

FP EXHIBIT H**Term Sheet: Rate and Method of Apportionment for Pier 70 Leased Property,
Pier 70 Condo Property CFD, and Hoedown Yard CFD**

The Port and Developer have agreed that the RMAs for the Pier 70 28-Acre Site/Leased Property CFD, the Pier 70 28-Acre Site/Condominiums CFD, and the Hoedown Yard CFD shall be drafted consistent with the provisions below, subject to the approval by the Board of Supervisors. Capitalized terms used herein that are not defined shall have the meanings given such terms in the Appendix.

A. For Pier 70 28-Acre Site/Leased Properties CFD

1. Classes of Property:

- “Developed Property” defined as follows:
 - *For levy of the Facilities Special Tax and Arts Building Special Tax:* all Taxable Parcels for which the 24-month anniversary of the date of the Vertical DDA has occurred during the previous Fiscal Year, regardless of whether or not a Building Permit has been issued.
 - *For levy of the Shoreline Special Tax and Services Special Tax:* all Taxable Parcels for which a TCO was issued on or prior to June 30 of the preceding Fiscal Year, but not prior to January 1, 2018.
- “Undeveloped Property” defined as
 - all Taxable Parcels that are not Developed Property.

2. Preliminary Special Tax Rates per gross square foot for Developed Property (subject to review):

Land Use	Facilities Special Tax	Shoreline Special Tax		Arts Building Special Tax	Services Special Tax
		Zone 1	Zone 2		
Non-Residential	\$3.60	\$0.55	\$0.82	\$0.51	\$1.00
Rental less than 70 Feet	\$3.59	\$0.55	\$0.80	\$0.41	\$0.81
Rental greater than or equal to 70 Feet	\$3.80	\$0.58	\$0.87	\$0.41	\$0.81
Building 12	\$3.38	Exempt	Exempt	Exempt	Exempt
Building 21	\$3.50	Exempt	Exempt	Exempt	Exempt

3. Escalators:

- Facilities Special Tax: 2% annually.
- Shoreline Special Tax: 2% annually.
- Arts Building Special Tax: 2% annually.
- Services Special Tax: the lesser of the following: (i) the annual increase, if any, in the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose region (base years 1982-1984=100) published by the Bureau of Labor Statistics of the United States Department of Labor, or, if such index is no longer published, a similar escalator that is determined by the Port and City to be appropriate, and (ii) five percent (5%).

4. Uses of Special Taxes:

- Facilities Special Tax to fund:
 - Capital Costs, consisting of Entitlement Costs, other Horizontal Development Costs, Developer Capital and Developer Return, and Port Capital and Return on Port Capital, incurred in the horizontal development of the FC Project Area;
 - PNLN Payments, which will be disbursed from the Land Proceeds Fund for revenue-sharing under the Financing Plan; and
 - the Historic Building Feasibility Gap.
- Shoreline Special Tax to fund the Project Reserve and Shoreline Reserve, as described in Financing Plan Section 4.7:
 - Project Reserve. The Project Reserve Account will be used for the following expenses, in the order of priority listed below.
 - Entitlement Sum and accrued Developer Return;
 - other Horizontal Development Costs;
 - Developer Balance and Port Balance, pro rata; and
 - the Historic Building Feasibility Gap.
 - Shoreline Reserve. The Shoreline Reserve Account will be used for the expenses listed below, subject to completion of any required environmental review under CEQA.
 - Shoreline Adaptation Studies;
 - Shoreline Protection Facilities; and
 - Pier 70 Shoreline Protection Facilities.

- Arts Building Special Tax to fund the Noonan Replacement Space, the Arts Building Funding, and other community facilities under the conditions specified in Financing Plan Section 10.2.
- Services Special Tax to fund Ongoing Maintenance Costs of the FC Project Area Maintained Facilities.

5. Commencement of Special Taxes:

- Facilities Special Tax: on Developed Property, at the maximum special tax, regardless of debt service; no levy on Undeveloped Property unless bonds issued.
- Shoreline Special Tax: on Developed Property only at the maximum special tax, regardless of debt service; no levy on Undeveloped Property at any time.
- Arts Building Special Tax: on Developed Property only at the maximum special tax, regardless of debt service; no levy on Undeveloped Property at any time.
- Services Special Tax: on Developed Property only; no levy on Undeveloped Property at any time.

6. Terms of Special Taxes:

- The Facilities Special Tax shall be levied and collected on a Taxable Parcel until the earlier of: (i) the Fiscal Year in which the Port determines that all Authorized Expenditures that will be funded by the Leased Property CFD have been funded and all Bonds have been fully repaid, (ii) the Fiscal Year in which Tax Increment is no longer collected within the Sub-Project Area within which the Parcel is located, as determined by the Administrator with direction from the Deputy Director, and (iii) a Fiscal Year in the future.
- The Shoreline Special Tax shall be levied on and collected from each Taxable Parcel for 120 Fiscal Years.
- The Arts Building Special Tax shall be levied and collected until the earlier of: (i) the Fiscal Year in which \$20 million in Arts Building Costs have been funded and all Arts Building Bonds have been fully repaid, and (ii) Fiscal Year 2080-81.
- The Services Special Tax shall be levied and collected in perpetuity.

7. Initial Parcels and Annexation:

- Initial Parcels:
 - Zone 1 will initially include all Development Parcels to be developed as NOI Property in Phase 1 other than Historic Building 12.

- Zone 2 will initially include all Development Parcels to be developed as NOI Property in future phases except Historic Building 21 and the Future Annexation Area.
 - Zone 3 will include Historic Building 12 and Historic Building 21.
 - RMA will provide for the future annexation of additional Leased Property from among the Future Annexation Area parcels (i.e., E1, F, G, H1, H2, E4, PKS and C1A).
8. Administrative Reduction of Taxes
- Applies only to Facilities Special Tax and Shoreline Special Tax.
 - The Port and Developer will have the opportunity prior to issuance of first series of Bonds in the Pier 70 Leased Property CFD to agree to reduce special tax rates to reflect then-current valuation estimates, if lower (assuming a 20% buffer).
9. Credit for Tax Increment
- A parcel shall be entitled to a credit against the Facilities Special Tax from the tax increment received from that parcel (and from any tax increment generated in City and County of San Francisco Infrastructure Financing District No. 2, Sub-Project Areas G-2, G-3, and G-4 that is available after satisfying higher-priority items as set forth in the Financing Plan should the amount of tax increment received from the parcel not be sufficient to offset the Facilities Special Tax on that parcel), but only under the following circumstances:
 - The parcel has paid its ad valorem and Facilities Special Taxes (if any) in the previous year (i.e., delinquent parcels are not entitled to any credit); and
 - The parcel is an Assessed Parcel.
 - The term “Assessed Parcel” means NOI Property that meets all four of the following conditions: (i) the NOI Property has one or more buildings that have been constructed or rehabilitated on the NOI Property and a TCO has been granted for such newly-constructed or newly-rehabilitated building(s); (ii) the newly-constructed or newly-rehabilitated building(s) have been fully-assessed by the County Assessor; (iii) the County Assessor has levied ad valorem taxes on the NOI Property based on the full value of the newly-constructed or newly-rehabilitated building(s); and (iv) the NOI Property has paid in full at least one year of these ad valorem taxes based upon the full value of the newly-constructed or newly-rehabilitated building(s).
 - The mechanics and timing of the application of the credit will be determined in the Financing Plan and in connection with the drafting of the RMAs.
 - The RMA will determine the establishment of appropriate tax increment and backup funds and the priority of funding of the accounts. In addition, the Parties

will determine in the RMA how the Leased Properties Backup Fund will be replenished.

10. Miscellaneous

- Definition of Special Tax Requirement applicable to the Facilities Special Tax should **exclude** Administrative Expenses, which shall be collected from Arts Building Special Tax, Shoreline Special Tax, and/or Services Special Tax.
- Prepayment shall not be provided for any of the special taxes.
- The Shoreline Special Tax, the Arts Building Special Tax, and the Services Special Tax shall **not** be levied on Historic Buildings 12 and 21.
- The 10% delinquency limitation shall be applicable to all property in the Leased Property CFD (i.e., residential and non-residential property).

B. For Pier 70 28-Acre Site/Condominiums CFD

1. Classes of Property:

- “Developed Property” defined as follows:
 - *For levy of the Facilities Special Tax and Arts Building Special Tax:* all Taxable Parcels (i) for which a Building Permit was issued on or prior to June 30 of the preceding Fiscal Year, but not prior to January 1, 2018, or (ii) Vertical DDA Property that has not pulled a Building Permit if the 36 month anniversary of the date of the Vertical DDA has occurred, or will occur, during the Fiscal Year.
 - *For levy of the Services Special Tax:* all Taxable Parcels for which a TCO was issued on or prior to June 30 of the preceding Fiscal Year, but not prior to January 1, 2018.
- “Vertical DDA Property” defined as follows:
 - any Parcel that is not yet Developed Property against which a Vertical DDA has been recorded, and for which the Developer or the Vertical Developer has, by June 30 of the prior Fiscal Year, notified the Administrator of such recording
- “Undeveloped Property” defined as
 - all Taxable Parcels that are not Developed Property or Vertical DDA Property.

2. Preliminary Special Tax Rates per net square foot for Developed Property (subject to review):

Zone	Land Use	Facilities Special Tax	Arts Building Special Tax	Services Special Tax
Zone #1	Parcel K North	\$5.02	Exempt	\$1.57
Zone #2	Condominiums	\$4.70	\$0.64	\$1.25

3. Escalators:

- Facilities Special Tax: 2% annually.
- Arts Building Special Tax: 2% annually.
- Services Special Tax: the lesser of the following: (i) the annual increase, if any, in the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose region (base years 1982-1984=100) published by the Bureau of Labor Statistics of the United States Department of Labor, or, if such index is no longer published, a similar escalator that is determined by the Port and City to be appropriate, and (ii) five percent (5%).

4. Uses of Special Taxes:

- Facilities Special Tax to fund:
 - the Michigan Street segment
 - Capital Costs, consisting of Entitlement Costs, other Horizontal Development Costs, Developer Capital and Developer Return, and Port Capital and Return on Port Capital, incurred in the horizontal development of the FC Project Area;
 - PNLP Payments, which will be disbursed from the Land Proceeds Fund for revenue-sharing under the Financing Plan;
 - Historic Building Feasibility Gap;
 - Shoreline Adaptation Studies;
 - Shoreline Protection Facilities; and
 - Pier 70 Shoreline Protection Facilities. (from Zone 2 of the Pier 70 Condo CFD only).
- Arts Building Special Tax (which is levied exclusively on Zone 2 of the Pier 70 Condo CFD) to fund:

- the Noonan Replacement Space, the Arts Building Funding, and other community facilities under the conditions specified in Financing Plan Section 10.2.
- After financing the above, to be converted to a Services Special Tax to be levied in perpetuity.

- Services Special Tax to fund:

Zone 1: Public Spaces in Zone 1, Public ROWs in Zone 1, other Public Spaces outside of the FC Project Area and the 20th Street CFD, other Public ROWs in Pier 70 north of 20th Street and outside of the 20th Street CFD, and the costs of Shoreline Protection Facilities.

Zone #2: Ongoing Maintenance Costs of the FC Project Area Maintained Facilities.

5. Commencement of Special Taxes:

- Facilities Special Tax: on all land use classes in accordance with the apportionment section; levy at maximum assigned tax rates on Developed Property regardless of debt service; no levy on Vertical DDA Property or Undeveloped Property unless bonds issued.
- Arts Building Special Tax: on Developed Property only, regardless of debt service; no levy on Vertical DDA Property or Undeveloped Property at any time.
- Services Special Tax: on Developed Property only; no levy on Vertical DDA Property or Undeveloped Property at any time.

6. Terms of Special Taxes:

- The Facilities Special Tax shall be levied on and collected from each Taxable Parcel for 120 Fiscal Years.
- The Arts Building Special Tax shall be levied, collected and applied to Arts Building Costs until the Fiscal Year in which \$20 million in Arts Building Costs have been funded and all Arts Building Bonds have been fully repaid. Thereafter, the Arts Building Special Tax shall convert to a Services Special Tax and shall be levied and collected in perpetuity.
- The Services Special Tax shall be levied and collected in perpetuity.

7. Initial Parcels and Annexation:

- Initial Parcels:
 - Zone 1: Parcel K North

- Zone 2: Parcels C1C, C2B, and D.
 - RMA will provide for the future annexation of additional Condo Property from among the Future Annexation Area parcels (i.e., E1, F, G, H1, H2, E4, PKS and C1A).
8. Administrative Reduction of Taxes
- Applies only to the Facilities Special Tax.
 - Special tax rates reduced prior to issuance of first series of Bonds so as to be consistent with the agreed-upon overall tax rate.
9. Miscellaneous
- The Arts Building Special Tax shall **not** be levied on Parcel K North.
 - The 10% delinquency limitation shall be applicable to all property in the Condominium Property CFD (i.e., residential and non-residential property).

C. For Hoedown Yard CFD

1. Classes of Property:
- “Developed Property” defined as follows:
 - *For levy of the Facilities Special Tax*: all Taxable Parcels (i) for which a Building Permit was issued on or prior to June 30 of the preceding Fiscal Year, but not prior to January 1, 2018, or (ii) Vertical DDA Property that has not pulled a Building Permit if the 36 month anniversary of the date of the Vertical DDA has occurred, or will occur, during the Fiscal Year.
 - *For levy of the Services Special Tax*: all Taxable Parcels for which a TCO was issued on or prior to June 30 of the preceding Fiscal Year, but not prior to January 1, 2018.
 - “Vertical DDA Property” defined as follows:
 - any Parcel that is not yet Developed Property against which a Vertical DDA has been recorded, and for which the Developer or the Vertical Developer has, by June 30 of the prior Fiscal Year, notified the Administrator of such recording
 - “Undeveloped Property” defined as
 - all Taxable Parcels that are not Developed Property or Vertical DDA Property.
2. Preliminary Special Tax Rates per net square foot for Developed Property (subject to review):

Land Use	Facilities Special Tax	Services Special Tax
Condominiums	\$5.02	\$1.57

3. Escalators:

- Facilities Special Tax: 2% annually.
- Services Special Tax: the lesser of the following: (i) the annual increase, if any, in the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose region (base years 1982-1984=100) published by the Bureau of Labor Statistics of the United States Department of Labor, or, if such index is no longer published, a similar escalator that is determined by the Port and City to be appropriate, and (ii) five percent (5%).

4. Uses of Special Taxes:

- Facilities Special Tax to fund:
 - Irish Hill Park;
 - acquisition of shoreline space near the former Hunters Point Power Plant; and
 - other Port Capital Costs; and
 - after Irish Hill Park has been financed, Shoreline Adaptation Studies and Shoreline Protection Facilities.
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- Services Special Tax to fund: Public Spaces and Public ROWs in the Hoedown Yard CFD, other Public Spaces outside of the FC Project Area and the 20th Street CFD, other Public ROWs in Pier 70 north of 20th Street and outside of the 20th Street CFD, and the costs of Shoreline Protection Facilities.

5. Commencement of Special Taxes:

- Facilities Special Tax: on all land use classes in accordance with the apportionment section; levy at maximum assigned tax rates on Developed Property regardless of debt service; no levy on Vertical DDA Property or Undeveloped Property unless bonds issued.
- Services Special Tax: on Developed Property only; no levy on Vertical DDA Property or Undeveloped Property at any time.

6. Terms of Special Taxes:

- The Facilities Special Tax shall be levied on and collected from each Taxable Parcel for 120 Fiscal Years.
- The Services Special Tax shall be levied and collected in perpetuity.

7. Initial Parcels:

- Initial Parcels: HDY1, HDY2, and HDY3.

8. Miscellaneous

- The 10% delinquency limitation shall be applicable to all property in the Hoedown Yard CFD (i.e., residential and non-residential property).