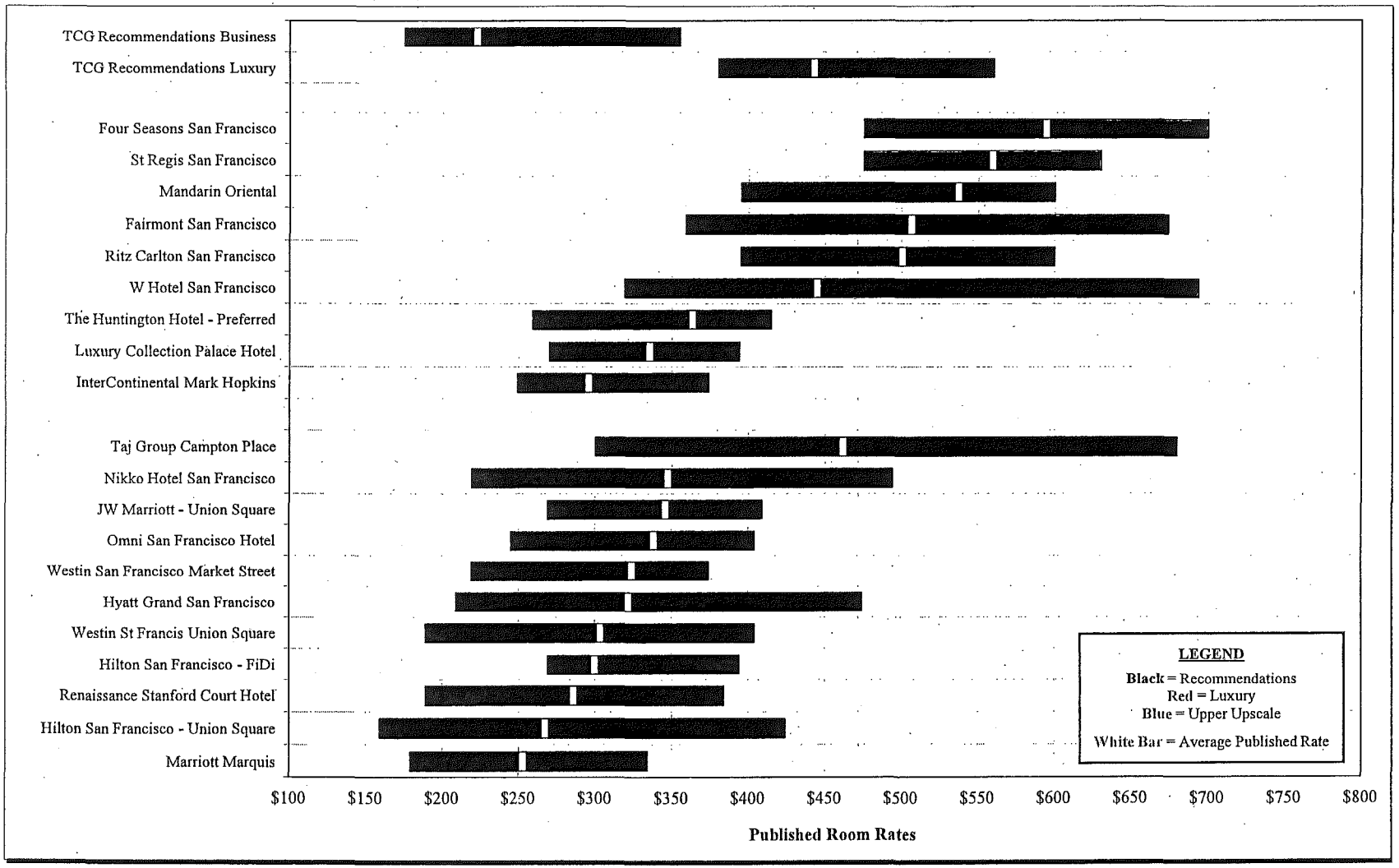

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EXHIBIT VI-7

VALUE PROJECTION - HOTEL
TRANSBAY
FEBRUARY 2013

I. Hotel Positioning

	Business Hotel Per Room per Night	Top Flag Luxury Hotel Per Room per Night
Average Daily Rate	$220	$440

II. Hotel Values - Blended Rates

		Business Hotel	Top Flag Luxury Hotel
Base Positioning		$220	$440
Vacancy Loss	30%	$154	$308
Other Revenue	5%	$8	$15
Total Revenue		$162	$323
OpEx	55%	$89	$178
NOI per Key		$65	$130
Annual NOI per Key		$23,749	$47,497
Cap Rate		7.5%	6.5%
Cap Value per Key		$316,650	$730,730
Value per SF		**$528**	**$1,218**

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EXHIBIT A

CITY AND COUNTY OF SAN FRANCISCO
Community Facilities District No. 2014-1
(Transbay Transit Center)

DESCRIPTION OF FACILITIES TO BE FINANCED BY THE CFD

City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (the "CFD") will pay or finance all or a portion of the costs of the following facilities (the "Facilities"). The Facilities will be constructed, whether or not acquired in their completed states, pursuant to the plans and specifications approved by the City and County of San Francisco (the "City") or other applicable public agencies.

FACILITIES

I. Streetscape and Pedestrian Improvements

Primary Streets (Mission, Howard, Folsom, Fremont, 1st, 2nd, New Montgomery): Improve existing primary streets in the Transit Center District, including Mission, Howard, Folsom, Fremont, 1st, 2nd, and New Montgomery Streets. Improvements would include sidewalk widening to accommodate additional pedestrian traffic from new development and the Transbay Transit Center, pedestrian and streetscape amenities, bicycle facilities, transit upgrades such as dedicated transit lanes, boarding islands, enhanced shelters and curb extensions to serve transit stops, and roadway circulation, parking, and loading changes. Recommended changes to Primary Streets would be informed by traffic studies to be funded by the CFD.

Living Streets (Beale, Main, and Spear Streets North of Folsom to Market Street): Improve Beale, Main, and Spear Streets from Folsom Street to Market Street by significantly expanding the sidewalk on one side of each street to approximately 30 feet and reducing the number of traffic lanes to one lane in either direction. Beale and Main Streets would feature a bike lane in the direction of traffic. Within the widened sidewalks, the Living Streets would include linear park space along the length of each block and provide additional open space and pedestrian amenities. The enhancements would include pedestrian amenities, street trees and landscaping, pedestrian lighting, street furniture, pocket parks, active uses, and curb extensions.

Alleys (Stevenson, Jessie, Minna, Natoma, Tehama, Clementina Street): Improve Stevenson, Jessie, Minna, Natoma, Tehama, Clementina Streets and other alleys within the project area. Alley improvements would include a variety of pedestrian improvements, including sidewalk widening, landscaping, pedestrian lighting, and street furniture, and potential redesign as single-surface shared pedestrian/vehicle ways.

Fremont/Folsom Freeway Off-Ramp Realignment: Realign the Fremont/Folsom Bay Bridge off-ramp so that it creates a "T" intersection with Fremont Street. This would enhance the safety of pedestrians crossing the off-ramp by standardizing the alignment of the off-ramp and improve the conditions along Folsom Street, planned as a major pedestrian boulevard.

Mid-block Crossings: Analyze and build new crosswalks at various mid-block locations in the Project Area. Mid-block crosswalks would include crosswalk striping at a

minimum. They may also include new traffic signals, curb extensions, and other pedestrian safety features as appropriate.

Signalization: Upgrade or install traffic signals at approximately 25 intersections in the Project Area. Traffic signal upgrades would be done in conjunction with overall circulation and street improvements in the Project Area.

Natoma Street: Create a pedestrian plaza and link to the Transit Center between 1st and 2nd Streets. The western two-thirds of Natoma Street between First and Second Streets would be closed to vehicles. Service vehicles and deliveries may be able to access this portion of Natoma Street during night and early morning hours before peak transit and retail times. The eastern one-third of Natoma Street (nearest to First Street) would remain open to vehicles to maintain access to parking and loading for existing buildings on the north side of Howard Street. The pedestrian space would include a new curbless single-surface space including decorative paving, pedestrian lighting, landscaping, and street furniture.

Casual Carpool waiting area improvements: Improve drop-off and pick-up zones at casual carpool locations in the Project Area, including sufficient sidewalk waiting and passenger loading/unloading space and amenities, including shelters, seating, informational signage and other supportive services.

II. Transit and Other Transportation

Transit Delay Mitigation: Pay for the purchase of new transit vehicles to mitigate transportation impacts attributable to increased Project Area congestion.

BART Station Capacity: Enhance capacity constraints at Embarcadero and Montgomery Stations regarding crowding on platforms, vertical circulation, and the "dwell time" required for trains to load and unload passengers, which would be exacerbated by the additional transit riders brought on by new development and the Transbay Transit Center. Potential capacity enhancement measures could include additional vertical circulation (e.g. stairwells, escalators, and elevators), additional fare gates, improvements to the train control system to allow for more frequent service, platform edge doors, and better real-time public information displays on train arrivals at concourse and street levels.

Congestion Charging Pilot: Study, design and construct capital improvements relating to a congestion charging pilot program, potentially including fare booths, signals, electronic monitoring equipment, and the like. Conduct necessary analyses to inform the appropriate triggers, mechanisms, and capital improvements required for a congestion pricing pilot program to manage traffic volumes entering and exiting the CFD.

Underground Pedestrian Connector: Create an underground pedestrian tunnel connecting the Transbay Transit Center with the Embarcadero BART/Muni Metro Station, increasing circulation space available for pedestrians and creating a seamless link between the two transit stations.

Downtown Rail Extension (DTX): Extend the Caltrain rail tracks to the new Transbay Transit Center to accommodate Caltrain and California High Speed Rail, and construct the train components of the Transit Center building including associated systems. The funding would pay for the planning, engineering, right-of-way acquisition, and construction of the DTX.

III. Public Open space

City Park: Plan, design and construct public open space on the roof of the Transbay Transit Center.

City Park Connections: Provide connections to the Transbay Transit Center's City Park from adjacent private buildings or from public streets and plazas. Connections could include sky bridges, or connections from ground level to park level, such as elevators, escalators, funiculars, gondolas or similar means of conveying people to City Park. Connections would be required to be publicly accessible during standard hours so that members of the public could easily access City Park.

2nd and Howard Public Plaza: Create an approximately 0.5-acre open space at the corner of 2nd and Howard Streets, on a grouping of parcels located on top of the future train tunnel. The open space would serve as a major access point to the adjacent Transbay Transit Center, including featuring a possible connection to the elevated City Park on the roof of the Transit Center. The open space design would be determined through a public design process.

Transbay Park: Transbay Park would be a new approximately 1.1-acre park, located between Main, Beale, Tehama, and Clementina Streets. The Park would provide a mix of active and passive recreation spaces.

Chinatown Open Space Improvements: Improvements to multiple public open spaces in Chinatown whose use would be increased by new development in the Project Area. The open space improvements may include enhancements to Portsmouth Square, a new open space at the Chinatown Central Subway Station, and improvements to other Chinatown parks. Specific open space improvements would be determined through a public design process.

Other Downtown Open Space Improvements: Improvements to multiple public open spaces in Downtown, whose use would be increased by new development in the Project Area. Specific locations for open space improvements have not been identified yet.

Mission Square: Public plaza at the entrance to the new Transbay Transit Center at the corner of Fremont and Mission Streets. The plaza would create passive open space and circulation space for people entering and exiting the Transit Center and the adjacent Transit Tower development.

Under-Ramp Park: Under-Ramp Park would be a new system of open spaces, built adjacent to and under the Bay Bridge off-ramps and bus ramps to the Transbay Transit

Center, between Harrison, Howard, First, and Second Streets. The Park would provide a mix of active and passive recreation spaces.

IV. Other Transit Center District Public Improvements

The Facilities include the other public improvements not listed above but described in the Transit Center District Plan Program Implementation Document, dated May 16, 2012, as such Document may be amended from time to time.

The costs to be financed include the costs of the acquisition of right-of-way (including right-of-way that is intended to be dedicated by the recording of a final map), the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, costs related to landscaping and irrigation, soils testing, permits, plan check and inspection fees, insurance, legal and related overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing.

OTHER

The CFD may also finance any of the following:

1. Bond or other debt-related expenses, including underwriters discount, reserve fund, capitalized interest, letter of credit fees and expenses, bond and disclosure counsel fees and expenses, bond remarketing costs, and all other incidental expenses.
2. Administrative fees of the City and the bond trustee or fiscal agent related to the CFD and the bonds or other debt.

3. Reimbursement of costs related to the formation of the CFD advanced by the City, the landowner(s) in the CFD, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City, the landowner(s) in the CFD or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the CFD.

4. The CFD may also pay in full all amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay or any indebtedness secured by any tax, fee, charge, or assessment levied within the area of the CFD or may pay debt service on that indebtedness. In addition, tax revenues of the CFD may be used to make lease or debt service payments on any lease, lease-purchase contract, or certificate of participation used to finance facilities authorized to be financed by the CFD.

EXHIBIT B

CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)

AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Taxable Parcel in the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) shall be levied and collected according to the tax liability determined by the Administrator through the application of the appropriate amount or rate for Square Footage within Taxable Buildings, as described below. All Taxable Parcels in the CFD shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City and TJPA carrying out duties with respect to CFD No. 2014-1 and the Bonds, including, but not limited to, levying and collecting the Special Tax, the fees and expenses of legal counsel, charges levied by the City Controller's Office and/or the City Treasurer and Tax Collector's Office, costs related to property owner inquiries regarding the Special Tax, costs associated with appeals or requests for interpretation associated with the Special Tax and this RMA, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with any continuing disclosure requirements for the Bonds and the Special Tax, costs associated with foreclosure and collection of delinquent Special Taxes, and all other costs and expenses of the City and TJPA in any way related to the establishment or administration of the CFD.

"Administrator" means the Director of the Office of Public Finance who shall be responsible for administering the Special Tax according to this RMA.

"Affordable Housing Project" means a residential or primarily residential project, as determined by the Zoning Authority, within which all Residential Units are Below Market Rate Units. All Land Uses within an Affordable Housing Project are exempt from the Special Tax, as provided in Section G and are subject to the limitations set forth in Section D.4 below.

"**Airspace Parcel**" means a parcel with an assigned Assessor's Parcel number that constitutes vertical space of an underlying land parcel.

"**Apartment Building**" means a residential or mixed-use Building within which none of the Residential Units have been sold to individual homebuyers.

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

"**Assessor's Parcel Map**" means an official map of the County Assessor designating Parcels by Assessor's Parcel number.

"**Authorized Facilities**" means those public facilities authorized to be funded by the CFD as set forth in the CFD formation proceedings.

"**Base Special Tax**" means the Special Tax per square foot that is used to calculate the Maximum Special Tax that applies to a Taxable Parcel pursuant to Sections C.1 and C.2 of this RMA. The Base Special Tax shall also be used to determine the Maximum Special Tax for any Net New Square Footage added to a Taxable Building in the CFD in future Fiscal Years.

"**Below Market Rate Units**" or "**BMR Units**" means all Residential Units within the CFD that have a deed restriction recorded on title of the property that (i) limits the rental price or sales price of the Residential Unit, (ii) limits the appreciation that can be realized by the owner of such unit, or (iii) in any other way restricts the current or future value of the unit.

"**Board**" means the Board of Supervisors of the City, acting as the legislative body of CFD No. 2014-1.

"**Bonds**" means bonds or other debt (as defined in the Act), whether in one or more series, issued, incurred, or assumed by the CFD related to the Authorized Facilities.

"**Building**" means a permanent enclosed structure that is, or is part of, a Conditioned Project.

"**Building Height**" means the number of Stories in a Taxable Building, which shall be determined based on the highest Story that is occupied by a Land Use. If only a portion of a Building is a Conditioned Project, the Building Height shall be determined based on the highest Story that is occupied by a Land Use regardless of where in the Building the Taxable Parcels are located. If there is any question as to the Building Height of any Taxable Building in the CFD, the Administrator shall coordinate with the Zoning Authority to make the determination.

"**Certificate of Exemption**" means a certificate issued to the then-current record owner of a Parcel that indicates that some or all of the Square Footage on the Parcel has prepaid the Special Tax obligation or has paid the Special Tax for thirty Fiscal Years and, therefore, such Square Footage shall, in all future Fiscal Years, be exempt from the levy of Special Taxes in the CFD. The Certificate of Exemption shall identify (i) the Assessor's Parcel number(s) for the Parcel(s)

on which the Square Footage is located, (ii) the amount of Square Footage for which the exemption is being granted, (iii) the first and last Fiscal Year in which the Special Tax had been levied on the Square Footage, and (iv) the date of receipt of a prepayment of the Special Tax obligation, if applicable.

"Certificate of Occupancy" or **"COO"** means the first certificate, including any temporary certificate of occupancy, issued by the City to confirm that a Building or a portion of a Building has met all of the building codes and can be occupied for residential and/or non-residential use. For purposes of this RMA, "Certificate of Occupancy" shall not include any certificate of occupancy that was issued prior to January 1, 2013 for a Building within the CFD; however, any subsequent certificates of occupancy that are issued for new construction or expansion of the Building shall be deemed a Certificate of Occupancy and the associated Parcel(s) shall be categorized as Taxable Parcels if the Building is, or is part of, a Conditioned Project and a Tax Commencement Letter has been provided to the Administrator for the Building.

"CFD" or **"CFD No. 2014-1"** means the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center).

"Child Care Square Footage" means, collectively, the Exempt Child Care Square Footage and Taxable Child Care Square Footage within a Taxable Building in the CFD.

"City" means the City and County of San Francisco.

"Conditioned Project" means a Development Project that, pursuant to Section 424 of the Planning Code, is required to participate in funding Authorized Facilities through the CFD and, therefore, is subject to the levy of the Special Tax when Buildings (or portions thereof) within the Development Project become Taxable Buildings.

"Converted Apartment Building" means a Taxable Building that had been designated as an Apartment Building within which one or more Residential Units are subsequently sold to a buyer that is not a Landlord.

"Converted For-Sale Unit" means, in any Fiscal Year, an individual Market Rate Unit within a Converted Apartment Building for which an escrow has closed, on or prior to June 30 of the preceding Fiscal Year, in a sale to a buyer that is not a Landlord.

"County" means the City and County of San Francisco.

"CPC" means the Capital Planning Committee of the City and County of San Francisco, or if the Capital Planning Committee no longer exists, "CPC" shall mean the designated staff member(s) within the City and/or TJPA that will recommend issuance of Tax Commencement Authorizations for Conditioned Projects within the CFD.

"Development Project" means a residential, non-residential, or mixed-use development that includes one or more Buildings, or portions thereof, that are planned and entitled in a single application to the City.

"Exempt Child Care Square Footage" means Square Footage within a Taxable Building that, at the time of issuance of a COO, is determined by the Zoning Authority to be reserved for one or more licensed child care facilities. If a prepayment is made in association with any Taxable Child Care Square Footage, such Square Footage shall also be deemed Exempt Child Care Square Footage beginning in the Fiscal Year following receipt of the prepayment.

"Exempt Parking Square Footage" means the Square Footage of parking within a Taxable Building that, pursuant to Sections 151.1 and 204.5 of the Planning Code, is estimated to be needed to serve Land Uses within a building in the CFD, as determined by the Zoning Authority. If a prepayment is made in association with any Taxable Parking Square Footage, such Square Footage shall also be deemed Exempt Parking Square Footage beginning in the Fiscal Year following receipt of the prepayment.

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

"For-Sale Residential Square Footage" or **"For-Sale Residential Square Foot"** means Square Footage that is or is expected to be part of a For-Sale Unit. The Zoning Authority shall make the determination as to the For-Sale Residential Square Footage within a Taxable Building in the CFD. For-Sale Residential Square Foot means a single square-foot unit of For-Sale Residential Square Footage.

"For-Sale Unit" means (i) in a Taxable Building that is not a Converted Apartment Building: a Market Rate Unit that has been, or is available or expected to be, sold, and (ii) in a Converted Apartment Building, a Converted For-Sale Unit. The Administrator shall make the final determination as to whether a Market Rate Unit is a For-Sale Unit or a Rental Unit.

"Indenture" means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which CFD No. 2014-1 Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Initial Annual Adjustment Factor" means, as of July 1 of any Fiscal Year, the Annual Infrastructure Construction Cost Inflation Estimate published by the Office of the City Administrator's Capital Planning Group and used to calculate the annual adjustment to the City's development impact fees that took effect as of January 1 of the prior Fiscal Year pursuant to Section 409(b) of the Planning Code, as may be amended from time to time. If changes are made to the office responsible for calculating the annual adjustment, the name of the inflation index, or the date on which the development fee adjustment takes effect, the Administrator shall continue to rely on whatever annual adjustment factor is applied to the City's development impact fees in order to calculate adjustments to the Base Special Taxes pursuant to Section D.1 below. Notwithstanding the foregoing, the Base Special Taxes shall, in no Fiscal Year, be increased or decreased by more than four percent (4%) of the amount in effect in the prior Fiscal Year.

"**Initial Square Footage**" means, for any Taxable Building in the CFD, the aggregate Square Footage of all Land Uses within the Building, as determined by the Zoning Authority upon issuance of the COO.

"**IPIC**" means the Interagency Plan Implementation Committee, or if the Interagency Plan Implementation Committee no longer exists, "IPIC" shall mean the designated staff member(s) within the City and/or TJPA that will recommend issuance of Tax Commencement Authorizations for Conditioned Projects within the CFD.

"**Land Use**" means residential, office, retail, hotel, parking, or child care use. For purposes of this RMA, the City shall have the final determination of the actual Land Use(s) on any Parcel within the CFD.

"**Landlord**" means an entity that owns at least twenty percent (20%) of the Rental Units within an Apartment Building or Converted Apartment Building.

"**Market Rate Unit**" means a Residential Unit that is not a Below Market Rate Unit.

"**Maximum Special Tax**" means the greatest amount of Special Tax that can be levied on a Taxable Parcel in the CFD in any Fiscal Year, as determined in accordance with Section C below.

"**Net New Square Footage**" means any Square Footage added to a Taxable Building after the Initial Square Footage in the Building has paid Special Taxes in one or more Fiscal Years.

"**Office/Hotel Square Footage**" or "**Office/Hotel Square Foot**" means Square Footage that is or is expected to be: (i) Square Footage of office space in which professional, banking, insurance, real estate, administrative, or in-office medical or dental activities are conducted, (ii) Square Footage that will be used by any organization, business, or institution for a Land Use that does not meet the definition of For-Sale Residential Square Footage Rental Residential Square Footage, or Retail Square Footage, including space used for cultural, educational, recreational, religious, or social service facilities, (iii) Taxable Child Care Square Footage, (iv) Square Footage in a residential care facility that is staffed by licensed medical professionals, and (v) any other Square Footage within a Taxable Building that does not fall within the definition provided for other Land Uses in this RMA. Notwithstanding the foregoing, street-level retail bank branches, real estate brokerage offices, and other such ground-level uses that are open to the public shall be categorized as Retail Square Footage pursuant to the Planning Code. Office/Hotel Square Foot means a single square-foot unit of Office/Hotel Square Footage.

For purposes of this RMA, "Office/Hotel Square Footage" shall also include Square Footage that is or is expected to be part of a non-residential structure that constitutes a place of lodging, providing temporary sleeping accommodations and related facilities. All Square Footage that shares an Assessor's Parcel number within such a non-residential structure, including Square Footage of restaurants, meeting and convention facilities, gift shops, spas, offices, and other related uses shall be categorized as Office/Hotel Square Footage. If there are separate Assessor's Parcel numbers for these other uses, the Administrator shall apply the Base Special Tax for

Retail Square Footage to determine the Maximum Special Tax for Parcels on which a restaurant, gift shop, spa, or other retail use is located or anticipated, and the Base Special Tax for Office/Hotel Square Footage shall be used to determine the Maximum Special Tax for Parcels on which other uses in the building are located. The Zoning Authority shall make the final determination as to the amount of Office/Hotel Square Footage within a building in the CFD.

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

"Proportionately" means that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Taxable Parcels.

"Rental Residential Square Footage" or **"Rental Residential Square Foot"** means Square Footage that is or is expected to be used for one or more of the following uses: (i) Rental Units, (ii) any type of group or student housing which provides lodging for a week or more and may or may not have individual cooking facilities, including but not limited to boarding houses, dormitories, housing operated by medical institutions, and single room occupancy units, or (iii) a residential care facility that is not staffed by licensed medical professionals. The Zoning Authority shall make the determination as to the amount of Rental Residential Square Footage within a Taxable Building in the CFD. Rental Residential Square Foot means a single square-foot unit of Rental Residential Square Footage.

"Rental Unit" means (i) all Market Rate Units within an Apartment Building, and (ii) all Market Rate Units within a Converted Apartment Building that have yet to be sold to an individual homeowner or investor. "Rental Unit" shall not include any Residential Unit which has been purchased by a homeowner or investor and subsequently offered for rent to the general public. The Administrator shall make the final determination as to whether a Market Rate Unit is a For-Sale Unit or a Rental Unit.

"Retail Square Footage" or **"Retail Square Foot"** means Square Footage that is or, based on the Certificate of Occupancy, will be Square Footage of a commercial establishment that sells general merchandise, hard goods, food and beverage, personal services, and other items directly to consumers, including but not limited to restaurants, bars, entertainment venues, health clubs, laundromats, dry cleaners, repair shops, storage facilities, and parcel delivery shops. In addition, all Taxable Parking Square Footage in a Building, and all street-level retail bank branches, real estate brokerages, and other such ground-level uses that are open to the public, shall be categorized as Retail Square Footage for purposes of calculating the Maximum Special Tax pursuant to Section C below. The Zoning Authority shall make the final determination as to the amount of Retail Square Footage within a Taxable Building in the CFD. Retail Square Foot means a single square-foot unit of Retail Square Footage.

"Residential Unit" means an individual townhome, condominium, live/work unit, or apartment within a Building in the CFD.

"**Residential Use**" means (i) any and all Residential Units within a Taxable Building in the CFD, (ii) any type of group or student housing which provides lodging for a week or more and may or may not have individual cooking facilities, including but not limited to boarding houses, dormitories, housing operated by medical institutions, and single room occupancy units, and (iii) a residential care facility that is not staffed by licensed medical professionals.

"**RMA**" means this Rate and Method of Apportionment of Special Tax.

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

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

"**Square Footage**" means, for any Taxable Building in the CFD, the net saleable or leasable square footage of each Land Use on each Taxable Parcel within the Building, as determined by the Zoning Authority. If a building permit is issued to increase the Square Footage on any Taxable Parcel, the Administrator shall, in the first Fiscal Year after the final building permit inspection has been conducted in association with such expansion, work with the Zoning Authority to recalculate (i) the Square Footage of each Land Use on each Taxable Parcel, and (ii) the Maximum Special Tax for each Taxable Parcel based on the increased Square Footage. The final determination of Square Footage for each Land Use on each Taxable Parcel shall be made by the Zoning Authority.

"**Story**" or "**Stories**" means a portion or portions of a Building, except a mezzanine as defined in the City Building Code, included between the surface of any floor and the surface of the next floor above it, or if there is no floor above it, then the space between the surface of the floor and the ceiling next above it.

"**Taxable Building**" means, in any Fiscal Year, any Building within the CFD that is, or is part of, a Conditioned Project, and for which a Certificate of Occupancy was issued and a Tax Commencement Authorization was received by the Administrator on or prior to June 30 of the preceding Fiscal Year. If only a portion of the Building is a Conditioned Project, as determined

by the Zoning Authority, that portion of the Building shall be treated as a Taxable Building for purposes of this RMA.

"Tax Commencement Authorization" means a written authorization issued by the Administrator upon the recommendations of the IPIC and CPC in order to initiate the levy of the Special Tax on a Conditioned Project that has been issued a COO.

"Taxable Child Care Square Footage" means the amount of Square Footage determined by subtracting the Exempt Child Care Square Footage within a Taxable Building from the total net leasable square footage within a Building that is used for licensed child care facilities, as determined by the Zoning Authority.

"Taxable Parcel" means, within a Taxable Building, any Parcel that is not exempt from the Special Tax pursuant to law or Section G below. If, in any Fiscal Year, a Special Tax is levied on only Net New Square Footage in a Taxable Building, only the Parcel(s) on which the Net New Square Footage is located shall be Taxable Parcel(s) for purposes of calculating and levying the Special Tax pursuant to this RMA.

"Taxable Parking Square Footage" means Square Footage of parking in a Taxable Building that is determined by the Zoning Authority not to be Exempt Parking Square Footage.

"TJPA" means the Transbay Joint Powers Authority.

"Zoning Authority" means either the City Zoning Administrator, the Executive Director of the San Francisco Office of Community Investment and Infrastructure, or an alternate designee from the agency or department responsible for the approvals and entitlements of a project in the CFD. If there is any doubt as to the responsible party, the Administrator shall coordinate with the City Zoning Administrator to determine the appropriate party to serve as the Zoning Authority for purposes of this RMA.

B. DATA FOR CFD ADMINISTRATION

On or after July 1 of each Fiscal Year, the Administrator shall identify the current Assessor's Parcel numbers for all Taxable Parcels in the CFD. In order to identify Taxable Parcels, the Administrator shall confirm which Buildings in the CFD have been issued both a Tax Commencement Authorization and a COO.

The Administrator shall also work with the Zoning Authority to confirm: (i) the Building Height for each Taxable Building , (ii) the For-Sale Residential Square Footage, Rental Residential Square Footage, Office/Hotel Square Footage, and Retail Square Footage on each Taxable Parcel, (iii) if applicable, the number of BMR Units and aggregate Square Footage of BMR Units within the Building, (iv) whether any of the Square Footage on a Parcel is subject to a Certificate of Exemption, and (v) the Special Tax Requirement for the Fiscal Year. In each Fiscal Year, the Administrator shall also keep track of how many Fiscal Years the Special Tax has been levied on each Parcel within the CFD. If there is Initial Square Footage and Net New

Square Footage on a Parcel, the Administrator shall separately track the duration of the Special Tax levy in order to ensure compliance with Section F below.

In any Fiscal Year, if it is determined by the Administrator that (i) a parcel map or condominium plan for a portion of property in the CFD was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), and (ii) the Assessor does not yet recognize the newly-created parcels, the Administrator shall calculate the Special Tax that applies separately to each newly-created parcel, then applying the sum of the individual Special Taxes to the Assessor's Parcel that was subdivided by recordation of the parcel map or condominium plan.

C. DETERMINATION OF THE MAXIMUM SPECIAL TAX

1. Base Special Tax

Once the Building Height of, and Land Use(s) within, a Taxable Building have been identified, the Base Special Tax to be used for calculation of the Maximum Special Tax for each Taxable Parcel within the Building shall be determined based on reference to the applicable table(s) below:

FOR-SALE RESIDENTIAL SQUARE FOOTAGE

Building Height	*Base Special Tax Fiscal Year 2013-14**
1 – 5 Stories	$4.71 per For-Sale Residential Square Foot
6 – 10 Stories	$5.02 per For-Sale Residential Square Foot
11 – 15 Stories	$6.13 per For-Sale Residential Square Foot
16 – 20 Stories	$6.40 per For-Sale Residential Square Foot
21 – 25 Stories	$6.61 per For-Sale Residential Square Foot
26 – 30 Stories	$6.76 per For-Sale Residential Square Foot
31 – 35 Stories	$6.88 per For-Sale Residential Square Foot
36 – 40 Stories	$7.00 per For-Sale Residential Square Foot
41 – 45 Stories	$7.11 per For Sale Residential Square Foot
46 – 50 Stories	$7.25 per For-Sale Residential Square Foot
More than 50 Stories	$7.36 per For-Sale Residential Square Foot

RENTAL RESIDENTIAL SQUARE FOOTAGE

Building Height	*Base Special Tax Fiscal Year 2013-14**
1 – 5 Stories	$4.43 per Rental Residential Square Foot
6 – 10 Stories	$4.60 per Rental Residential Square Foot
11 – 15 Stories	$4.65 per Rental Residential Square Foot
16 – 20 Stories	$4.68 per Rental Residential Square Foot
21 – 25 Stories	$4.73 per Rental Residential Square Foot
26 – 30 Stories	$4.78 per Rental Residential Square Foot
31 – 35 Stories	$4.83 per Rental Residential Square Foot
36 – 40 Stories	$4.87 per Rental Residential Square Foot
41 – 45 Stories	$4.92 per Rental Residential Square Foot
46 – 50 Stories	$4.98 per Rental Residential Square Foot
More than 50 Stories	$5.03 per Rental Residential Square Foot

OFFICE/HOTEL SQUARE FOOTAGE

Building Height	*Base Special Tax Fiscal Year 2013-14**
1 – 5 Stories	$3.45 per Office/Hotel Square Foot
6 – 10 Stories	$3.56 per Office/Hotel Square Foot
11 – 15 Stories	$4.03 per Office/Hotel Square Foot
16 – 20 Stories	$4.14 per Office/Hotel Square Foot
21 – 25 Stories	$4.25 per Office/Hotel Square Foot
26 – 30 Stories	$4.36 per Office/Hotel Square Foot
31 – 35 Stories	$4.47 per Office/Hotel Square Foot
36 – 40 Stories	$4.58 per Office/Hotel Square Foot
41 – 45 Stories	$4.69 per Office/Hotel Square Foot
46 – 50 Stories	$4.80 per Office/Hotel Square Foot
More than 50 Stories	$4.91 per Office/Hotel Square Foot

RETAIL SQUARE FOOTAGE

Building Height	*Base Special Tax Fiscal Year 2013-14**
N/A	$3.18 per Retail Square Foot

** The Base Special Tax rates shown above for each Land Use shall escalate as set forth in Section D.1 below.*

2. Determining the Maximum Special Tax for Taxable Parcels

Upon issuance of a Tax Commencement Authorization and the first Certificate of Occupancy for a Taxable Building within a Conditioned Project that is not an Affordable Housing Project, the

Administrator shall coordinate with the Zoning Authority to determine the Square Footage of each Land Use on each Taxable Parcel. The Administrator shall then apply the following steps to determine the Maximum Special Tax for the next succeeding Fiscal Year for each Taxable Parcel in the Taxable Building:

Step 1. Determine the Building Height for the Taxable Building for which a Certificate of Occupancy was issued.

Step 2. Determine the For-Sale Residential Square Footage and/or Rental Residential Square Footage for all Residential Units on each Taxable Parcel, as well as the Office/Hotel Square Footage and Retail Square Footage on each Taxable Parcel.

Step 3. ***For each Taxable Parcel that includes only For-Sale Units,*** multiply the For-Sale Residential Square Footage by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 4. ***For each Taxable Parcel that includes only Rental Units,*** multiply the Rental Residential Square Footage by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 5. ***For each Taxable Parcel that includes only Residential Uses other than Market Rate Units,*** net out the Square Footage associated with any BMR Units and multiply the remaining Rental Residential Square Footage (if any) by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 6. ***For each Taxable Parcel that includes only Office/Hotel Square Footage,*** multiply the Office/Hotel Square Footage on the Parcel by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 7. ***For each Taxable Parcel that includes only Retail Square Footage,*** multiply the Retail Square Footage on the Parcel by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 8. ***For Taxable Parcels that include multiple Land Uses,*** separately determine the For-Sale Residential Square Footage, Rental Residential Square Footage, Office/Hotel Square Footage, and/or Retail Square Footage. Multiply the Square Footage of each Land Use by the applicable Base Special Tax from Section C.1, and sum the individual amounts to determine the aggregate Maximum Special Tax for the Taxable Parcel for the first succeeding Fiscal Year.

D. CHANGES TO THE MAXIMUM SPECIAL TAX

1. *Annual Escalation of Base Special Tax*

The Base Special Tax rates identified in Section C.1 are applicable for fiscal year 2013-14. Beginning July 1, 2014 and each July 1 thereafter, the Base Special Taxes shall be adjusted by the Initial Annual Adjustment Factor. The Base Special Tax rates shall be used to calculate the Maximum Special Tax for each Taxable Parcel in a Taxable Building for the first Fiscal Year in which the Building is a Taxable Building, as set forth in Section C.2 and subject to the limitations set forth in Section D.3.

2. *Adjustment of the Maximum Special Tax*

After a Maximum Special Tax has been assigned to a Parcel for its first Fiscal Year as a Taxable Parcel pursuant to Section C.2 and Section D.1, the Maximum Special Tax shall escalate for subsequent Fiscal Years beginning July 1 of the Fiscal Year after the first Fiscal Year in which the Parcel was a Taxable Parcel, and each July 1 thereafter, by two percent (2%) of the amount in effect in the prior Fiscal Year. In addition to the foregoing, the Maximum Special Tax assigned to a Taxable Parcel shall be increased in any Fiscal Year in which the Administrator determines that Net New Square Footage was added to the Parcel in the prior Fiscal Year.

3. *Converted Apartment Buildings*

If an Apartment Building in the CFD becomes a Converted Apartment Building, the Administrator shall rely on information from the County Assessor, site visits to the sales office, data provided by the entity that is selling Residential Units within the Building, and any other available source of information to track sales of Residential Units. In the first Fiscal Year in which there is a Converted For-Sale Unit within the Building, the Administrator shall determine the applicable Base Maximum Special Tax for For-Sale Residential Units for that Fiscal Year. Such Base Maximum Special Tax shall be used to calculate the Maximum Special Tax for all Converted For-Sale Units in the Building in that Fiscal Year. In addition, this Base Maximum Special Tax, escalated each Fiscal Year by two percent (2%) of the amount in effect in the prior Fiscal Year, shall be used to calculate the Maximum Special Tax for all future Converted For-Sale Units within the Building. Solely for purposes of calculating Maximum Special Taxes for Converted For-Sale Units within the Converted Apartment Building, the adjustment of Base Maximum Special Taxes set forth in Section D.1 shall not apply. All Rental Residential Square Footage within the Converted Apartment Building shall continue to be subject to the Maximum Special Tax for Rental Residential Square Footage until such time as the units become Converted For-Sale Units. The Maximum Special Tax for all Taxable Parcels within the Building shall escalate each Fiscal Year by two percent (2%) of the amount in effect in the prior Fiscal Year.

4. *BMR Unit/Market Rate Unit Transfers*

If, in any Fiscal Year, the Administrator determines that a Residential Unit that had previously been designated as a BMR Unit no longer qualifies as such, the Maximum Special Tax on the

new Market Rate Unit shall be established pursuant to Section C.2 and adjusted, as applicable, by Sections D.1 and D.2. If a Market Rate Unit becomes a BMR Unit after it has been taxed in prior Fiscal Years as a Market Rate Unit, the Maximum Special Tax on such Residential Unit shall not be decreased unless: (i) a BMR Unit is simultaneously redesignated as a Market Rate Unit, and (ii) such redesignation results in a Maximum Special Tax on the new Market Rate Unit that is greater than or equal to the Maximum Special Tax that was levied on the Market Rate Unit prior to the swap of units. If, based on the Building Height or Square Footage, there would be a reduction in the Maximum Special Tax due to the swap, the Maximum Special Tax that applied to the former Market Rate Unit will be transferred to the new Market Rate Unit regardless of the Building Height and Square Footage associated with the new Market Rate Unit.

5. Changes in Land Use on a Taxable Parcel

If any Square Footage that had been taxed as For-Sale Residential Square Footage, Rental Residential Square Footage, Office/Hotel Square Footage, or Retail Square Footage in a prior Fiscal Year is rezoned or otherwise changes Land Use, the Administrator shall apply the applicable subsection in Section C.2 to calculate what the Maximum Special Tax would be for the Parcel based on the new Land Use(s). If the amount determined is greater than the Maximum Special Tax that applied to the Parcel prior to the Land Use change, the Administrator shall increase the Maximum Special Tax to the amount calculated for the new Land Uses. If the amount determined is less than the Maximum Special Tax that applied prior to the Land Use change, there will be no change to the Maximum Special Tax for the Parcel. Under no circumstances shall the Maximum Special Tax on any Taxable Parcel be reduced, regardless of changes in Land Use or Square Footage on the Parcel, including reductions in Square Footage that may occur due to demolition, fire, water damage, or acts of God. In addition, if a Taxable Building within the CFD that had been subject to the levy of Special Taxes in any prior Fiscal Year becomes all or part of an Affordable Housing Project, the Parcel(s) shall continue to be subject to the Maximum Special Tax that had applied to the Parcel(s) before they became part of the Affordable Housing Project. All Maximum Special Taxes determined pursuant to Section C.2 shall be adjusted, as applicable, by Sections D.1 and D.2.

6. Prepayments

If a Parcel makes a prepayment pursuant to Section H below, the Administrator shall issue the owner of the Parcel a Certificate of Exemption for the Square Footage that was used to determine the prepayment amount, and no Special Tax shall be levied on the Parcel in future Fiscal Years unless there is Net New Square Footage added to a Building on the Parcel. Thereafter, a Special Tax calculated based solely on the Net New Square Footage on the Parcel shall be levied for up to thirty Fiscal Years, subject to the limitations set forth in Section F below. Notwithstanding the foregoing, any Special Tax that had been levied against, but not yet collected from, the Parcel is still due and payable, and no Certificate of Exemption shall be issued until such amounts are fully paid. If a prepayment is made in order to exempt Taxable Child Care Square Footage on a Parcel on which there are multiple Land Uses, the Maximum Special Tax for the Parcel shall be recalculated based on the exemption of this Child Care Square Footage which shall, after such prepayment, be designated as Exempt Child Care Square Footage and remain exempt in all Fiscal Years after the prepayment has been received.

E. METHOD OF LEVY OF THE SPECIAL TAX

Each Fiscal Year, the Special Tax shall be levied Proportionately on each Taxable Parcel up to 100% of the Maximum Special Tax for each Parcel for such Fiscal Year until the amount levied on Taxable Parcels is equal to the Special Tax Requirement.

F. COLLECTION OF SPECIAL TAX

The Special Taxes for CFD No. 2014-1 shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section H below and provided further that the City may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected from the first Fiscal Year in which a Parcel is designated as a Taxable Parcel until the principal and interest on all Bonds have been paid, the City's costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. Notwithstanding the foregoing, the Special Tax shall not be levied on any Square Footage in the CFD for more than thirty Fiscal Years, except that a Special Tax that was lawfully levied in or before the final Fiscal Year and that remains delinquent may be collected in subsequent Fiscal Years. After a Building or a particular block of Square Footage within a Building (i.e., Initial Square Footage vs. Net New Square Footage) has paid the Special Tax for thirty Fiscal Years, the then-current record owner of the Parcel(s) on which that Square Footage is located shall be issued a Certificate of Exemption for such Square Footage. Notwithstanding the foregoing, the Special Tax shall cease to be levied, and a Release of Special Tax Lien shall be recorded against all Parcels in the CFD that are still subject to the Special Tax, after the Special Tax has been levied in the CFD for seventy-five Fiscal Years.

Pursuant to Section 53321 (d) of the Act, the Special Tax levied against Residential Uses shall under no circumstances increase more than ten percent (10%) as a consequence of delinquency or default by the owner of any other Parcel or Parcels and shall, in no event, exceed the Maximum Special Tax in effect for the Fiscal Year in which the Special Tax is being levied.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on: (i) Square Footage for which a prepayment has been received and a Certificate of Exemption issued, (ii) Below Market Rate Units except as otherwise provided in Sections D.3 and D.4, (iii) Affordable Housing Projects, including all Residential Units, Retail Square Footage, and Office Square Footage within buildings that are part of an Affordable Housing Project, except as otherwise provided in Section D.4, and (iv) Exempt Child Care Square Footage.

H. PREPAYMENT OF SPECIAL TAX

The Special Tax obligation applicable to Square Footage in a building may be fully prepaid as described herein, provided that a prepayment may be made only if (i) the Parcel is a Taxable Parcel, and (ii) there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. Any prepayment made by a Parcel owner must satisfy the Special Tax obligation associated with all Square Footage on the Parcel that is subject to the Special Tax at the time the prepayment is calculated. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for the Square Footage on such Assessor's Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes. The Prepayment Amount for a Taxable Parcel shall be calculated as follows:

Step 1: Determine the Square Footage of each Land Use on the Parcel.

Step 2: Determine how many Fiscal Years the Square Footage on the Parcel has paid the Special Tax, which may be a separate total for Initial Square Footage and Net New Square Footage on the Parcel. If a Special Tax has been levied, but not yet paid, in the Fiscal Year in which the prepayment is being calculated, such Fiscal Year will be counted as a year in which the Special Tax was paid, but a Certificate of Exemption shall not be issued until such Special Taxes are received by the City's Office of the Treasurer and Tax Collector.

Step 3: Subtract the number of Fiscal Years for which the Special Tax has been paid (as determined in Step 2) from 30 to determine the remaining number of Fiscal Years for which Special Taxes are due from the Square Footage for which the prepayment is being made. This calculation would result in a different remainder for Initial Square Footage and Net New Square Footage within a building.

Step 4: Separately for Initial Square Footage and Net New Square Footage, and separately for each Land Use on the Parcel, multiply the amount of Square Footage by the applicable Maximum Special Tax that would apply to such Square Footage in each of the remaining Fiscal Years, taking into account the 2% escalator set forth in Section D.2, to determine the annual stream of Maximum Special Taxes that could be collected in future Fiscal Years.

Step 5: For each Parcel for which a prepayment is being made, sum the annual amounts calculated for each Land Use in Step 4 to determine the annual Maximum Special Tax that could have been levied on the Parcel in each of the remaining Fiscal Years.

Step 6. Calculate the net present value of the future annual Maximum Special Taxes that were determined in Step 5 using, as the discount rate for the net present value calculation, the true interest cost (TIC) on the Bonds as identified by the Office of Public Finance. If there is more than one series of Bonds outstanding at the time of the prepayment calculation, the Administrator shall determine the weighted average TIC based on the Bonds from each series that remain outstanding. The amount determined pursuant to this Step 6 is the required prepayment for each Parcel. Notwithstanding the foregoing, if at any point in time the Administrator determines that the Maximum Special Tax revenue that could be collected from Square Footage that remains subject to the Special Tax after the proposed prepayment is less than 110% of debt service on Bonds that will remain outstanding after defeasance or redemption of Bonds from proceeds of the estimated prepayment, the amount of the prepayment shall be increased until the amount of Bonds defeased or redeemed is sufficient to reduce remaining annual debt service to a point at which 110% debt service coverage is realized.

Once a prepayment has been received by the City, a Certificate of Exemption shall be issued to the owner of the Parcel indicating that all Square Footage that was the subject of such prepayment shall be exempt from Special Taxes.

I. INTERPRETATION OF SPECIAL TAX FORMULA

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

J. SPECIAL TAX APPEALS

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

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

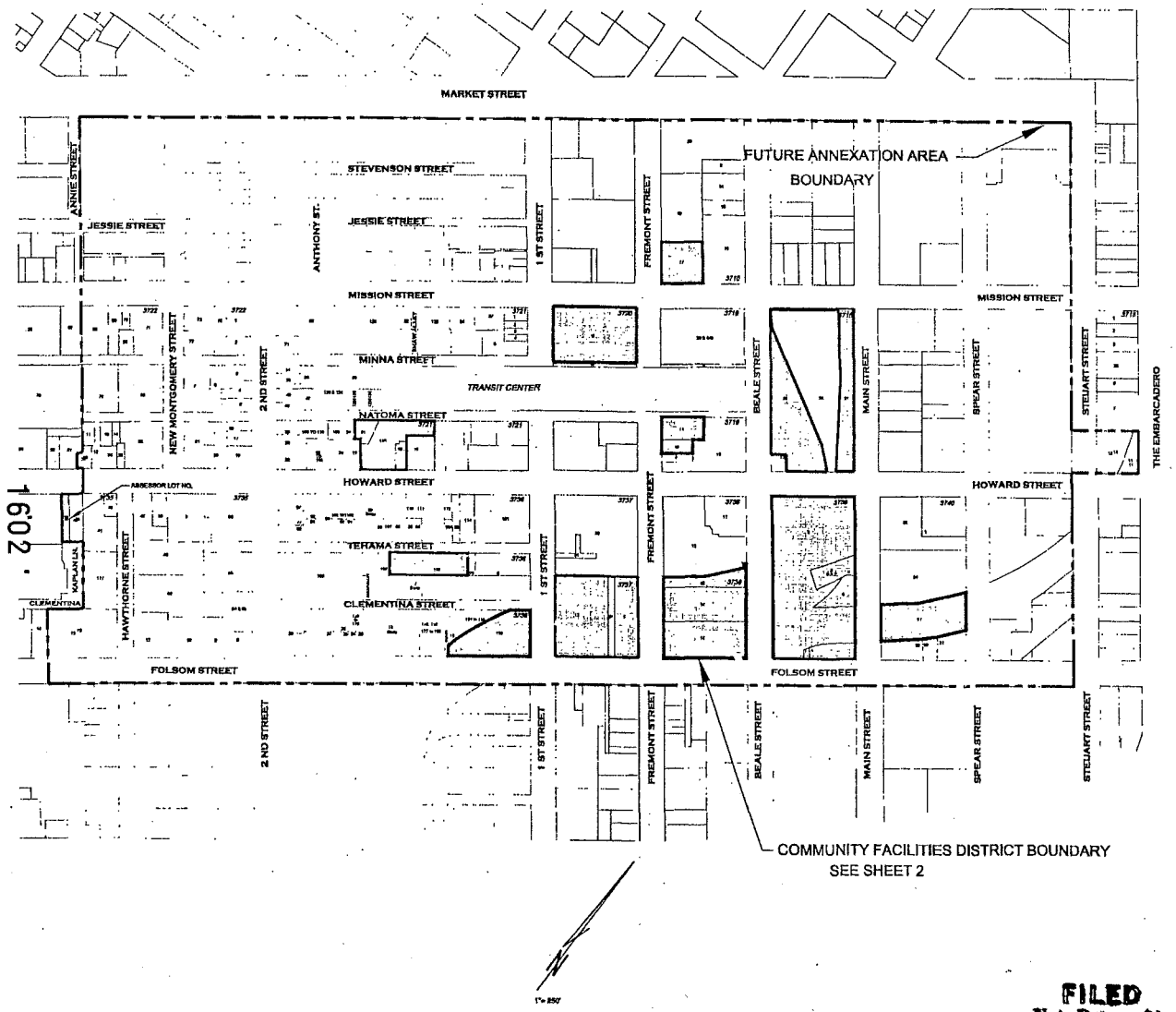
Nothing in this Section J shall be interpreted to allow a taxpayer to bring a claim that would otherwise be barred by applicable statutes of limitation set forth in the Act or elsewhere in applicable law.

Assessment/CFD Map

Proposed Boundaries of

City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center)

State of California



1. Filed in the office of the Clerk of the Board of Supervisors of the City and County of San Francisco this 3rd day of June, 2014.

Angela Calvillo
Clerk of the Board of Supervisors

2. I hereby certify that the within map showing proposed boundaries of City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center), State of California, was approved by the Board of Supervisors of the City and County of San Francisco, at a meeting thereof, held on the 15th day of July, 2014, by its Resolution No. 247-14.

Angela Calvillo
Clerk of the Board of Supervisors

3. Filed this 24th day of July, 2014, at the hour of 2 o'clock P.M., In Book 1 of Maps of Assessment and Community Facilities Districts at Page 53 in the office of the County Assessor-Recorder in the City and County of San Francisco, State of California.

Carmen Chu
Assessor-Recorder
City and County of San Francisco

LEGEND

PROPERTY WITHIN THE CFD BOUNDARY

FUTURE ANNEXATION BOUNDARY LINE

FILED
Not Returnable

San Francisco Assessor-Recorder
Carmen Chu, Assessor-Recorder
DOC- 2014-J915559-00
Rect 43-Mayor's Office Of Economic Development
Tuesday, JUL 29, 2014 14:38:11
Tkl Pd $0.00 Rcpt # 0004979748
ofa/JL/1-2

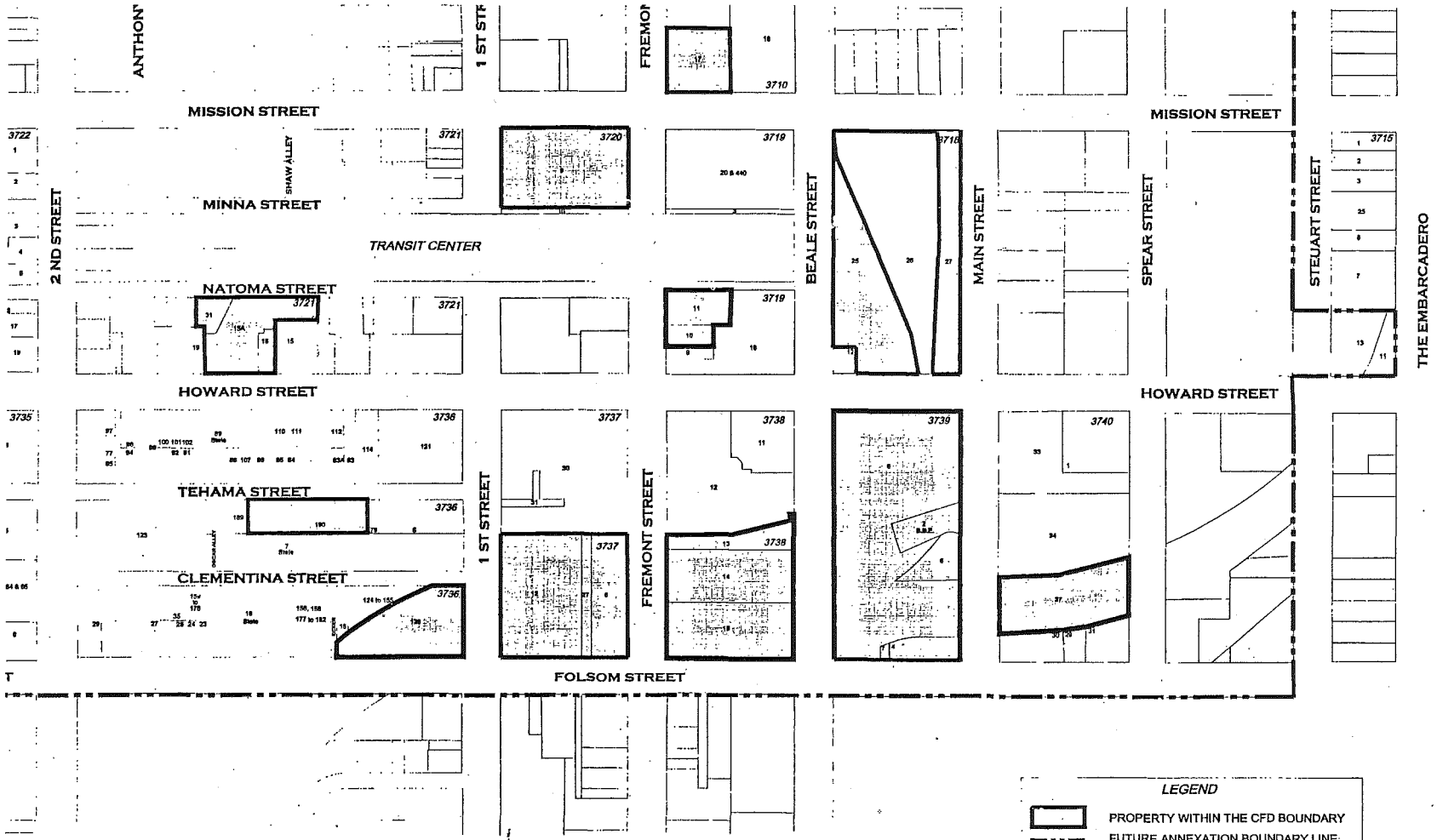
GCG
GOODWIN CONSULTING GROUP

Proposed Boundaries of

City and County of San Francisco
Community Facilities District No. 2014-1
(Transbay Transit Center)

Book 001 Page 76
Assessment/CFD Map

1603



LEGEND

- PROPERTY WITHIN THE CFD BOUNDARY
- FUTURE ANNEXATION BOUNDARY LINE
- 3740 ASSESSORS BLOCK NUMBER
- 34 ASSESSORS LOT NUMBER

1"= 150'

GCG
GOODWIN CONSULTING GROUP

SHEET 2 OF 2

BOS-11

File 140814
140815
140816

REUBEN, JUNIUS & ROSE, LLP

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 AUG 12 PM 3:20

August 12, 2014

Delivered by Hand

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Angela Calvillo, Clerk of the Board

Re: San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Legislation
Board of Supervisors ("Board") File Nos. 140644, 140645, 140814, 140815, and 140816
Reply to Ken Rich Memo of July 14, 2014 Addressed to Honorable Members, Board of Supervisors
Our File No. 7868.02

Dear Honorable Members:

On June 30, 2014, we submitted our letter (the "Reuben Letter") to your Land Use and Economic Development Committee regarding the Resolution of Intention to Establish Community Facilities District No. 2014-1 (Transbay Transit Center) and Resolution of Intention to Incur Bonded Indebtedness in an amount not to exceed $1,400,000,000 for the San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (the "CFD").

On July 14, 2014, we were provided a copy of a memorandum response from Ken Rich on behalf of the Mayor's Office of Economic and Workforce Development (the "Rich Letter"). This letter is our reply to the Rich Letter.

Before addressing the Rich Letter, it is important to understand the basic objections that the developers, owners, and project sponsors (herein, the "Owners") have to the proposed rate and method of apportionment (the "RMA") for the CFD. The Owners understood they would be required to join a CFD and have never objected to paying a special tax based on the Implementation Document. The Owners understood that in adopting the ordinance that created Section 424.8 of the Planning Code, the City incorporated the CFD parameters contained in the Implementation Document. The Implementation Document contained the calculation and justification of special tax rates (the "Rates") for the CFD. In crafting the RMA, instead of

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Sheryl Reuben[1] | David Silverman | Thomas Tunny | Jay F. Drake | John Kevlin
Lindsay M. Petrone | Melinda A. Sarjapur | Mark H. Loper | Jody Knight | Jared Eigerman[2,3] | John McInerney III[2]
1. Also admitted in New York 2. Of Counsel 3. Also admitted in Massachusetts

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incorporating the Rates established by the Implementation Document, the City unilaterally increased the special tax rates and added escalators to the special tax rates based on a new valuation study by The Concord Group (the "2013 Concord Group Study").

No such re-valuation study was even alluded to in the Implementation Document, and yet it was used to justify the provisions in the RMA. If implemented, the provisions in the RMA that were unilaterally created by the City will increase the Rates by approximately 50% over the Rates in the Implementation Document and then escalate these higher rates both before and after certificate of occupancy, resulting in a further increase of the Rates in the Implementation Document by another 50%. To put this in perspective, these changes add over $100 million in additional tax burden to the Salesforce Tower alone and similar order of magnitude increases to the other projects in the Transbay Plan Area. No reader of the Implementation Document could have reasonably anticipated any such changes.

The unilateral action by the City is representative of the basic problem that has existed with this process since the publication of the Implementation Document. Rather than forming the CFD collaboratively as is done in every other instance of CFD formation, the City has acted unilaterally, treating the CFD like a fee that is imposed by the City. Having explained the Owners' objections in the Reuben Letter in detail, we are extremely disappointed by the response you received from Ken Rich. The response makes misleading statements, mischaracterizes the content of the Implementation Document adopted by the Board and the Planning Commission, seeks to avoid critical valuation questions, and characterizes errors pointed out by the Owners as concessions made by the City as part of a public-private collaboration. We have to laboriously review the City's responses to the Board regarding the Reuben Letter to demonstrate the underlying misunderstanding of the Implementation Document and problems in the attempted dialogue by the Owners with the City.

We hope that you can take the time to review this letter closely as we believe it exhaustively examines this issues and responds to the Rich Letter. A summary of the issues covered in this letter:

1. **The Implementation Document Did Not "Expressly State" That the Rates Were "Merely Illustrative"** This contention in the Rich letter is false. There is no express statement in the Implementation Document that the Rates are "merely illustrative". Further the words "merely illustrative" or even "illustrative" do not appear in the Implementation Document, nor is there any language in it which could lead its readers to the conclusion the Rates were expressly stated as merely illustrative. This is a fundamental mischaracterization of what the Implementation Document expressly states. By contrast, there are other impact fees in the Implementation Document which are clearly described as "For Descriptive Purposes Only".

2. **City Confuses "Revenue" and "Rates"** This is a fundamental misunderstanding illustrated by the Rich Letter. The revenue projections in the Implementation Document

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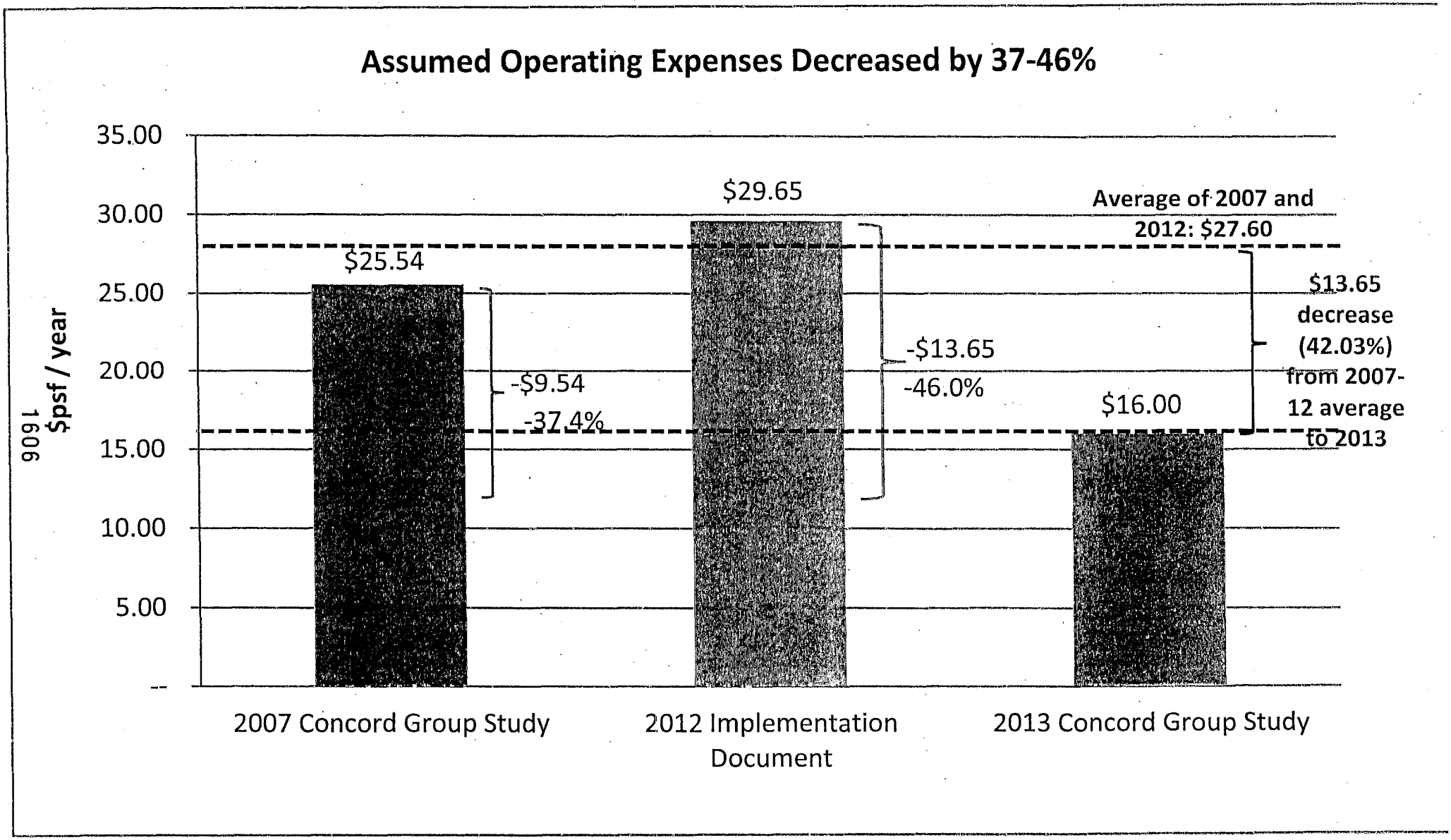
Assumed Operating Expenses Decreased by 37-46%
35.00
30.00
25.00
20.00
15.00
10.00
5.00
--
$psf / year
1606
$25.54
$29.65
$16.00
-$9.54
-37.4%
-$13.65
-46.0%
Average of 2007 and 2012: $27.60
$13.65 decrease (42.03%) from 2007-12 average to 2013
2007 Concord Group Study
2012 Implementation Document
2013 Concord Group Study

are expressly stated to be estimates only because the pace and type of development are unknown (and therefor the timing of CFD payments is unknown), but the per square foot Rates are not uncertain or subject to change, modification, or additional study. The Rates were fixed in the Implementation Document as passed unanimously at the Planning Commission and the Board of Supervisors.

3. **Annual Escalators Clearly Never Included or Contemplated by Implementation Document:** The Rich Letter's conclusory claims that annual escalators are consistent with the Implementation Document are contradicted by the plain language of, and the notable omissions in, the Implementation Document. The City improperly added features to the CFD that could not have been reasonably anticipated by readers of the Implementation Document, including annual escalators, increasing a property's CFD tax liability by up to 81% (in the final year of the tax) --a staggering increase. Moreover, annual increases fail to reflect the reality that a property's assessed value is highly cyclical.

4. **Developer Pro forma for OCII Demonstrated Reliance on Rates**: The Rich Letter misleadingly claims that there are no pro formas for redevelopment parcels purchased from OCII that demonstrate the Owners' reliance on the Implementation Document's Rates. Block 9's pro forma did just that.

5. **The Formation Study Called For By The Implementation Document Did Not Call for Re-Valuation:** The Implementation Document calls for a "detailed CFD formation study" not a new valuation based on an updated study. The formation study is intended to define the non-value criteria for the per square foot rates because it is illegal to have the rates tied to value (which is the basis the City used for developing the per square foot tax assessments). The claim that the 2013 Concord Group Study is the CFD formation study called for in the Implementation Document is absurd as it does not evaluate alternative rate arrangements or anything else called for in the Implementation Document. Once again, there simply is no language in the Implementation Document informing its readers that an updated valuation study would be undertaken, and the Implementation Document itself justifies the values and Rates as stated.

6. **Implementation Document Expressly Demonstrates That Mello-Roos Special Tax Adversely Affects Property Value**: The Implementation Document itself actually demonstrates that the CFD tax will adversely affect property (Table 5). Additionally, common sense dictates that landlords participating in the CFD will have substantial difficulty raising rents to offset the CFD costs, as competing properties in the Transit Center District that will not have to join the CFD will also benefit from the infrastructure improvements.

7. **Failure to Account for Impact of Mello-Roos Special Tax in 2013 Concord Group Study is Inconsistent with Implementation Document and Valuation Standards.** The

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2013 Concord Group Study fails to account for the costs of the CFD special taxes themselves in evaluating values. This is a fundamental flaw as it is inconsistent with the Implementation Document, violates California Debt and Investment Advisory Commission appraisal guidelines and common sense. The proffered reason for not including the CFD special taxes as a cost – the offset against the benefits of the CFD improvements – is belied by the fact that the 2013 Concord Group Study makes no attempt to subtract out the supposed benefits of the CFD improvements (which is required if there is to be an offset).

8. **Assessed Value**: The City's analysis and value conclusion in the RMA fails to adhere to a critical requirement of the Implementation Document – that the Special Tax not exceed .55% of Assessed Value. Because of the cyclicality of property values, careful consideration is required for value determination and resulting per square foot rates. Assessed values both rise and fall. If a cyclically high value is selected for the base value and property values fall significantly, the Special Tax will be in excess of .55% of Assessed Value. Unlike actual property taxes, Owners have no ability to appeal their CFD Special Taxes and have taxes adjusted to reflect reduced value like they do the Real Estate Taxes (Proposition 8).

9. **Operating Expense Error Not Addressed – This Error Accounts for 75% of the Contested Valuation Increase:** The Rich Letter glosses over arbitrarily lowering operating expenses in the RMA. This unexplained and unsupportable 46% reduction in operating expenses (between the Implementation Document and theRMA) results in an erroneous increase in projected building values of almost $250 per square foot.

10. **Owner's Objections Ignored**: Although City representatives have occasionally agreed to the Owner's requests for meetings, to-date, the City has only made changes to the RMA designed to address errors and mistakes in the initial CFD formation process, and has disregarded other problematic aspects of the CFD as currently drafted.

For clarity, we have organized our reply by the issues identified in the Rich Letter, with relevant excerpts from the Rich Letter followed by our response. Portions the Rich Letter appear in italics below. Highlights have been added for emphasis.

A. The Proposed Rates are Inconsistent with the Implementation Document.

The proposed rates in the RMA are inconsistent with the Implementation Document. The Rich Letter's conclusions and citations are misleading and do not reflect the true intent of the Implementation Document approved by this Board.

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The Rich Letter states:

> ***Developer Objection #2:*** *The proposed rates are inconsistent with proposed rates and revenues as shown in the Implementation Document.*
>
> ***City Finding #2 - Rate Consistency with Implementation Document***
> ***City Findings:*** *The proposed rates are consistent with the Implementation Document, which states that "new development...would pay a Special Tax equivalent to 0.55 percent of the assessed value of the entire development project," updated to reflect 2013 values (as proposed to be amended – see further discussion of net vs. gross square footage in paragraph 5, below). Similarly, the City updated projected revenues and expenditures to reflect rates based on 2013 values and current development assumptions consistent with the Implementation Document. The Implementation Document provided illustrative special tax rates for the different types of land uses to be covered by the CFD, which rates were lower than the rates in the Proposed RMA. The Implementation Document expressly stated that the rates listed in that document were merely illustrative, were based on 2007 values, and would be updated as part of the CFD formation process. Accordingly, it is not reasonable for the Developers to have concluded that the rates approved in the CFD legislation would not exceed the rates provided in the Implementation Document.*
>
> *City's analysis*
> *The Reuben Letter ignores this provision of the Implementation Document and, instead, relies instead on tax rates listed on page 11 of the Implementation Document. However, as explained in the Implementation Document, these rates were merely illustrations of potential rates, were based on a market analysis conducted by the Concord Group in 2007, were for purposes of projecting future revenues only, and were expressly intended to vary over time based on actual revenues. The Implementation Document makes clear on page 4 that the values in the Implementation Document would not apply: "It should be noted that the revenue projections discussed below are based on market data gathered in 2007 and updated in 2012 to reflect the best estimate of potential full-build-out of likely development sites in the Plan area over a 20- year period (and as analyzed in the Transit Center District Plan Environmental Impact Report). Actual revenues may be greater or lesser depending on economic cycles, pace of development, and the specifics of future development in the district."*

Our response:

1. <u>Per Square Foot Rates not Merely Illustrative</u>.

The City's contention that the Mello-Roos special tax rates in the Implementation Document were "expressly stated" as "merely illustrative" is false and misleading. A search of the Implementation Document clearly reveals that the words "merely illustrative" or "illustrative"

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never appear in the Implementation Document, nor is there any language in the Implementation Document that could lead the reader to the conclusion that the per square foot rates were "expressly stated" as "merely illustrative". To claim otherwise is false and misleading.

By contrast, in the section of the Implementation Document relating to the new impact fees for both Open Space and Streets & Transportation, the Implementation Document includes the following language:

> "The description of the Fee that follows is for descriptive purposes only. Fee amounts and procedures are established in the Planning Code in Section 4XX.X, et. seq., and may vary over time as periodically amended and as allowed or required by law." (emphasis added) (Page 5 under Impact Fees, Open Space and page 7 under Impact Fees, Streets & Transportation Fee - see highlighted language in attachment.)

Clearly, the author of the Implementation Document understood how to reserve the right to alter the fees that appeared in the Implementation Document and did precisely that with the language cited above. No similar language appears in the Implementation Document anywhere in the sections related to the description of the Mello-Roos Community Facilities District and the Rates to be charged.

2. Rates Based on 2012 Analysis, not 2007.

City's response that the Implementation Document Rates are not valid because they were based on a market analysis conducted by the Concord Group in 2007 is contradicted by the very passage the City cites where the Implementation Document states clearly that the market data was already updated in 2012 for the Implementation Document:

> "It should be noted that the revenue projections discussed below are based on market data gathered in 2007 and updated in 2012" (Page 4)

Under any circumstances, there is no passage, footnote, or other language suggesting that the market data and valuation in the Implementation Document is unreliable.

3. Rates Used in Implementation Document Were Not Just for Future Revenue Projections.

City's response that the Rates used in the Implementation Document "were for purposes of projecting future revenues only" is found nowhere in the Implementation Document and is in fact contradicted by the Implementation Document itself.

> "Table 5 shows the total revenues that would be generated by a CFD in the Plan Area if implemented as envisioned in the Funding Program." (Page 11, emphasis added)

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> "The table shows the total Special Tax revenues and Net Present Value of those revenues assuming that the Plan is adopted in 2012 and build-out begins in 2015" (page 11)

This paragraph clearly implies that the Rates are established if the Plan is adopted in 2012, which it was.

Indeed, the Implementation Document goes to great lengths to make it clear to the reader (Board of Supervisors, Planning Commission, and the public) that uncertainties in projections of future CFD revenue were not in the per square foot Rates themselves, but rather in the timing and nature of development, i.e., which land uses would be constructed (each paying at a different rate), and when the resulting Special Taxes would start:

> "Actual revenues may be greater or lesser depending on economic cycles, pace of development, and the specifics of future development in the district." (Page 4 – see further discussion below)

<u>If the Rates were intended to be revised, the Implementation Document would have said so in this passage.</u>

4. <u>The Proposed Rates are Inconsistent with the Implementation Document</u>

The City's contention that the proposed Rates in the RMA are consistent with the Implementation Document is misleading as the rates in the RMA are not the same as the Rates in the Implementation Document, the contention ignores a fundamental valuation error in the 2013 Concord Group Study, i.e., the significant reduction in operating expenses and the omission of the special tax cost, and the RMA adds escalators which were not considered in the Implementation Document.

The operating expense error alone results in 75% of the increase in the value estimates that were used to calculate the rates in the RMA. Owners have been attempting get the City to respond to this error for months with no explanation for the reduction in operating expenses – see more detailed discussion later in this letter (pages 17 - 19).

Additionally, the City's contention that the proposed rates in the RMA are consistent with the Implementation Document is misleading as it ignores a fundamental change in the rate methodology. The RMA includes two escalators: (i) a pre-Certificate of Occupancy ("Pre-COO") escalator and (ii) a post-Certificate of Occupancy ("Post-COO") escalator of 2% per annum. There is nothing in the Implementation Document that discusses, implies, or authorizes any Rate escalator. These Rate escalators increase the tax burden by 81% (by the final year of the Special Tax). Suggesting that this is consistent is disingenuous at best – see more detailed discussion later in this letter (pages 24 - 25).

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Please note that the Pre-COO escalator also has the potential effect of causing the tax burden on a building to differ (perhaps dramatically) from the tax burden on another building developed later of similar size and use, causing one Owner in the CFD to have a competitive advantage over another Owner in the CFD.

The City cites the following statement in the Implementation Document to justify that Owners should not rely on the Rates in the Implementation Document:

> "It should be noted that the revenue projections discussed below are based on market data gathered in 2007 and updated in 2012 to reflect the best estimate of potential full-build–out of likely development sites in the Plan area over a 20- year period (and as analyzed in the Transit Center District Plan Environmental Impact Report). Actual revenues may be greater or lesser depending on economic cycles, pace of development, and the specifics of future development in the district."

What this statement CLEARLY says is the actual ***revenues*** may vary due to economic cycles. This statement does NOT say that the Rates would be different or that different values would be used to set the Rates, or that escalators or other methodological or assessment changes were going to be proposed that would change the revenue projections. If changes in the per square foot Rates or the addition of escalators had been envisioned or contemplated, these factors would be much more significant variables in the projected revenues than the effects from timing and would clearly have been mentioned.

The Implementation Document goes to great lengths to make the reader (Board of Supervisors, Planning Commission, and the public) aware that the revenues were only estimates because the pace and type of development was uncertain, therefore the timing of revenues would be uncertain:

> "The projections of revenue in the plan are based on historical trends and the reasonable assumption that demand for commercial and residential development will at least match these average trends over time accounting for expected economic cycles" (page 4)
>
> "New development in the Plan Area is expected to occur over many years. The amount and type of development will be affected by market fluctuations and subjective decisions of individual property owners and developers." (page 11)
>
> "Because it is not possible to predict which properties might be developed in which years, the projections assume an even spread of the total Plan build-out over a 15-year period. For comparative purposes with historic construction and absorption, this build-out schedule represents an average annual production and net absorption of 400,000 gross square feet of office space. This is on par with San Francisco's downtown average production and absorption over the past two decades (and represents a little less than half

> of the annual citywide production). In actuality, development and revenues will likely occur in much more concentrated and larger lumps spread out over the build-out horizon." (page 11)

The Implementation Document is extraordinarily clear that projecting the revenues – based on the Rates established by the Implementation Document – is only uncertain due to the un-predictable timing of development. The Implementation Document makes no mention that the Rates were uncertain.

The City continuously attempts to blur the critical distinction between "revenues" and "Rates" to mislead this Board.

B. Owners Reasonably Relied on the Implementation Document Rates.

Owners reasonably relied on the Rates in the Implementation Document. Unlike revenue projections, the Implementation Document does not state that the Rates listed in Table 5 were subject to change or were projections that would be modified upon completion of additional studies. The Rich Letter attempts to explain this away with an outright false statement about the data in the Implementation Document.

The Rich Letter states:

> *City Contention - the Developers should have reasonably assumed that rates would reflect market values updated closer to the time of CFD formation – and not be locked in at 2007 values.*

Our response:

This is another incorrect statement meant to mislead the Board.

First, this statement is actually a misrepresentation of the "lock-in" date. As noted above, the Implementation Document states that market data collected in 2007 was updated in 2012 for the Implementation Document (underlining added).

> "It should be noted that the revenue projections discussed below are based on market data gathered in 2007 and updated in 2012 to reflect the best estimate of potential full-build-out of likely development sites in the Plan area over a 20- year period (and as analyzed in the Transit Center District Plan Environmental Impact Report). Actual revenues may be greater or lesser depending on economic cycles, pace of development, and the specifics of future development in the district." (Page 4)

> The Rich Letter conveniently omits the data update in 2012 from its argument because it knows that relying on the Rates in the Implementation Document is reasonable.

Second, there is no language in the Implementation Document that says Rates will be updated to reflect "market values closer to time of CFD formation."

As explained above, the revenue projections do not include any statement that the Rates applied in creating those projections were subject to change; it is the revenues that are subject to change based on the pace of development. The Implementation Document assumes that the CFD will be adopted along with the Transit Center District Plan in 2012, which it was, and that the Rates are based on the Implementation Document:

> "The table shows the total Special Tax revenues and Net Present Value of those revenues assuming that the Plan is adopted in 2012 and build-out begins in 2015" (page 11)

C. Block 9's Pro Forma Demonstrates Reasonable Reliance on the Implementation Document Rates.

The Rich Letter falsely claims that there are no pro formas for redevelopment parcels purchased from OCII demonstrating the Owners' reliance on the Implementation Document's Rates. Block 9 did just that.

The Rich Letter states:

> ***3. Consistency of Proposed RMA with Developers' pro formas submitted to OCII***
>
> **Developer Objection:** *Project sponsors and property owners relied on the Implementation Document when calculating the value of land purchased from OCII and from private parties, and the City and other public bodies involved in the Transit Center District Plan were aware of such reliance.*
>
> ***City Findings: The Developers selected by the TJPA to negotiate and eventually purchase the publicly- owned parcels in Zone 1 of the Transbay Redevelopment Project Area were aware of the per-square-foot rates included in the 2013 RMA prior to purchasing the land at the purchase price offered at the time of submittal.***
>
> ***City Response****: The pro formas included in the winning proposals responding to the Blocks 6/7 and Block 9 RFPs included operating assumptions that OCII considered reasonable. But the CFD payments were not listed as separate line items; therefore, the actual rates assumed by the bidders were not explicitly indicated and were not validated by OCII.*

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Our response:

For Block 9, the City's statement is simply incorrect.

From the Avant/BRIDGE team's RFP response, Section 7b, Financial Proposal, pages 99-100, it clearly shows the Operating Expense Summary for the Market Rate portion of the Project. The last section is Taxes, in which a separate line item for Mello-Roos is also clearly shown. The figure is $1,086,827, and the assumption of 0.55% is shown to the right of that figure. The figure was not explicitly expressed in terms of dollars per rentable square foot (at that time, the City's guidance was still given as 0.55%, not as a dollar per-square-foot number). However, the net area of the Market Rate Portion is clearly shown in a table on page 98 – 291,945 sq ft. It is clear within a simple division that the pro forma Mello-Roos assessment was $3.72 per sq ft, which is substantially less than the $4.92 per sq ft. figure from the 2013 RMA (for buildings 41-45 stories).

D. The Implementation Document Does Not Call for Valuation Based on an Updated Study.

The Rich Letter misleadingly intimates that the Implementation Document calls for an updated valuation study after its adoption. This is contradicted by both the plain language of the Implementation Document and a fair reading of the four-page feasibility assessment included in the Implementation Document.

The Rich Letter states:

> *6) RMA Contains Reasonable Valuation Rates*
>
> **Developer Objection:** *The City chose data from high points in the market to project values for office buildings.*
>
> ***City Findings: The Implementation Document called for the special tax rates to be based on a property value study at the time of approval of formation of the CFD. The values used to determine the initial CFD rates are based on value estimates in the Concord Group Studies (as of April 2013), consistent with the requirements of the Implementation Plan. Prior to the City's issuance of a Certificate of Occupancy, the rates can adjust within a floor and ceiling of 4 percent, instead of open ended adjustments based on changes in value – a feature that was introduced in response to a request from some of the Developers for greater certainty about future special tax rates.***

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> ***City Response:*** *As outlined above,* ***the Implementation Document provided for the special tax rates to be based on a study of real estate values at the time of approval of formation of the CFD*** *("The Special Tax structure would likely not be directly related to property value. Rather, it will likely be assessed based on a variety of factors, as determined through a detailed CFD formation study, such as the amount of development on the property and other factors, and the Special Tax will be a per-square foot assessment. However regardless of the ultimate methodology and tax structure, the final Special Tax assessed to each property will be calculated to be equivalent to 0.55 percent of property value." Implementation Document, p. 10). In other words, the base special tax rates in the Proposed RMA are not, as suggested in the Reuben Letter, based on 2013 property values because the City chose data from high points in the market. Rather, the base special tax rates in the Proposed RMA simply reflect property values at the time of the approval of formation of the CFD because that is what is required by the Implementation Document.*

Our response:

This is another misleading statement. The highlighted language "the Implementation Document provided for the special tax rates to be based on a study of real estate values at the time of approval of formation of the CFD" does not appear in the Implementation Document.

The City supplies the following passage from the Implementation Document to support this contention that there will be another study of real estate values.

> "The Special Tax structure would likely not be directly related to property value. Rather, it will likely be assessed based on a variety of factors, as determined through a detailed CFD formation study, such as the amount of development on the property and other factors, and the Special Tax will be a per-square foot assessment. However regardless of the ultimate methodology and tax structure, the final Special Tax assessed to each property will be calculated to be equivalent to 0.55 percent of property value."(Implementation Document, p. 10.)

To suggest that this statement requires another valuation study is a complete mischaracterization of this quote. The Mello-Roos Act requires that certain officers of the City prepare a detailed report in connection with the CFD formation. The Owners would be correct in assuming that the "detailed CFD formation study" was a reference to the report required by the Mello-Roos Act. The CFD Formation Report is intended to identify factors that will be utilized for the per square foot assessment rates since property value, which the City plan utilizes to derive per square foot rates in the Implementation Document (and the disputed RMA), is illegal under the Mello-Roos Act.

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For the City to claim that the 2013 Concord Group Study constitutes a "detailed CFD formation study" that outlines the "variety of factors" used to determine the Rates is ludicrous. The 2013 Concord Group Study is nothing more than a valuation analysis of property in the City.

If another real estate valuation was called for, the Implementation Document would have stated that (as it mentioned by name the 2007 study and 2012 update) as it could have significant implications for the per square foot Rates and the resulting revenue projections.

In the page four (4) introduction, the Implementation Document states:

> "Lease rates are rising substantially, vacancies are falling substantially, and new construction of several recently entitled buildings in underway in 2012. The projections of revenue in the plan are based on historic trends and the reasonable assumption that demand for commercial and residential development will at least match these average trends over time accounting for expected economic cycles"

If the intent was a future re-valuation and setting of CFD per square foot Rates, it would have been simple and obvious to revise the above statement to state that the substantially rising lease rates are anticipated to increase building values and as a result when the final CFD Rates are set, Rates and revenues could be substantially higher.

In fact, it was assumed in the Implementation Document that this CFD would be formed at the time the Plan was adopted in 2012, and that the Rates would be the Rates in the Implementation Document and that the CFD formation study would come up with variables other than value, which had been established in the Implementation Document, as the basis for the per square foot Rates.

The Implementation Document contains a four page Mello-Roos CFD Feasibility Assessment (pages 11-14) wherein the proposed values and per square foot Rates are justified as supportable. There is no suggestion in the Feasibility Assessment that the values or Rates are "illustrative" or that other Rates or structures will be analyzed or implemented.

E. Both the Implementation Document and Common Sense Demonstrate that the CFD Tax Is a Significant Cost Factor That Will Adversely Affect All Types of Buildings.

The Owners demonstrated – and the City admits – that the cost of the CFD taxes levied against property in the CFD were not taken into consideration as an expense in the 2013 Concord Group Study. As shown below, the City asserts that there is no need to account for the significant cost of the CFD because the costs would be offset by increases in value coming from the infrastructure financed by the CFD.

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The Rich Letter states:

> ***7. Impact of CFD special tax on property values***
>
> ***Developer Objection:*** *The City failed to take into account the operating expense cost of the CFD tax itself, which results in an overstatement of property values and special tax rates that are too high.*
>
> ***City Findings: There is no conclusive evidence to support a conclusion that the CFD will have a significant adverse impact on property values in the CFD. The Proposed RMA is consistent with the Implementation Document, which concludes that the property values used to establish the special taxes should not be reduced to reflect the costs of paying the CFD special taxes because the costs would be largely off-set by the increase in value stemming from the infrastructure financed by the CFD.***
>
> ***City Response****: The Implementation Document addressed this issue (pp. 12-14 and Tables 5-7): "While no conclusive studies exist on the subject, many professional economic analysts have concluded that at the rates proposed for the Transit Center District Plan, there is no evidence, including in San Francisco specifically, to conclude that Mello-Roos special taxes have a significant or even appreciable negative impact on either development feasibility or property values."*

Our response:

The Implementation Document expressly recognizes and includes the negative impact of the CFD Special Tax on property values:

> "New calculations conservatively assume that Mello-Roos payments are factored into Net Operating Income for commercial properties, thus reducing their capitalized value" (page 11, Table 5 footnote 2)

Further, Table 7 of the Implementation Document - Conservative Scenario (rents are as projected in the Implementation Document and commercial owner bares the cost of the tax) documents that a 9.16% reduction in value results from the proposed $3.33 per square foot Special Tax.

The references to the CFD not having an impact are all anecdotal and unsupported by the analysis. In fact, the analysis suggests that only if rents are higher than expected by an amount equal to the tax ($3.33 per square foot for office), then returns and values will not be adversely affected by the CFD tax – this is obvious, but doesn't change the conclusion about the negative value impact which is why it was included in the analysis. The un-discussed corollary to this sensitivity analysis is this: if rents are lower than forecast, the negative effect on value from the proposed Special Tax will be magnified.

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The failure to include the Special Tax is a fundamental flaw in the 2013 Concord Group Study for a number of reasons:

1. It is fallacious to state that the benefits from the CFD-financed improvements offset the costs of the CFD special taxes when the 2013 Concord Group Study does NOT subtract the "benefits" from the valuation in any way. When there is an offset in a valuation study, both the revenue item and the cost item would be eliminated. Yet, there is nothing in the 2013 Concord Group Study that subtracts out the "value" associated with the CFD facilities.

2. In connection with the issuance of Bonds by a CFD, the issuer must commission an appraisal of the property in the CFD to demonstrate that there is sufficient value to support the Bond issue. That appraisal must meet the standards of the California Debt and Investment Advisory Commission ("CDIAC") in their Appraisal Standards for Land-Secured Financings (the "Standards") and the Recommended Practices in the Appraisal of Real Estate for Land-Secured Financings (the "Practices").[1] Not surprising, these guidelines make very clear that in evaluating the value of property, the cost of the CFD special taxes must be taken into account as a cost factor, as demonstrated by the excerpts below:

    a. **Infrastructure Financed through Special Taxes and Assessments.** Privately financed infrastructure improvements represent a direct cost to the developer that should be deducted from gross cash flow, as these costs depress the return on the initial land investments .... In other words, the value of the land should take into consideration the funding for the improvements that are financed by improvement bonds paid from special taxed or assessments levied on the property. (Standards, page 15)

    b. **Sales Comparison Approach: Discounting Retail Values to Reflect Special Tax and Assessment Liens.** Appraisals under the Sales Comparison Approach should be adjusted to reflect the differences between the subject of the appraisal and the comparable properties that affect value. These differences include not only physical differences in location, square footage, and construction quality, but also differences in tax burdens. (Standards, page 23)

    c. **Value Subject to Lien.** Appraisals for properties in a CFD must be based on the value of the property taking into consideration the infrastructure improvements that will be funded by the proposed bond issue. The appraiser

[1] The CDIAC Standards and Practices are intended for the appraisal that must be used before bonds are issued but should apply equally when valuing property in a CFD prior to a bond issue.

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must also take into account the contributing value of the infrastructure improvements financed by the special tax lien and adjust the price of the subject property accordingly. (Practices, page ii)

3. The City also asserts that the CFD will have no adverse impact on the property in the CFD. However, the Implementation Document itself actually demonstrates that the CFD tax will adversely affect property. The Implementation Document itself shows that the CFD would have an adverse impact on property value. Table 5 from the Implementation Document analyzes the Assumed Value Impact % from the CFD and finds an impact on value. Commercial uses are shown to have a 6.875% value decrease from the Special Tax at the Rates proposed in the Implementation Document. If the study had used the valuation capitalization rate of 6% instead of 8% (it is telling that no reason is given for why a different rate would possibly be used, as there is not one) the impact would be 9.1% value decrease. This 9.1% value decrease is confirmed by Table 7 of the Implementation Document - Conservative Scenario. In fact, using the 5.5% capitalization rate and proposed assessment in the RMA, reduces value by 10%. The study assumes, without any evidence that the value impact would be half as much for residential as it believes buyers would not discount their offers because of the tax.

Many buildings in and around the Transit Center District that are not subject to the CFD tax, but will also benefit from the future transit improvements. This will significantly diminish the ability of a landlord who is subject to the CFD to raise rents to offset the cost of the CFD tax (another point made by the Rich Letter). This straightforward logic—in contrast to the Rich Letter's somewhat tortured explanation in reliance on the 2013 Concord Group Study—is reflected in the CDIAC Standards and Practices discussed above.

F. The Rich Letter Glosses Over the Effect of Lowering Operating Expenses.

The Rich Letter glosses over the effect of lowering operating expenses. The City's unexplained 46% reduction in operating expenses leaves less than $1 per square foot to run a building. Once again, the City's response to the Owners is to disavow a document—this time the RMA—and introduce a new set of assumptions to justify its errors.

The Rich Letter states:

8. Lowering operating expenses

City Findings: The Reuben Letter mischaracterizes the operating expense assumptions made in the Concord Group Studies. In addition, the Concord Group reports that the office operating expenses used in the Concord Group Studies were conservative and reasonable for the purpose of its study, which analyzed value potential for generic buildings in the plan area. The Concord Group also believes that

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the net operating income ("NOI") assumptions embedded in the Concord Group Studies (NOI is calculated by subtracting operating expenses from gross rental income) are significantly more important to the Concord Group Studies' valuation conclusions than operating expense assumptions viewed in a vacuum, and that the NOI assumptions are supportable and conservative.

***City Response**: In the Concord Group Studies, the Concord Group analyzed value potential for very generic buildings in the plan area, without specifying architecture, massing, layout and location, among others factors. The Concord Group then compared its high-level pro-forma with specific market information, including comparable sale and leasing data, to ensure supportable conclusions.*

Specifically with respect to office operating expense assumptions, the Concord Group reports that it modeled office operating expenses as a percentage of gross potential rent so that operating expenses could grow with rents from the base of a tower to its highest floor. The Concord Group Studies did not assume, as claimed by the Reuben Letter, between $11 and $12 per square foot of operating expenses. Rather, its analysis assumes office operating expenses (without identifying the CFD special tax as a separate cost item, as discussed in paragraph 7 above) between $11 per square foot (for very small buildings) to nearly $20 per square foot for a 50-story building.

Our response:

We did re-examine the Concord Group's 2013 study and found it used a +/- $16 per square foot operating expense assumption for a 50-story building, not the $11-12 per square foot we had previously understood it to be. While not as egregious as previously thought, the 2013 Concord Group Study represents an **unexplained 46% reduction in assumed operating expenses** from the $29.65 used in the Implementation Document to $16.00 per square foot. We would also point out that referring to $16 per square foot as "nearly $20 per square foot" is gross exaggeration (25%) and seeks to minimize the error. See attached chart comparing operating expenses in the 2007, 2012 and 2013 studies by The Concord Group for the City.

The inappropriateness of the 2013 Concord Group Study's $16.00 per square foot TOTAL operating expense assumption is easy to document as it barely covers the real estate taxes and Special Tax assessment based on their $875 per square foot valuation as follows.

Real Estate Taxes	**1.1188%**	**x $875psf Value**	**= $10.3950 per square foot**
Special Taxes	**0.5500%**	**x $875psf Value**	**= $04.8125 per square foot**
TOTAL Taxes	**1.6688%**	**x $875psf Value**	**= $15.2075 per square foot**

$16.00 per square foot leaves less than $1.00 per square foot to operate the buildings after paying the combined Real Estate Taxes (1.188%) and the Special Tax (.55%) at Concord's concluded value of $875 per square foot. This is just plain untenable.

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Conversely, the unsubstantiated $13.65 per square foot reduction in operating expenses (from $29.65 per square foot in the Implementation Document to $16.00 per square foot in the 2013 Concord Group Study), increases projected Net Operating Income by $13.65 per square foot, which in turn is capitalized at 5.5% for a resulting unsubstantiated value increase of $248 per square foot.

Further, this error should have been readily apparent to The Concord Group in both their income approach and comparable sales approaches to value. In their income approach, despite some methodology changes (height premium, etc.) and a 50bp reduction of cap rate, the basic assumed rent was not materially different than in the Implementation Document, but the resulting values had gone up almost fifty percent (50%) and the projected values were now greater than all but two sales in the history of the City of San Francisco office building sales. See attached historic chart of all San Francisco office building sales. Compounding the obviousness of that error was the fact that none of the sales in the history of San Francisco had a Mello-Roos assessment anywhere close to the proposed assessment. Thus, these comparable sales would need to be adjusted downward for the effect of the Mello-Roos (per previous discussion). Once an adjustment was made for the Mello-Roos, the conclusion was that all tall office buildings in the Transbay would be worth more than any office building in the history of San Francisco. See attached chart adjusting sales for the effect of Mello-Roos.

The City is now attempting to both minimize the importance of this error and attempt to introduce a single transaction after the RMA to obviate their error. Single transactions do not make a market, nor can they be used as a proxy for all values. Once again, the City is attempting to disavow aspects of a document passed by this Board that it finds inconvenient—in this instance, the operating costs inherent in the Rates established by the Implementation Document—by not addressing the issue and attempting to change the assumptions.

G. The Implementation Document Demonstrates the City Improperly Added Annual Escalators to the CFD

The Rich Letter's conclusory claims that the RMA is consistent with the Implementation Document are contradicted by the plain language of, and the notable omissions in, the Implementation Document. The City improperly added features to the RMA that could not have been reasonably anticipated by readers of the Implementation Document, including annual escalators. These escalators increase the tax burden by up to 81% over the Rates in the Implementation Document.

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The Rich Letter states:

> *10. Implementation Document does not discuss escalating factors or different rates for different height buildings*
>
> **Developer Objection:** *There is nothing in the Implementation Document that discusses, authorizes, or directs that the tax rates a) increase annually prior to obtaining a Certificate of Occupancy ("COO"); b) include a 2 percent escalator on the special taxes after the COO is received; or c) apply different tax rates to buildings with different numbers of floors.*
>
> ***City Findings: The proposed RMA is consistent with the Implementation Document. The factors described above are all inputs that factor into the tax rates to more accurately reflect the true value of a proposed development project over time.***
>
> ***City Response**: As explained above, the base special tax rates in the Proposed RMA are consistent with the Implementation Document, which states: "new development...would pay a Special Tax equivalent to 0.55 percent of the assessed value of the entire development project..."*

Our response:

The Implementation Document clearly states on page four that **"calculation methodologies and total revenues projections of these two funding mechanisms (impact fees and CFD) are discussed in turn below."** No escalators were included, either by written reference or in the revenue projection table. There is no mention of the potential use of an escalator anywhere in the Implementation Document, and there is no direction or authorization provided to the City to include escalators in the RMA. Escalators are very significant and increase the tax burden tremendously.

The Pre-COO escalator and the Post-COO escalator increase the maximum tax over the life of the CFD. The post-COO escalator alone increases the CFD tax rate by 81% (in the final year of escalation). This is a hugely material fact that Owners could not have reasonably anticipated.

Escalators are significant enough that the California Legislature requires that homeowners be notified of any escalators before they buy a home. Because of their large impact, escalators are always an item of deliberation when forming a CFD, and just as many CFDs in California do not have escalators as those that do. It is simply not reasonable for the City to assume that the Owners would assume two separate escalators as part of the Implementation Document when there is not one word about it in the entire document.

Moreover, the notion that instituting an annual escalator more accurately reflects the true value of a proposed development project over time completely **ignores the requirement that the**

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Special Tax be equivalent to 0.55% of Assessed Value. The owners have spent months trying to get the City to reflect true building values over time (consider cyclicality) and how this is reflected in Assessed Values. The City has consistently stonewalled the Owners who have pointed out that:

1. Assessed Values go down regularly via use of a Proposition 8 appeal, not up every year. We would welcome input from the Assessor's office on data on Prop 8 appeals;
2. Assessed value represents an average of the up and the down markets as a result of Proposition 8 appeals and a limit on increases;
3. Values do not consistently go up every year – this is an incredibly cyclical market;
4. Trajectory of value is hugely dependent on starting point (e.g., if you begin at cyclical low vs. cyclical high vs. the average);
5. Current interest rate market is historically unprecedented and has resulted in asset inflation. Interest rate normalization will result in asset deflation; and
6. Current Rent environment is a cyclical up market.

It should be noted that the only building (One Market Plaza) which has ever sold for the base value the City is ascribing to all the tall office buildings - $875 per square foot (in 2007) - recently sold in 2014 for $750 per square foot. Utilizing the City's proposed formula for the Special Tax (base value plus 2% compound annual growth), the building would be valued today at $1,005 per square foot or 25% more than its actual current value. This demonstrates the clear fallacy in this suggested valuation and approach to value over the long term.

It is also noteworthy that One Market Plaza does not have a Mello-Roos tax which would have reduced income and therefore value by another approximately $90 per square foot. If the Mello-Roos tax had been $4.81 per square foot at inception, it would have grown to $5.53 per square foot over seven years (2007 sale to 2014 sale). This would be a 1.9% tax rate. Assuming a 5.5% cap rate, the $4.81 per square foot, the Special Tax would have reduced value $87.46 per square foot, or 11.66%. If the Mello-Roos special tax had indexed for seven years to $5.46, the impact to value from a Mello–Roos special tax would have been $100.46 per square foot, or a 13.39% reduction.

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H. The City Mischaracterizes Correcting Mistakes with Making Reasonable Concessions.

Although City representatives have occasionally agreed to Owners' requests for meetings, to-date the City has only made changes to the RMA designed to address errors and mistakes in the initial CFD formation process, and has disregarded other problematic aspects of the CFD as currently drafted.

The Rich Letter states:

> *1) Developer Participation in Determination of Rate and Method of Apportionment*
>
> ***Developer Objection:*** *Since adoption of the Implementation Document, the CFD has been structured with no real input from property owners.*
>
> ***Findings: In 2013, City staff and expert financial consultants developed a proposed rate and method of apportionment of special tax for the CFD (the "2013 RMA") based on the Implementation Document, and asked the Developers for their input. The Rate and Method of Apportionment of Special Tax included in the proposed Resolutions (the "Proposed RMA") incorporates several changes requested by a number of the Developers and their representatives.***
>
> ***City Response****: In August 2012 the Board adopted the Transit Center District Plan and associated Implementation Document. Subsequent to the adoption of the Transit Center District Plan, City staff, together with the City's outside consultants and bond counsel, worked over several months to develop, among other matters, a proposed rate and method of apportionment for the CFD, that was informed by valuation studies performed by the Concord Group, an independent real estate economics consultant (the "Concord Group Studies"). The process involved the evaluation of alternatives for the CFD before determining which ones were most consistent with the Implementation Document and California law and would further the funding goals for the Transbay Project and the Transit Center District Plan.*

Our response:

The Rich Letter mischaracterizes the City's actions over the last year as honest negotiations. The City has only made changes to the RMA designed to address errors and mistakes in the initial CFD formation process, and has disregarded other problematic aspects of the CFD as currently drafted. The City attempts to illustrate a collaborative approach with the Owners by citing the following as examples of concessions. A closer look reveals that there have been no real concessions made by the City.

- *Rental Property Category*: Even before the Owners had an opportunity to meet with the City, the City indicated it was going to add a separate use category for rental residential buildings, recognizing the clear error in conflating rental and for-sale properties.

- *Pre-COO Escalator*: The Owners pointed out that the Pre-COO adjustment concept that was initially included in the RMA violated the Mello-Roos Act in that it did not allow for a taxpayer to estimate his or her maximum special tax, as required by law. The City "fixed" this issue, but did not do so as a concession to the Owners who "wanted more certainty". The "certainty" is required by the Mello-Roos Act, and the City incorporated this change because it was required to do so to comply with the law. The Owners did not agree to an escalator.

- *Construction Cost Index Escalator*: In "fixing" the Pre-COO escalator, the City inserted a 4% construction cost index, and then stated that it was inserted due to the Owners' request for certainty. In fact, the Owners never suggested the 4% construction cost index that is currently in the RMA, and have objected to it since it was introduced. City staff unilaterally created the 4% cost index mechanism and put it into the RMA without private sector input or consent. It is disingenuous to suggest that including this was a result of the City accommodating to project sponsors' request.

- *Public Property Rate*: The addition of text into the RMA stating that taxable public property would be charged at the maximum rate for the developed property is another change meant to bring the RMA into compliance with the Mello-Roos Act. It was not a concession to project sponsors, but the correction of an error that would have been revealed earlier had project sponsors been provided the RMA earlier in the process.

That a year has passed since the City first presented the Owners with a courtesy copy of the RMA is a convenient but misleading fact: had the Owners not engaged their own consultants, identified clear errors in the first draft RMA, and performed what amounts to a peer-review of the City's RMA and the 2013 Concord Group Study, the City would have passed the CFD immediately. Unlike all other development Community Facilities Districts formed under the Mello-Roos Act, City staff did not include the Owners at the table. In reality, **the Owners were provided the RMA for the first time in early July, 2013. In the accompanying cover letter, the City said it intended to bring the RMA before the Board of Supervisors for approval later that month. The City did not seek the Owners' input or comments; it simply gave the Owners a courtesy copy prior to scheduling the CFD for approval. For such a large CFD as this, the lack of private sector involvement is unheard of.**

Conclusion

The Implementation Document adopted by the Planning Commission and this Board of Supervisors is clear in how the revenue estimates were developed and expressly states that the factors which are expected to affect the projection are the pace and type of development, not a change in the Rates. There is no suggestion that the Rates are not final, that the Rates or projected values of the buildings were not final and to suggest otherwise is unsupported by the Implementation Document. The Rich Letter misleadingly characterizes the past year as a legitimate negotiation between the City and the Owners. The City has only made changes necessary to conform with legal requirements of the Mello-Roos Act, but the City continues to refuse to acknowledge the meaning and import of the Implementation Document (as can be clearly seen in their response to you), fundamental flaws in its unnecessary re-valuation methodology, or that the annual escalators were invented after the publication and passage of the Implementation Document by the Planning Commission and this Board. We have worked with the City to correct the methodological errors and come to a compromise agreement on the per square foot assessment rates. We urge this Board to require that the City accept the import and meaning of the Implementation Document and require that the provisions of the Implementation Document be incorporated in the proposed legislation and form the basis for a compromise with the Owners.

Very truly yours,

REUBEN, JUNIUS & ROSE, LLP

James A. Reuben

Attachments

cc (by email):
Ken Rich, Mayor's Office of Economic and Workforce Development
Nadia Sesay, Office of Public Finance
Jesse Smith, Office of the City Attorney
Mark Blake, Office of the City Attorney

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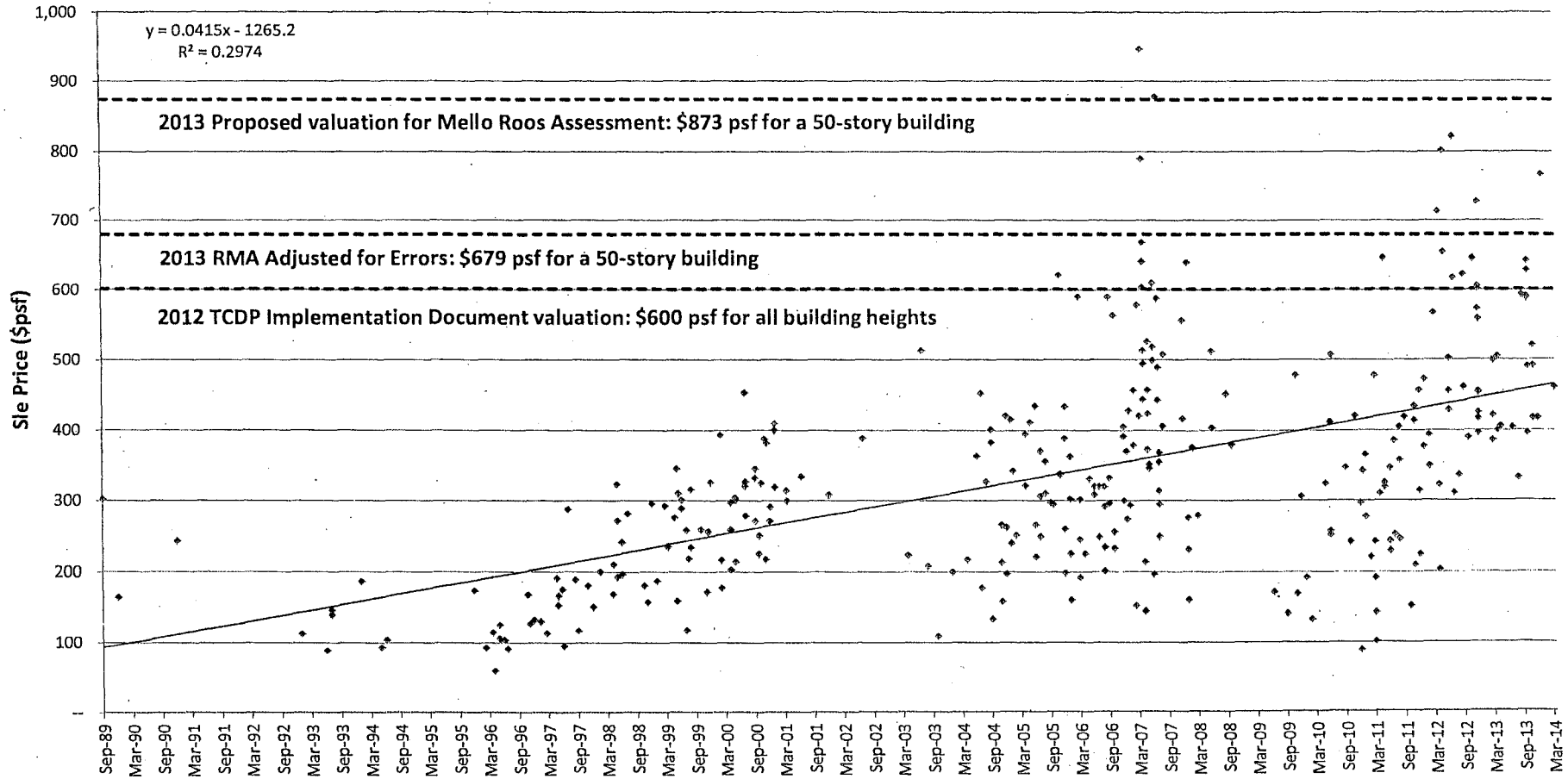
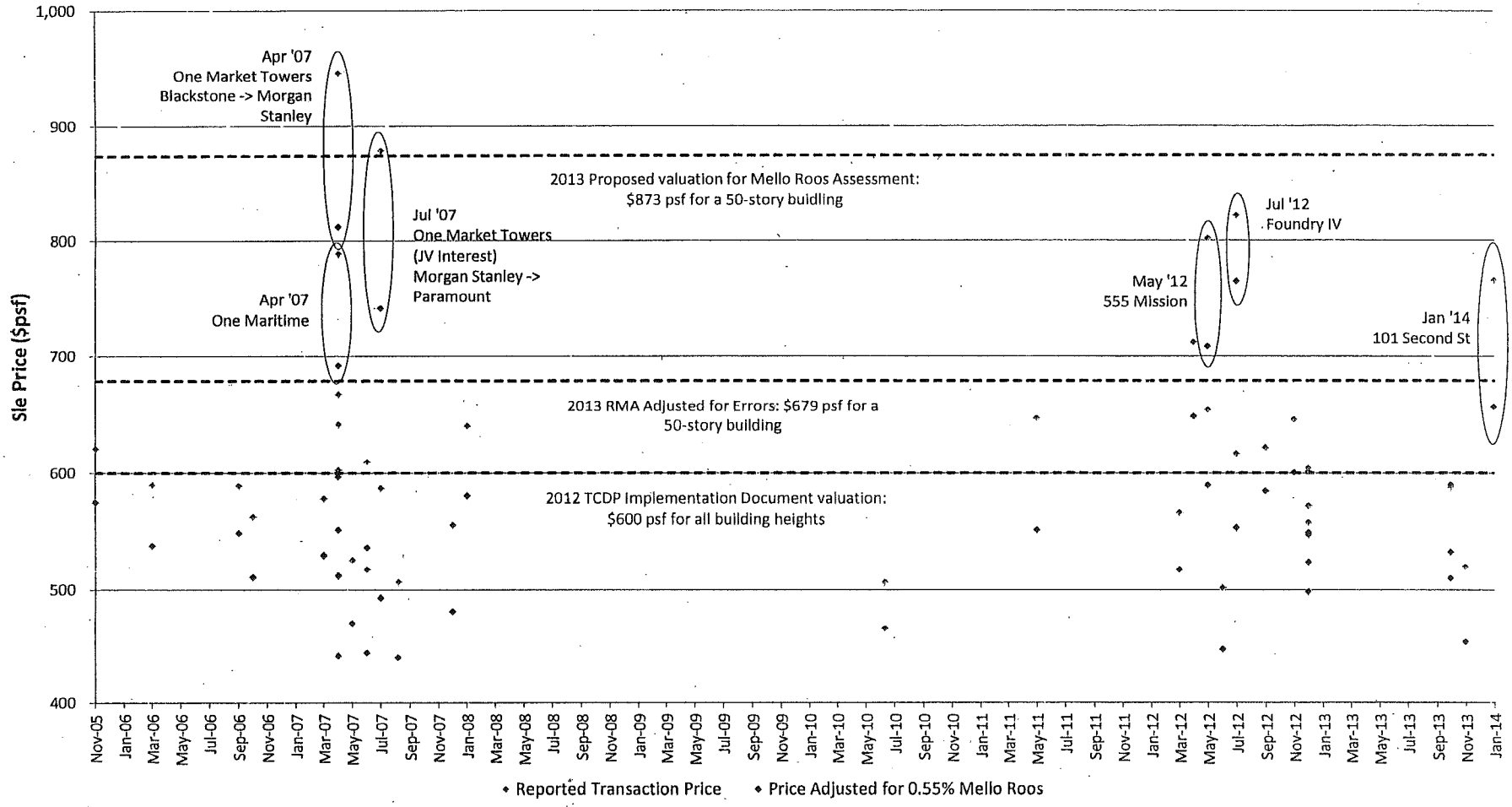
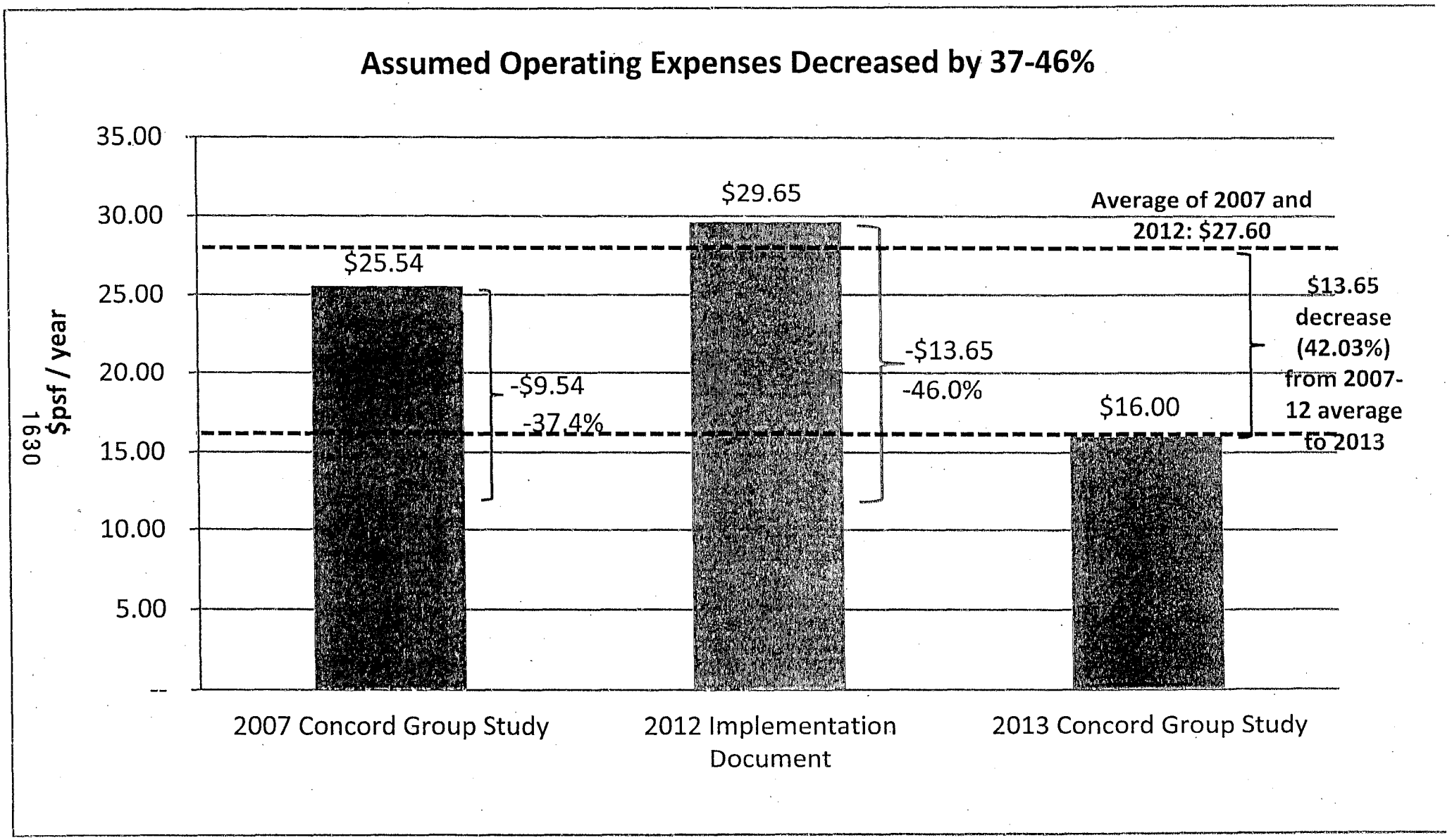
San Francisco Office Sale History (Sept 1989 - Mar 2014)



SF Office Sale History
(Jan 2005 - Mar 2014; transactions >$500 psf with reported cap rates)
Adjustment for 0.55% Mello Roos



Note: Buildings' Net Operating Income (NOI) calculated from transaction price and reported cap rate. NOI adjusted downward by Mello-Roos assessment at 0.55% of Adjusted Price. Adjusted Price calculated as Adjusted NOI divided by reported cap rate.


Assumed Operating Expenses Decreased by 37-46%
35.00
30.00
25.00
20.00
15.00
10.00
5.00
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$psf / year
1630
$25.54
$29.65
$16.00
-$9.54
-37.4%
-$13.65
-46.0%
Average of 2007 and 2012: $27.60
$13.65 decrease (42.03%) from 2007-12 average to 2013
2007 Concord Group Study
2012 Implementation Document
2013 Concord Group Study

BOARD of SUPERVISORS

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NOTICE OF PUBLIC HEARING

BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco, as a Committee of the Whole, 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:

Date: **Tuesday, September 2, 2014**

Time: **3:00 p.m.**

Location: **Legislative Chamber, Room 250 located at City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA**

Subject: **Transbay Transit Center Community Facilities District No. 2014-1**

File No. 140836. Public hearing of persons interested in or objecting to the proposed Resolution of Formation for Special Tax District No. 2014-1, establishing the Transbay Transit Community Facilities District No. 2014-1 (CFD) and determining other matters in connection therewith; Resolution determining necessity to incur bonded indebtedness for the CFD; and Resolution calling for a special election in the City and County of San Francisco to submit the issues of the special tax, the incurring of bonded indebtedness, and the establishment of the appropriations limit to the qualified electors of the CFD.

The above referenced proposed Resolutions are detailed below and notice is hereby given:

140814 **Resolution of formation of the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters in connection therewith.**

The Resolution of Intention was signed by the Mayor of the City on July 22, 2014. Under the Act and the Resolution of Intention, the Board of Supervisors gives notice as follows:

1. The text of the Resolution of Intention, with the Exhibits A and B thereto, as adopted by the Board of Supervisors, is on file with the Clerk of the Board of Supervisors and reference is made thereto for the particular provisions thereof. The text of the Resolution of Intention is summarized as follows:

a. Under the Act, the Board of Supervisors is undertaking proceedings for the establishment of the CFD, and a future annexation area for the CFD (the "Future Annexation Area"), the boundaries of which are shown on a map on file with the City.

b. The purpose of the CFD is to provide for the financing of the public facilities (the "Facilities") as more fully described in the Resolution of Intention and Exhibit A thereto.

c. The method of financing the Facilities is through the imposition and levy of a special tax (the "Special Tax") to be apportioned on the properties in the CFD. At the time of the public hearing, City staff will recommend to the Board of Supervisors that it consider modifying the rate and method of apportionment of special tax that was described in the Resolution of Intention and Exhibit B thereto. The proposed changes will be reflected in an Amended and Restated Rate and Method of Apportionment of Special Tax in the form on file with the Clerk of the Board of Supervisors.

d. The Resolution of Intention directed the preparation of a CFD Report that shows the Facilities and the estimated costs of the Facilities. The CFD Report will be made a permanent part of the record of the public hearing specified below. Reference is made to the CFD Report as filed with the Clerk of the Board of Supervisors.

e. Property within the Future Annexation Area will be annexed to the CFD, and a special tax will be levied on such property, only with the unanimous approval (each, a "Unanimous Approval") of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed, without additional hearings or elections.

f. As set forth below, the Board of Supervisors will hold a public hearing on the establishment of the CFD and the Future Annexation Area, the Facilities, and the Special Tax.

2. At the hearing, the testimony of all interested persons or taxpayers for or against the establishment of the CFD, the extent of the CFD or the furnishing of the specified Facilities may be made orally or in writing by any interested person. Any person interested may file a protest in writing as provided in Section 53323 of the Act. If 50% or more of the registered voters, or 6 registered voters, whichever is more, residing in the territory proposed to be included in the CFD, or the owners of one-half or more of the area of land in the territory proposed to be included in the CFD and not exempt from the special tax, file written protests against the establishment of the CFD and the protests are not withdrawn to reduce the value of the protests to less than a majority, the Board of Supervisors shall take no further action to create the CFD or levy the Special Tax for period of one year from the date of decision of the Board of Supervisors, and, if the majority protests of the registered voters or landowners are only against the furnishing of a type or types of Facilities within the CFD, or against levying a specified special tax, those types of Facilities or the specified special tax will be eliminated from the proceedings to form the CFD.

In addition, at the hearing, the testimony of all interested persons for and against the establishment of the Future Annexation Area or the levying of special taxes within any portion of the Future Annexation Area annexed in the future to the CFD may be made orally or in writing by any interested person. Any person interested may file a protest in writing as provided in Section 53339.5 of the Act. If 50% or more of the registered voters, or 6 registered voters, whichever is more, residing within the proposed territory of the CFD, or if 50% or more of the registered voters, or 6 registered voters, whichever is more, residing in the territory proposed to be included in the Future Annexation Area, or the owners of 50% or more of the area of land in the territory proposed to be included in the CFD or in the Future Annexation Area and not exempt from the Special Tax, file written protests against the establishment of the Future Annexation Area and the protests are not withdrawn to reduce the value of the protests to less

than a majority, the Board of Supervisors shall take no further action to create the Future Annexation Area for a period of one year from the date of decision of the Board of Supervisors.

3. If there is no majority protest, the Board of Supervisors may submit the levy of the Special Tax for voter approval at a special election. The Special Tax requires the approval of 2/3rds of the votes cast at a special election by the property owner voters of the CFD, with each owner having one vote for each acre or portion thereof such owner owns in the CFD that is not exempt from the Special Tax.

140815 Resolution determining necessity to incur bonded indebtedness for City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters therewith.

The Resolution of Intention was signed by the Mayor of the City on July 22, 2014. Under the Act and the Resolution, the Board of Supervisors gives notice as follows:

1. Reference is hereby made to the entire text of the above Resolution, a complete copy of which is on file with the Clerk of the Board of Supervisors. The text of the Resolution is summarized as follows:

a. The Board of Supervisors has adopted its "Resolution of Intention To Establish City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters in connection therewith," stating its intention to form the CFD for the purpose of financing, among other things, all or part of certain public facilities (the "Facilities"), as further provided in that Resolution of Intention.

b. The Board of Supervisors estimates the amount required to finance the costs of the Facilities to be not more than $1,400,000,000 and, in order to finance such costs, it is necessary to incur bonded indebtedness and other debt (as defined in the Act) in the amount of not more than $1,400,000,000.

c. The proposed bonded indebtedness and other debt is to finance the Facilities, including acquisition and improvement costs and all costs incidental to or connected with the accomplishment of such purposes and of the financing thereof, as permitted by the Act.

d. The Board of Supervisors intends to authorize the issuance and sale of bonds or other forms of debt provided by the Act (collectively, the "Bonds") in the aggregate principal amount of not more than $1,400,000,000 in such series and bearing interest payable semi-annually or in such other manner as the Board of Supervisors shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of the Bonds, and maturing not to exceed 40 years from the date of the issuance of the Bonds.

2. At the public hearing, the testimony of all interested persons, including voters and/or persons owning property in the area of the proposed CFD, for and against the proposed Bonds, will be heard. Interested persons may submit written protests or comment to the Clerk of the Board of Supervisors, City and County of San Francisco.

140816 **Resolution calling for a special election in the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center).** *(Pending approval of File No. 140896, Motion to Sit as Committee of the Whole, to be approved on September 2, 2014, prior to the hearing.)*

Pursuant to the provisions of the Resolution of Formation and the Resolution Determining Necessity, the propositions of the levy of the special tax, the establishment of the appropriations limit and the incurring of the bonded indebtedness and other debt shall be submitted to the qualified electors of the CFD as required by the provisions of the Mello-Roos Act.

The issues of the levy of the special tax, the incurring of bonded indebtedness and other debt (as defined in the Mello-Roos Act) and the establishment of the appropriations limit shall be submitted to the qualified electors of the CFD at an election called

In accordance with San Francisco Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made a part of the official public record in this matter, and shall be brought to the attention of the members of the Committee of the Whole. Written comments should be addressed to Angela Calvillo, Clerk of the Board, Room 244, City Hall, 1 Dr. Carlton Goodlett Place, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to these matters will be available for public review on Friday, August 29, 2014.

Angela Calvillo, Clerk of the Board

DATED: August 14, 2014
MAILED/POSTED: August 15, 2014
PUBLISHED: August 24, 2014

SAN FRANCISCO
Office of Economic and Workforce Development

City and County of San Francisco :: Edwin M. Lee, Mayor
Economic and Workforce Development :: Todd Rufo, Director

August 15, 2014

[Name of owner of taxable property]
[Address of owner of taxable property]

Re: City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center)

Assessor's Parcel No.: _____

Dear Sir or Madam:

The City and County of San Francisco (the "City") has begun the formation of the above-referenced community facilities district (the "CFD") and a related future annexation area. The referenced property is in the boundaries of the CFD.

The Board of Supervisors will conduct two public hearings on September 2, 2014 at 3:00 p.m. or as soon thereafter as the matter may be heard in the Board's Legislative Chambers, Second Floor, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102:

(i) A hearing on the establishment of the CFD and a future annexation area for the CFD, the proposed public facilities to be financed by the CFD and the proposed special tax to be levied on taxable property in the CFD.

(ii) A hearing on the authorization of bonds and other indebtedness for the CFD.

Please see the two notices of public hearing enclosed with this letter for more information. Also enclosed with this letter is a draft of the referenced amended and restated rate and method of apportionment of special tax.

If you have any questions about the proposed CFD and the related future annexation area, please contact: Nadia Sesay, Director, Office of Public Finance, Controller's Office, City and County of San Francisco, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102; Telephone: (415) 554-5956.

Very truly yours,

Ken Rich, Director of Development
Office of Economic and Workforce Development

Enclosures

SAN FRANCISCO
Office of Economic and Workforce Development

City and County of San Francisco :: Edwin M. Lee, Mayor
Economic and Workforce Development :: Todd Rufo, Director

August 15, 2014

[Name of owner of taxable property]
[Address of owner of taxable property]

Re: City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center)

Assessor's Parcel No.: _____

Dear Sir or Madam:

The City and County of San Francisco (the "City") has begun the formation of the above-referenced community facilities district (the "CFD") and a related future annexation area. The referenced property is in the boundaries of the future annexation area and not in the initial boundaries of the CFD. This means the following:

- The referenced property will not be subject to the special tax levied in the CFD unless the referenced property is annexed in the future to the CFD.
- The referenced property may be annexed to the CFD in the future only with the unanimous written approval of the owner of the referenced property.
- The referenced property will not have the right to vote at the election to be held in the CFD.
- Although any interested person -- including the owner of the referenced property -- may participate in the public hearings described below on the establishment of the CFD, the proposed public facilities to be financed by the CFD, the proposed special tax to be levied on taxable property in the CFD and the incurrence by the CFD of bonded and other indebtedness, the owner of the referenced property is not one of the property owners whose protest could affect formation of the CFD (see California Government Code 53324).

The Board of Supervisors will conduct two public hearings on September 2, 2014 at 3:00 p.m. or as soon thereafter as the matter may be heard in the Board's Legislative Chambers, Second Floor, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102:

(i) A hearing on the establishment of the CFD and a future annexation area for the CFD, the proposed public facilities to be financed by the CFD and the proposed special tax to be levied on taxable property in the CFD.

(ii) A hearing on the authorization of bonds and other indebtedness for the CFD.

Please see the two notices of public hearing enclosed with this letter for more information. Also enclosed with this letter is a draft of the referenced amended and restated rate and method of apportionment of special tax.

If you have any questions about the proposed CFD and the related future annexation area, please contact: Nadia Sesay, Director, Office of Public Finance, Controller's Office, City and County of San Francisco, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102; Telephone: (415) 554-5956.

Very truly yours,

Ken Rich, Director of Development
Office of Economic and Workforce Development

Enclosures

EXHIBIT B

CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)

AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Taxable Parcel in the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) shall be levied and collected according to the tax liability determined by the Administrator through the application of the appropriate amount or rate for Square Footage within Taxable Buildings, as described below. All Taxable Parcels in the CFD shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City and TJPA carrying out duties with respect to CFD No. 2014-1 and the Bonds, including, but not limited to, levying and collecting the Special Tax, the fees and expenses of legal counsel, charges levied by the City Controller's Office and/or the City Treasurer and Tax Collector's Office, costs related to property owner inquiries regarding the Special Tax, costs associated with appeals or requests for interpretation associated with the Special Tax and this RMA, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with any continuing disclosure requirements for the Bonds and the Special Tax, costs associated with foreclosure and collection of delinquent Special Taxes, and all other costs and expenses of the City and TJPA in any way related to the establishment or administration of the CFD.

"Administrator" means the Director of the Office of Public Finance who shall be responsible for administering the Special Tax according to this RMA.

"Affordable Housing Project" means a residential or primarily residential project, as determined by the Zoning Authority, within which all Residential Units are Below Market Rate Units. All Land Uses within an Affordable Housing Project are exempt from the Special Tax, as provided in Section G and are subject to the limitations set forth in Section D.4 below.

"Airspace Parcel" means a parcel with an assigned Assessor's Parcel number that constitutes vertical space of an underlying land parcel.

"Apartment Building" means a residential or mixed-use Building within which none of the Residential Units have been sold to individual homebuyers.

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

"Assessor's Parcel Map" means an official map of the County Assessor designating Parcels by Assessor's Parcel number.

"Authorized Facilities" means those public facilities authorized to be funded by the CFD as set forth in the CFD formation proceedings.

"Base Special Tax" means the Special Tax per square foot that is used to calculate the Maximum Special Tax that applies to a Taxable Parcel pursuant to Sections C.1 and C.2 of this RMA. The Base Special Tax shall also be used to determine the Maximum Special Tax for any Net New Square Footage added to a Taxable Building in the CFD in future Fiscal Years.

"Below Market Rate Units" or **"BMR Units"** means all Residential Units within the CFD that have a deed restriction recorded on title of the property that (i) limits the rental price or sales price of the Residential Unit, (ii) limits the appreciation that can be realized by the owner of such unit, or (iii) in any other way restricts the current or future value of the unit.

"Board" means the Board of Supervisors of the City, acting as the legislative body of CFD No. 2014-1.

"Bonds" means bonds or other debt (as defined in the Act), whether in one or more series, issued, incurred, or assumed by the CFD related to the Authorized Facilities.

"Building" means a permanent enclosed structure that is, or is part of, a Conditioned Project.

"Building Height" means the number of Stories in a Taxable Building, which shall be determined based on the highest Story that is occupied by a Land Use. If only a portion of a Building is a Conditioned Project, the Building Height shall be determined based on the highest Story that is occupied by a Land Use regardless of where in the Building the Taxable Parcels are located. If there is any question as to the Building Height of any Taxable Building in the CFD, the Administrator shall coordinate with the Zoning Authority to make the determination.

"Certificate of Exemption" means a certificate issued to the then-current record owner of a Parcel that indicates that some or all of the Square Footage on the Parcel has prepaid the Special Tax obligation or has paid the Special Tax for thirty Fiscal Years and, therefore, such Square Footage shall, in all future Fiscal Years, be exempt from the levy of Special Taxes in the CFD. The Certificate of Exemption shall identify (i) the Assessor's Parcel number(s) for the Parcel(s)

on which the Square Footage is located, (ii) the amount of Square Footage for which the exemption is being granted, (iii) the first and last Fiscal Year in which the Special Tax had been levied on the Square Footage, and (iv) the date of receipt of a prepayment of the Special Tax obligation, if applicable.

"Certificate of Occupancy" or **"COO"** means the first certificate, including any temporary certificate of occupancy, issued by the City to confirm that a Building or a portion of a Building has met all of the building codes and can be occupied for residential and/or non-residential use. For purposes of this RMA, "Certificate of Occupancy" shall not include any certificate of occupancy that was issued prior to January 1, 2013 for a Building within the CFD; however, any subsequent certificates of occupancy that are issued for new construction or expansion of the Building shall be deemed a Certificate of Occupancy and the associated Parcel(s) shall be categorized as Taxable Parcels if the Building is, or is part of, a Conditioned Project and a Tax Commencement Letter has been provided to the Administrator for the Building.

"CFD" or **"CFD No. 2014-1"** means the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center).

"Child Care Square Footage" means, collectively, the Exempt Child Care Square Footage and Taxable Child Care Square Footage within a Taxable Building in the CFD.

"City" means the City and County of San Francisco.

"Conditioned Project" means a Development Project that, pursuant to Section 424 of the Planning Code, is required to participate in funding Authorized Facilities through the CFD and, therefore, is subject to the levy of the Special Tax when Buildings (or portions thereof) within the Development Project become Taxable Buildings.

"Converted Apartment Building" means a Taxable Building that had been designated as an Apartment Building within which one or more Residential Units are subsequently sold to a buyer that is not a Landlord.

"Converted For-Sale Unit" means, in any Fiscal Year, an individual Market Rate Unit within a Converted Apartment Building for which an escrow has closed, on or prior to June 30 of the preceding Fiscal Year, in a sale to a buyer that is not a Landlord.

"County" means the City and County of San Francisco.

"CPC" means the Capital Planning Committee of the City and County of San Francisco, or if the Capital Planning Committee no longer exists, "CPC" shall mean the designated staff member(s) within the City and/or TJPA that will recommend issuance of Tax Commencement Authorizations for Conditioned Projects within the CFD.

"Development Project" means a residential, non-residential, or mixed-use development that includes one or more Buildings, or portions thereof, that are planned and entitled in a single application to the City.

"Exempt Child Care Square Footage" means Square Footage within a Taxable Building that, at the time of issuance of a COO, is determined by the Zoning Authority to be reserved for one or more licensed child care facilities. If a prepayment is made in association with any Taxable Child Care Square Footage, such Square Footage shall also be deemed Exempt Child Care Square Footage beginning in the Fiscal Year following receipt of the prepayment.

"Exempt Parking Square Footage" means the Square Footage of parking within a Taxable Building that, pursuant to Sections 151.1 and 204.5 of the Planning Code, is estimated to be needed to serve Land Uses within a building in the CFD, as determined by the Zoning Authority. If a prepayment is made in association with any Taxable Parking Square Footage, such Square Footage shall also be deemed Exempt Parking Square Footage beginning in the Fiscal Year following receipt of the prepayment.

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

"For-Sale Residential Square Footage" or **"For-Sale Residential Square Foot"** means Square Footage that is or is expected to be part of a For-Sale Unit. The Zoning Authority shall make the determination as to the For-Sale Residential Square Footage within a Taxable Building in the CFD. For-Sale Residential Square Foot means a single square-foot unit of For-Sale Residential Square Footage.

"For-Sale Unit" means (i) in a Taxable Building that is not a Converted Apartment Building: a Market Rate Unit that has been, or is available or expected to be, sold, and (ii) in a Converted Apartment Building, a Converted For-Sale Unit. The Administrator shall make the final determination as to whether a Market Rate Unit is a For-Sale Unit or a Rental Unit.

"Indenture" means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which CFD No. 2014-1 Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Initial Annual Adjustment Factor" means, as of July 1 of any Fiscal Year, the Annual Infrastructure Construction Cost Inflation Estimate published by the Office of the City Administrator's Capital Planning Group and used to calculate the annual adjustment to the City's development impact fees that took effect as of January 1 of the prior Fiscal Year pursuant to Section 409(b) of the Planning Code, as may be amended from time to time. If changes are made to the office responsible for calculating the annual adjustment, the name of the inflation index, or the date on which the development fee adjustment takes effect, the Administrator shall continue to rely on whatever annual adjustment factor is applied to the City's development impact fees in order to calculate adjustments to the Base Special Taxes pursuant to Section D.1 below. Notwithstanding the foregoing, the Base Special Taxes shall, in no Fiscal Year, be increased or decreased by more than four percent (4%) of the amount in effect in the prior Fiscal Year.

"Initial Square Footage" means, for any Taxable Building in the CFD, the aggregate Square Footage of all Land Uses within the Building, as determined by the Zoning Authority upon issuance of the COO.

"IPIC" means the Interagency Plan Implementation Committee, or if the Interagency Plan Implementation Committee no longer exists, "IPIC" shall mean the designated staff member(s) within the City and/or TJPA that will recommend issuance of Tax Commencement Authorizations for Conditioned Projects within the CFD.

"Land Use" means residential, office, retail, hotel, parking, or child care use. For purposes of this RMA, the City shall have the final determination of the actual Land Use(s) on any Parcel within the CFD.

"Landlord" means an entity that owns at least twenty percent (20%) of the Rental Units within an Apartment Building or Converted Apartment Building.

"Market Rate Unit" means a Residential Unit that is not a Below Market Rate Unit.

"Maximum Special Tax" means the greatest amount of Special Tax that can be levied on a Taxable Parcel in the CFD in any Fiscal Year, as determined in accordance with Section C below.

"Net New Square Footage" means any Square Footage added to a Taxable Building after the Initial Square Footage in the Building has paid Special Taxes in one or more Fiscal Years.

"Office/Hotel Square Footage" or **"Office/Hotel Square Foot"** means Square Footage that is or is expected to be: (i) Square Footage of office space in which professional, banking, insurance, real estate, administrative, or in-office medical or dental activities are conducted, (ii) Square Footage that will be used by any organization, business, or institution for a Land Use that does not meet the definition of For-Sale Residential Square Footage Rental Residential Square Footage, or Retail Square Footage, including space used for cultural, educational, recreational, religious, or social service facilities, (iii) Taxable Child Care Square Footage, (iv) Square Footage in a residential care facility that is staffed by licensed medical professionals, and (v) any other Square Footage within a Taxable Building that does not fall within the definition provided for other Land Uses in this RMA. Notwithstanding the foregoing, street-level retail bank branches, real estate brokerage offices, and other such ground-level uses that are open to the public shall be categorized as Retail Square Footage pursuant to the Planning Code. Office/Hotel Square Foot means a single square-foot unit of Office/Hotel Square Footage.

For purposes of this RMA, "Office/Hotel Square Footage" shall also include Square Footage that is or is expected to be part of a non-residential structure that constitutes a place of lodging, providing temporary sleeping accommodations and related facilities. All Square Footage that shares an Assessor's Parcel number within such a non-residential structure, including Square Footage of restaurants, meeting and convention facilities, gift shops, spas, offices, and other related uses shall be categorized as Office/Hotel Square Footage. If there are separate Assessor's Parcel numbers for these other uses, the Administrator shall apply the Base Special Tax for

Retail Square Footage to determine the Maximum Special Tax for Parcels on which a restaurant, gift shop, spa, or other retail use is located or anticipated, and the Base Special Tax for Office/Hotel Square Footage shall be used to determine the Maximum Special Tax for Parcels on which other uses in the building are located. The Zoning Authority shall make the final determination as to the amount of Office/Hotel Square Footage within a building in the CFD.

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

"Proportionately" means that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Taxable Parcels.

"Rental Residential Square Footage" or **"Rental Residential Square Foot"** means Square Footage that is or is expected to be used for one or more of the following uses: (i) Rental Units, (ii) any type of group or student housing which provides lodging for a week or more and may or may not have individual cooking facilities, including but not limited to boarding houses, dormitories, housing operated by medical institutions, and single room occupancy units, or (iii) a residential care facility that is not staffed by licensed medical professionals. The Zoning Authority shall make the determination as to the amount of Rental Residential Square Footage within a Taxable Building in the CFD. Rental Residential Square Foot means a single square-foot unit of Rental Residential Square Footage.

"Rental Unit" means (i) all Market Rate Units within an Apartment Building, and (ii) all Market Rate Units within a Converted Apartment Building that have yet to be sold to an individual homeowner or investor. "Rental Unit" shall not include any Residential Unit which has been purchased by a homeowner or investor and subsequently offered for rent to the general public. The Administrator shall make the final determination as to whether a Market Rate Unit is a For-Sale Unit or a Rental Unit.

"Retail Square Footage" or **"Retail Square Foot"** means Square Footage that is or, based on the Certificate of Occupancy, will be Square Footage of a commercial establishment that sells general merchandise, hard goods, food and beverage, personal services, and other items directly to consumers, including but not limited to restaurants, bars, entertainment venues, health clubs, laundromats, dry cleaners, repair shops, storage facilities, and parcel delivery shops. In addition, all Taxable Parking Square Footage in a Building, and all street-level retail bank branches, real estate brokerages, and other such ground-level uses that are open to the public, shall be categorized as Retail Square Footage for purposes of calculating the Maximum Special Tax pursuant to Section C below. The Zoning Authority shall make the final determination as to the amount of Retail Square Footage within a Taxable Building in the CFD. Retail Square Foot means a single square-foot unit of Retail Square Footage.

"Residential Unit" means an individual townhome, condominium, live/work unit, or apartment within a Building in the CFD.

"Residential Use" means (i) any and all Residential Units within a Taxable Building in the CFD, (ii) any type of group or student housing which provides lodging for a week or more and may or may not have individual cooking facilities, including but not limited to boarding houses, dormitories, housing operated by medical institutions, and single room occupancy units, and (iii) a residential care facility that is not staffed by licensed medical professionals.

"RMA" means this Rate and Method of Apportionment of Special Tax.

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

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

"Square Footage" means, for any Taxable Building in the CFD, the net saleable or leasable square footage of each Land Use on each Taxable Parcel within the Building, as determined by the Zoning Authority. If a building permit is issued to increase the Square Footage on any Taxable Parcel, the Administrator shall, in the first Fiscal Year after the final building permit inspection has been conducted in association with such expansion, work with the Zoning Authority to recalculate (i) the Square Footage of each Land Use on each Taxable Parcel, and (ii) the Maximum Special Tax for each Taxable Parcel based on the increased Square Footage. The final determination of Square Footage for each Land Use on each Taxable Parcel shall be made by the Zoning Authority.

"Story" or **"Stories"** means a portion or portions of a Building, except a mezzanine as defined in the City Building Code, included between the surface of any floor and the surface of the next floor above it, or if there is no floor above it, then the space between the surface of the floor and the ceiling next above it.

"Taxable Building" means, in any Fiscal Year, any Building within the CFD that is, or is part of, a Conditioned Project, and for which a Certificate of Occupancy was issued and a Tax Commencement Authorization was received by the Administrator on or prior to June 30 of the preceding Fiscal Year. If only a portion of the Building is a Conditioned Project, as determined

by the Zoning Authority, that portion of the Building shall be treated as a Taxable Building for purposes of this RMA.

"Tax Commencement Authorization" means a written authorization issued by the Administrator upon the recommendations of the IPIC and CPC in order to initiate the levy of the Special Tax on a Conditioned Project that has been issued a COO.

"Taxable Child Care Square Footage" means the amount of Square Footage determined by subtracting the Exempt Child Care Square Footage within a Taxable Building from the total net leasable square footage within a Building that is used for licensed child care facilities, as determined by the Zoning Authority.

"Taxable Parcel" means, within a Taxable Building, any Parcel that is not exempt from the Special Tax pursuant to law or Section G below. If, in any Fiscal Year, a Special Tax is levied on only Net New Square Footage in a Taxable Building, only the Parcel(s) on which the Net New Square Footage is located shall be Taxable Parcel(s) for purposes of calculating and levying the Special Tax pursuant to this RMA.

"Taxable Parking Square Footage" means Square Footage of parking in a Taxable Building that is determined by the Zoning Authority not to be Exempt Parking Square Footage.

"TJPA" means the Transbay Joint Powers Authority.

"Zoning Authority" means either the City Zoning Administrator, the Executive Director of the San Francisco Office of Community Investment and Infrastructure, or an alternate designee from the agency or department responsible for the approvals and entitlements of a project in the CFD. If there is any doubt as to the responsible party, the Administrator shall coordinate with the City Zoning Administrator to determine the appropriate party to serve as the Zoning Authority for purposes of this RMA.

B. DATA FOR CFD ADMINISTRATION

On or after July 1 of each Fiscal Year, the Administrator shall identify the current Assessor's Parcel numbers for all Taxable Parcels in the CFD. In order to identify Taxable Parcels, the Administrator shall confirm which Buildings in the CFD have been issued both a Tax Commencement Authorization and a COO.

The Administrator shall also work with the Zoning Authority to confirm: (i) the Building Height for each Taxable Building , (ii) the For-Sale Residential Square Footage, Rental Residential Square Footage, Office/Hotel Square Footage, and Retail Square Footage on each Taxable Parcel, (iii) if applicable, the number of BMR Units and aggregate Square Footage of BMR Units within the Building, (iv) whether any of the Square Footage on a Parcel is subject to a Certificate of Exemption, and (v) the Special Tax Requirement for the Fiscal Year. In each Fiscal Year, the Administrator shall also keep track of how many Fiscal Years the Special Tax has been levied on each Parcel within the CFD. If there is Initial Square Footage and Net New

Square Footage on a Parcel, the Administrator shall separately track the duration of the Special Tax levy in order to ensure compliance with Section F below.

In any Fiscal Year, if it is determined by the Administrator that (i) a parcel map or condominium plan for a portion of property in the CFD was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), and (ii) the Assessor does not yet recognize the newly-created parcels, the Administrator shall calculate the Special Tax that applies separately to each newly-created parcel, then applying the sum of the individual Special Taxes to the Assessor's Parcel that was subdivided by recordation of the parcel map or condominium plan.

C. DETERMINATION OF THE MAXIMUM SPECIAL TAX

1. Base Special Tax

Once the Building Height of, and Land Use(s) within, a Taxable Building have been identified, the Base Special Tax to be used for calculation of the Maximum Special Tax for each Taxable Parcel within the Building shall be determined based on reference to the applicable table(s) below:

FOR-SALE RESIDENTIAL SQUARE FOOTAGE

Building Height	*Base Special Tax Fiscal Year 2013-14**
1 – 5 Stories	$4.71 per For-Sale Residential Square Foot
6 – 10 Stories	$5.02 per For-Sale Residential Square Foot
11 – 15 Stories	$6.13 per For-Sale Residential Square Foot
16 – 20 Stories	$6.40 per For-Sale Residential Square Foot
21 – 25 Stories	$6.61 per For-Sale Residential Square Foot
26 – 30 Stories	$6.76 per For-Sale Residential Square Foot
31 – 35 Stories	$6.88 per For-Sale Residential Square Foot
36 – 40 Stories	$7.00 per For-Sale Residential Square Foot
41 – 45 Stories	$7.11 per For Sale Residential Square Foot
46 – 50 Stories	$7.25 per For-Sale Residential Square Foot
More than 50 Stories	$7.36 per For-Sale Residential Square Foot

RENTAL RESIDENTIAL SQUARE FOOTAGE

Building Height	*Base Special Tax Fiscal Year 2013-14**
1 – 5 Stories	$4.43 per Rental Residential Square Foot
6 – 10 Stories	$4.60 per Rental Residential Square Foot
11 – 15 Stories	$4.65 per Rental Residential Square Foot
16 – 20 Stories	$4.68 per Rental Residential Square Foot
21 – 25 Stories	$4.73 per Rental Residential Square Foot
26 – 30 Stories	$4.78 per Rental Residential Square Foot
31 – 35 Stories	$4.83 per Rental Residential Square Foot
36 – 40 Stories	$4.87 per Rental Residential Square Foot
41 – 45 Stories	$4.92 per Rental Residential Square Foot
46 – 50 Stories	$4.98 per Rental Residential Square Foot
More than 50 Stories	$5.03 per Rental Residential Square Foot

OFFICE/HOTEL SQUARE FOOTAGE

Building Height	*Base Special Tax Fiscal Year 2013-14**
1 – 5 Stories	$3.45 per Office/Hotel Square Foot
6 – 10 Stories	$3.56 per Office/Hotel Square Foot
11 – 15 Stories	$4.03 per Office/Hotel Square Foot
16 – 20 Stories	$4.14 per Office/Hotel Square Foot
21 – 25 Stories	$4.25 per Office/Hotel Square Foot
26 – 30 Stories	$4.36 per Office/Hotel Square Foot
31 – 35 Stories	$4.47 per Office/Hotel Square Foot
36 – 40 Stories	$4.58 per Office/Hotel Square Foot
41 – 45 Stories	$4.69 per Office/Hotel Square Foot
46 – 50 Stories	$4.80 per Office/Hotel Square Foot
More than 50 Stories	$4.91 per Office/Hotel Square Foot

RETAIL SQUARE FOOTAGE

Building Height	*Base Special Tax Fiscal Year 2013-14**
N/A	$3.18 per Retail Square Foot

* *The Base Special Tax rates shown above for each Land Use shall escalate as set forth in Section D.1 below.*

2. Determining the Maximum Special Tax for Taxable Parcels

Upon issuance of a Tax Commencement Authorization and the first Certificate of Occupancy for a Taxable Building within a Conditioned Project that is not an Affordable Housing Project, the

Administrator shall coordinate with the Zoning Authority to determine the Square Footage of each Land Use on each Taxable Parcel. The Administrator shall then apply the following steps to determine the Maximum Special Tax for the next succeeding Fiscal Year for each Taxable Parcel in the Taxable Building:

Step 1. Determine the Building Height for the Taxable Building for which a Certificate of Occupancy was issued.

Step 2. Determine the For-Sale Residential Square Footage and/or Rental Residential Square Footage for all Residential Units on each Taxable Parcel, as well as the Office/Hotel Square Footage and Retail Square Footage on each Taxable Parcel.

Step 3. ***For each Taxable Parcel that includes only For-Sale Units***, multiply the For-Sale Residential Square Footage by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 4. ***For each Taxable Parcel that includes only Rental Units***, multiply the Rental Residential Square Footage by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 5. ***For each Taxable Parcel that includes only Residential Uses other than Market Rate Units,*** net out the Square Footage associated with any BMR Units and multiply the remaining Rental Residential Square Footage (if any) by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 6. ***For each Taxable Parcel that includes only Office/Hotel Square Footage***, multiply the Office/Hotel Square Footage on the Parcel by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 7. ***For each Taxable Parcel that includes only Retail Square Footage***, multiply the Retail Square Footage on the Parcel by the applicable Base Special Tax from Section C.1 to determine the Maximum Special Tax for the Taxable Parcel.

Step 8. ***For Taxable Parcels that include multiple Land Uses,*** separately determine the For-Sale Residential Square Footage, Rental Residential Square Footage, Office/Hotel Square Footage, and/or Retail Square Footage. Multiply the Square Footage of each Land Use by the applicable Base Special Tax from Section C.1, and sum the individual amounts to determine the aggregate Maximum Special Tax for the Taxable Parcel for the first succeeding Fiscal Year.

D. CHANGES TO THE MAXIMUM SPECIAL TAX

1. *Annual Escalation of Base Special Tax*

The Base Special Tax rates identified in Section C.1 are applicable for fiscal year 2013-14. Beginning July 1, 2014 and each July 1 thereafter, the Base Special Taxes shall be adjusted by the Initial Annual Adjustment Factor. The Base Special Tax rates shall be used to calculate the Maximum Special Tax for each Taxable Parcel in a Taxable Building for the first Fiscal Year in which the Building is a Taxable Building, as set forth in Section C.2 and subject to the limitations set forth in Section D.3.

2. *Adjustment of the Maximum Special Tax*

After a Maximum Special Tax has been assigned to a Parcel for its first Fiscal Year as a Taxable Parcel pursuant to Section C.2 and Section D.1, the Maximum Special Tax shall escalate for subsequent Fiscal Years beginning July 1 of the Fiscal Year after the first Fiscal Year in which the Parcel was a Taxable Parcel, and each July 1 thereafter, by two percent (2%) of the amount in effect in the prior Fiscal Year. In addition to the foregoing, the Maximum Special Tax assigned to a Taxable Parcel shall be increased in any Fiscal Year in which the Administrator determines that Net New Square Footage was added to the Parcel in the prior Fiscal Year.

3. *Converted Apartment Buildings*

If an Apartment Building in the CFD becomes a Converted Apartment Building, the Administrator shall rely on information from the County Assessor, site visits to the sales office, data provided by the entity that is selling Residential Units within the Building, and any other available source of information to track sales of Residential Units. In the first Fiscal Year in which there is a Converted For-Sale Unit within the Building, the Administrator shall determine the applicable Base Maximum Special Tax for For-Sale Residential Units for that Fiscal Year. Such Base Maximum Special Tax shall be used to calculate the Maximum Special Tax for all Converted For-Sale Units in the Building in that Fiscal Year. In addition, this Base Maximum Special Tax, escalated each Fiscal Year by two percent (2%) of the amount in effect in the prior Fiscal Year, shall be used to calculate the Maximum Special Tax for all future Converted For-Sale Units within the Building. Solely for purposes of calculating Maximum Special Taxes for Converted For-Sale Units within the Converted Apartment Building, the adjustment of Base Maximum Special Taxes set forth in Section D.1 shall not apply. All Rental Residential Square Footage within the Converted Apartment Building shall continue to be subject to the Maximum Special Tax for Rental Residential Square Footage until such time as the units become Converted For-Sale Units. The Maximum Special Tax for all Taxable Parcels within the Building shall escalate each Fiscal Year by two percent (2%) of the amount in effect in the prior Fiscal Year.

4. *BMR Unit/Market Rate Unit Transfers*

If, in any Fiscal Year, the Administrator determines that a Residential Unit that had previously been designated as a BMR Unit no longer qualifies as such, the Maximum Special Tax on the

new Market Rate Unit shall be established pursuant to Section C.2 and adjusted, as applicable, by Sections D.1 and D.2. If a Market Rate Unit becomes a BMR Unit after it has been taxed in prior Fiscal Years as a Market Rate Unit, the Maximum Special Tax on such Residential Unit shall not be decreased unless: (i) a BMR Unit is simultaneously redesignated as a Market Rate Unit, and (ii) such redesignation results in a Maximum Special Tax on the new Market Rate Unit that is greater than or equal to the Maximum Special Tax that was levied on the Market Rate Unit prior to the swap of units. If, based on the Building Height or Square Footage, there would be a reduction in the Maximum Special Tax due to the swap, the Maximum Special Tax that applied to the former Market Rate Unit will be transferred to the new Market Rate Unit regardless of the Building Height and Square Footage associated with the new Market Rate Unit.

5. Changes in Land Use on a Taxable Parcel

If any Square Footage that had been taxed as For-Sale Residential Square Footage, Rental Residential Square Footage, Office/Hotel Square Footage, or Retail Square Footage in a prior Fiscal Year is rezoned or otherwise changes Land Use, the Administrator shall apply the applicable subsection in Section C.2 to calculate what the Maximum Special Tax would be for the Parcel based on the new Land Use(s). If the amount determined is greater than the Maximum Special Tax that applied to the Parcel prior to the Land Use change, the Administrator shall increase the Maximum Special Tax to the amount calculated for the new Land Uses. If the amount determined is less than the Maximum Special Tax that applied prior to the Land Use change, there will be no change to the Maximum Special Tax for the Parcel. Under no circumstances shall the Maximum Special Tax on any Taxable Parcel be reduced, regardless of changes in Land Use or Square Footage on the Parcel, including reductions in Square Footage that may occur due to demolition, fire, water damage, or acts of God. In addition, if a Taxable Building within the CFD that had been subject to the levy of Special Taxes in any prior Fiscal Year becomes all or part of an Affordable Housing Project, the Parcel(s) shall continue to be subject to the Maximum Special Tax that had applied to the Parcel(s) before they became part of the Affordable Housing Project. All Maximum Special Taxes determined pursuant to Section C.2 shall be adjusted, as applicable, by Sections D.1 and D.2.

6. Prepayments

If a Parcel makes a prepayment pursuant to Section H below, the Administrator shall issue the owner of the Parcel a Certificate of Exemption for the Square Footage that was used to determine the prepayment amount, and no Special Tax shall be levied on the Parcel in future Fiscal Years unless there is Net New Square Footage added to a Building on the Parcel. Thereafter, a Special Tax calculated based solely on the Net New Square Footage on the Parcel shall be levied for up to thirty Fiscal Years, subject to the limitations set forth in Section F below. Notwithstanding the foregoing, any Special Tax that had been levied against, but not yet collected from, the Parcel is still due and payable, and no Certificate of Exemption shall be issued until such amounts are fully paid. If a prepayment is made in order to exempt Taxable Child Care Square Footage on a Parcel on which there are multiple Land Uses, the Maximum Special Tax for the Parcel shall be recalculated based on the exemption of this Child Care Square Footage which shall, after such prepayment, be designated as Exempt Child Care Square Footage and remain exempt in all Fiscal Years after the prepayment has been received.

E. METHOD OF LEVY OF THE SPECIAL TAX

Each Fiscal Year, the Special Tax shall be levied Proportionately on each Taxable Parcel up to 100% of the Maximum Special Tax for each Parcel for such Fiscal Year until the amount levied on Taxable Parcels is equal to the Special Tax Requirement.

F. COLLECTION OF SPECIAL TAX

The Special Taxes for CFD No. 2014-1 shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section H below and provided further that the City may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected from the first Fiscal Year in which a Parcel is designated as a Taxable Parcel until the principal and interest on all Bonds have been paid, the City's costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. Notwithstanding the foregoing, the Special Tax shall not be levied on any Square Footage in the CFD for more than thirty Fiscal Years, except that a Special Tax that was lawfully levied in or before the final Fiscal Year and that remains delinquent may be collected in subsequent Fiscal Years. After a Building or a particular block of Square Footage within a Building (i.e., Initial Square Footage vs. Net New Square Footage) has paid the Special Tax for thirty Fiscal Years, the then-current record owner of the Parcel(s) on which that Square Footage is located shall be issued a Certificate of Exemption for such Square Footage. Notwithstanding the foregoing, the Special Tax shall cease to be levied, and a Release of Special Tax Lien shall be recorded against all Parcels in the CFD that are still subject to the Special Tax, after the Special Tax has been levied in the CFD for seventy-five Fiscal Years.

Pursuant to Section 53321 (d) of the Act, the Special Tax levied against Residential Uses shall under no circumstances increase more than ten percent (10%) as a consequence of delinquency or default by the owner of any other Parcel or Parcels and shall, in no event, exceed the Maximum Special Tax in effect for the Fiscal Year in which the Special Tax is being levied.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on: (i) Square Footage for which a prepayment has been received and a Certificate of Exemption issued, (ii) Below Market Rate Units except as otherwise provided in Sections D.3 and D.4, (iii) Affordable Housing Projects, including all Residential Units, Retail Square Footage, and Office Square Footage within buildings that are part of an Affordable Housing Project, except as otherwise provided in Section D.4, and (iv) Exempt Child Care Square Footage.

H. PREPAYMENT OF SPECIAL TAX

The Special Tax obligation applicable to Square Footage in a building may be fully prepaid as described herein, provided that a prepayment may be made only if (i) the Parcel is a Taxable Parcel, and (ii) there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. Any prepayment made by a Parcel owner must satisfy the Special Tax obligation associated with all Square Footage on the Parcel that is subject to the Special Tax at the time the prepayment is calculated. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for the Square Footage on such Assessor's Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes. The Prepayment Amount for a Taxable Parcel shall be calculated as follows:

Step 1: Determine the Square Footage of each Land Use on the Parcel.

Step 2: Determine how many Fiscal Years the Square Footage on the Parcel has paid the Special Tax, which may be a separate total for Initial Square Footage and Net New Square Footage on the Parcel. If a Special Tax has been levied, but not yet paid, in the Fiscal Year in which the prepayment is being calculated, such Fiscal Year will be counted as a year in which the Special Tax was paid, but a Certificate of Exemption shall not be issued until such Special Taxes are received by the City's Office of the Treasurer and Tax Collector.

Step 3: Subtract the number of Fiscal Years for which the Special Tax has been paid (as determined in Step 2) from 30 to determine the remaining number of Fiscal Years for which Special Taxes are due from the Square Footage for which the prepayment is being made. This calculation would result in a different remainder for Initial Square Footage and Net New Square Footage within a building.

Step 4: Separately for Initial Square Footage and Net New Square Footage, and separately for each Land Use on the Parcel, multiply the amount of Square Footage by the applicable Maximum Special Tax that would apply to such Square Footage in each of the remaining Fiscal Years, taking into account the 2% escalator set forth in Section D.2, to determine the annual stream of Maximum Special Taxes that could be collected in future Fiscal Years.

Step 5: For each Parcel for which a prepayment is being made, sum the annual amounts calculated for each Land Use in Step 4 to determine the annual Maximum Special Tax that could have been levied on the Parcel in each of the remaining Fiscal Years.

Step 6. Calculate the net present value of the future annual Maximum Special Taxes that were determined in Step 5 using, as the discount rate for the net present value calculation, the true interest cost (TIC) on the Bonds as identified by the Office of Public Finance. If there is more than one series of Bonds outstanding at the time of the prepayment calculation, the Administrator shall determine the weighted average TIC based on the Bonds from each series that remain outstanding. The amount determined pursuant to this Step 6 is the required prepayment for each Parcel. Notwithstanding the foregoing, if at any point in time the Administrator determines that the Maximum Special Tax revenue that could be collected from Square Footage that remains subject to the Special Tax after the proposed prepayment is less than 110% of debt service on Bonds that will remain outstanding after defeasance or redemption of Bonds from proceeds of the estimated prepayment, the amount of the prepayment shall be increased until the amount of Bonds defeased or redeemed is sufficient to reduce remaining annual debt service to a point at which 110% debt service coverage is realized.

Once a prepayment has been received by the City, a Certificate of Exemption shall be issued to the owner of the Parcel indicating that all Square Footage that was the subject of such prepayment shall be exempt from Special Taxes.

I. INTERPRETATION OF SPECIAL TAX FORMULA

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

J. SPECIAL TAX APPEALS

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

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

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

BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

PROOF OF MAILING

Legislative File Nos. 140836, 140814, 140815, and 140816

Description of Items: **Notice of Public Hearing for the Transbay Transit Center - Community Facilities District No. 2014-1**

140836. Public hearing of persons interested in or objecting to the proposed Resolution of Formation for Special Tax District No. 2014-1, establishing the Transbay Transit Community Facilities District No. 2014-1 (CFD) and determining other matters in connection therewith; Resolution determining necessity to incur bonded indebtedness for the CFD; and Resolution calling for a special election in the City and County of San Francisco to submit the issues of the special tax, the incurring of bonded indebtedness, and the establishment of the appropriations limit to the qualified electors of the CFD.

The above referenced proposed Resolutions to be considered are detailed as follows:

140814. Resolution of formation of the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters in connection therewith.

140815. Resolution determining necessity to incur bonded indebtedness for City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters therewith.

140816. Resolution calling for a special election in the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center). *(Pending approval of File No. 140896, Motion to Sit as Committee of the Whole, to be approved on September 2, 2014, prior to the hearing.)*

I, JAMES HUNG, an employee of the City and County of San Francisco, mailed the above Public Hearing Notice for said Legislation by depositing the sealed notice with the United States Postal Service (USPS) with the postage fully prepaid as follows:

Date: 8/15/2014

Time: 6:00 PM

USPS Location: PICK UP FROM REPROMAIL 101 SOUTH VAN NESS AVE.

Mailbox/Mailslot Pick-Up Times (if applicable): _____

Signature: James Hung

Instructions: Upon completion, original must be filed in the above referenced file.

Annexation Area Parcels Mailing Group 2					
Parcel #	**Site Address**	**Owner/Developer**	**Contact Name**	**Contact Title**	**Mailing Address**
3708-008	82-84 1st Street	First & Mission Properties LLC			433 California Street, 7th Floor, SF CA 94104
3708-006,3708-007, 3708-009, 3708-010, 3708-011, 3708-055	62 1st Street	FM Owner LLC	Matt Field	Managing Director TMG Partners	100 Bush Street, Ste 2600, SF, CA 94104
3708-098	550 Mission St	Golden Gate University	Robert Hite	VP Business Affairs and CFO	536 Mission Street, San Francisco, CA, 94105
3721-013	524 Howard St	Howard/First Property LLP		Crescent Heights	2200 Biscayne Blvd, Miami FL 33137
3721-013	524 Howard St	Howard/First Property LLP	Steve Atkinson	McKenna, Long & Aldridge LLP	121 Spear Street Suite 200, SF, CA 94105
3707-052	2 Montgomery St	KYO-YA Hotels & Resorts LP			2255 Kalakaua Ave, 2nd Floor, Honolulu, HI 96815
3707-052	2 Montgomery St	KYO-YA Hotels & Resorts LP	Jim Reuben	Reuben, Junius & Rose LLP	One Bush Street, Suite 600, SF, CA 94104
3741-031	75 Howard	RDF 75 Howard LP			1633 Broadway #1801 New York, NY 10019
3741-031	75 Howard		Jim Abrams	Gibson Dunn and Crutcher, LLP	555 Mission Street, Suite 3000 San Francisco CA 94105

Matt Field TMG Partners
FM Owner LLC
100 Bush Street, Ste 2600
SF, CA 94104

Robert Hite
Golden Gate University
536 Mission Street
San Francisco, CA, 94105

Steve Atkinson McKenna, Long & Aldridge LLP
Howard/First Property LLP
121 Spear Street Suite 200
SF, CA 94105

Jim Reuben Reuben, Junius & Rose LLP
KYO-YA Hotels & Resorts LP
One Bush Street, Suite 600
SF, CA 94104

Jim Abrams Gibson Dunn and Crutcher, LLP
555 Mission Street, Suite 3000
San Francisco CA 94105

First & Mission Properties LLC
433 California Street, 7th Floor
SF CA 94104

Crescent Heights
Howard/First Property LLP
2200 Biscayne Blvd
Miami FL 33137

KYO-YA Hotels & Resorts LP
2255 Kalakaua Ave, 2nd Floor
Honolulu, HI 96815

RDF 75 Howard LP
1633 Broadway #1801
New York, NY 10019

SAN FRANCISCO

1657

Janette Sammartino D'Elia
181 Fremont Street LLC
Four Embarcadero Center, Suite 3620
San Francisco, CA 94111

Group 1 CFD Parcels

	Parcel #	Site Address	Owner	Contact Name	Contact Title	Mailing Address
1	3719-010, 3719-011	177-181 Fremont St. & 183-187 Fremont St.	181 Fremont Street LLC	Janette Sammartino D'Ella	Jay Paul Company	Four Embarcadero Center, Suite 3620 San Francisco, CA 94111
2	3738-016	No legal address	Block 8 Joint Venture LLC	Lee Golub	Golub Real Estate Corp	625 N. Michigan Avenue #2000 Chicago, IL 60611
3	3710-017	350 Mission St.	KR 350 Mission, LLC	Heidi Rot	Kilroy Realty	PO Box 64733 Los Angeles, CA 90064
4	3736-120,3737-005,3737-012, 3737-027	No legal address available	State Property Department of General Services	Caltrans		707 3rd Street, 6th Floor West Sacramento, CA 95605
5	3736-190	41 Tehama St.	Tehama Partners LLC	Robert Standler		3490 California Street, Ste 209, SF CA 94118
6	3738-013,3738-014,3738-017,3740-027	280-286 Beale/255 Fremont	The Successor Agency to the Redevelopment Agency of the City and County of San Francisco	Tiffany Bohee	Executive Director	1 South Van Ness, 5th Floor San Francisco, CA 94103
7	3718-025,3721-015A,3721-016,3721-031,3739-002,3739-004,3739-006,3739-007,3739-008,3718-027	175 Beale St.	Transbay Joint Powers Authority	Maria Ayerdi-Kaplan	Executive Director	201 Mission Street, Suite 2100 San Francisco, CA 94105
8	3720-009	101 First St. & 415 Mission St.	Transbay Tower LLC	Michael Yi		4 Embarcadero Lobby Level #1 San Francisco, CA 94111
9	3736-120			Eric Tao	Advant Housing	100 Bush Street, Floor 22 San Francisco, CA 94103
10	3736-190	41 Tehama St.		Charles Kuntz	Director Hines	101 California St, Suite 1000, San Francisco, CA 94111
11	3737-005,3737-012, 3737-027			William A. Witte	President Related California Urban Housing, LLC	18201 Von Karman Ave, Suite 900 Irvine, CA 92612
12	3720-009	101 First St. & 415 Mission St.		Charles Kuntz	Director Hines	101 California St, Suite 1000, San Francisco, CA 94111
13	3720-009	101 First St. & 415 Mission St.		Bob Pester	Senior Vice President Boston Properties	Four Embarcadero Center, San Francisco, California , 94111-5994

From: Services, Mail (ADM)

Sent: Friday, August 15, 2014 3:32 PM

To: Pagan, Lisa

Cc: Choy, Jeff (ADM)

Subject: Proof of mailing

Hi Lisa,

Here is the proof of mailing.

Mail will be pick up here by USPS at 6:00PM

Thank You!

James Phung

Repromail

City and County of San Francisco

101 South Van Ness Ave

San Francisco CA 94103-2518

Phone: 415-554-6422

Fax: 415-554-4801

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Four Embarcadero Center, Suite 3620
San Francisco, CA 94111

Heidi Rot
KR 350 Mission, LLC
PO Box 64733
Los Angeles, CA 90064

Robert Standler
Tehama Partners LLC
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SF CA 94118

Maria Ayerdi-Kaplan
Transbay Joint Powers Authority
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San Francisco, CA 94105

Eric Tao
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Re lated California Urban Housing, LLC
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Bob Pester
Boston Properties
Four Embarcadero Center
San Francisco, California , 94111-5994

Lee Golub
Block 6 Joint Venture LLC
625 N. Michigan Avenue #2000
Chicago, IL 60611

Caltrans
State Property Department of General Services
707 3rd Street, 6th Floor
West Sacramento, CA 95605

Tiffany Bohee
The Successor Agency to the Redevelopment Agency of the
City and County of San Francisco
1 South Van Ness, 5th Floor
San Francisco, CA 94103

Michael Yi
Transbay Tower LLC
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San Francisco, CA 94111

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Hines
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OFFICE OF THE MAYOR
SAN FRANCISCO

EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mayor Edwin M. Lee
RE: Resolution of Formation - City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Center)
DATE: July 15, 2014

Attached for introduction to the Board of Supervisors is the resolution of formation of City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters in connection therewith.

I request that this item be calendared in Budget and Finance Committee on July 23rd.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

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