

File No 091449

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

Board Item No. 20

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Board of Supervisors Meeting

Date January 12, 2010

#### Cmte Board

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

#### OTHER

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Completed by: Annette Lonich Date January 5, 2010

Completed by: \_\_\_\_\_ Date \_\_\_\_\_

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

RECEIVED  
BOARD OF SUPERVISORS  
2009 DEC 15 AM 2:44  
Time Stamp or Meeting Date

**INTRODUCTION FORM**

By a member of the Board of Supervisors or the Mayor

05

I hereby submit the following item for introduction:

- 1. For reference to Committee:  
An ordinance, resolution, motion, or charter amendment
- 2. Request for next printed agenda without reference to Committee
- 3. Request for Committee hearing on a subject matter
- 4. Request for letter beginning "Supervisor \_\_\_\_\_ inquires..."
- 5. City Attorney request
- 6. Call file from Committee
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File Nos.
- 9. Request for Closed Session
- 10. Board to Sit as A Committee of the Whole

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

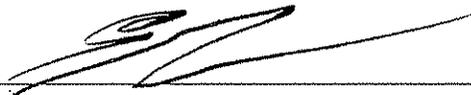
- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.]

Sponsor(s): Mayor Newsom, Eric Mar, Bevan Dufty

SUBJECT: Resolution of Formation of Special Tax District  
The text is listed below or attached:

Resolution of formation to establish Special Tax District No. 2009-1 (San Francisco Sustainable Financing), establish boundaries of said special tax district, to describe the facilities to be financed, to establish an appropriations limit and to provide for other matters related thereto.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

091449

1 [Resolution of Formation of Special Tax District]

2  
3 **Resolution of Formation to establish Special Tax District No. 2009-1 (San Francisco**  
4 **Sustainable Financing), establish boundaries of said special tax district, to describe**  
5 **the facilities to be financed, to establish an appropriations limit and to provide for other**  
6 **matters related thereto.**

7  
8 WHEREAS, On November 24, 2009, this Board of Supervisors (the "Board of  
9 Supervisors") of the City and County of San Francisco (the "City") made certain findings,  
10 determinations and declarations, and adopted Resolution No. 464-09, entitled "Resolution of  
11 Intention to Establish Special Tax District" (the "Resolution of Intention"), pursuant to Chapter  
12 43, Article X of the San Francisco Administrative Code (the "Code"), which Code incorporates  
13 the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"); and

14 WHEREAS, The Resolution of Intention, incorporating a map of the proposed  
15 boundaries of the Special Tax District, stated the intention of this Board of Supervisors to  
16 establish a City-wide special tax district, to be called "City and County of San Francisco  
17 Special Tax District No. 2009-1 (San Francisco Sustainable Financing)" (the "Special Tax  
18 District"), in order to finance and refinance the acquisition, installation and improvement of  
19 energy efficiency, water conservation and renewable energy improvements to or on real  
20 property and in buildings, whether such real property or buildings are privately or publicly  
21 owned, and described the method of apportionment of the special tax to be levied within the  
22 Special Tax District; and

23 WHEREAS, The Resolution of Intention stated the intention of the Board of  
24 Supervisors to undertake the proceedings to form the Special Tax District under the alternate  
25 procedures established by Section 43.10.17 of the Code, pursuant to which a special tax

1 district may initially consist solely of territory proposed for annexation to **the special tax**  
2 district in the future, with the condition that a parcel or parcels within that territory may be  
3 annexed to the special tax district and subjected to the special tax only with the unanimous  
4 approval of the owner or owners of such parcel or parcels at the time that such parcel or those  
5 parcels are annexed or in compliance with other procedures established by the Code; and

6 WHEREAS, On January 12, 2010, this Board of Supervisors held a noticed public  
7 hearing as required by the Code and the Resolution of Intention relating to the proposed  
8 formation of the Special Tax District; and

9 WHEREAS, At the hearing all interested persons desiring to be heard on all matters  
10 pertaining to the formation of the Special Tax District, the facilities to be financed by the  
11 Special Tax District and the levy of a special tax on property annexed to the Special Tax  
12 District were heard and a full and fair hearing was held; and

13 WHEREAS, At the hearing evidence was presented to this Board of Supervisors on the  
14 matters before it, including a report caused to be prepared by the Director of the Office of  
15 Public Finance (the "Report") as to the facilities to be provided through the Special Tax District  
16 and the costs thereof, a copy of which is on file with the Clerk of the Board of Supervisors in  
17 File No. \_\_\_\_\_, and this Board of Supervisors at the conclusion of said hearing is fully  
18 advised in the premises; and

19 WHEREAS, Written protests with respect to the formation of the Special Tax District,  
20 the furnishing of specified types of facilities and the method of apportionment of the special  
21 taxes have not been filed with the Clerk of the Board of Supervisors by 50% or more of the  
22 registered voters residing within the territory proposed to be annexed to the Special Tax  
23 District in the future, or by the owners of one-half or more of the area of land proposed to be  
24 annexed in the future; now, therefore, be it

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

1 FURTHER RESOLVED, That neither the proposed establishment of the Special Tax  
2 District, the extent of the Special Tax District nor the furnishing of the specified Facilities has  
3 been precluded by majority protest pursuant to Section 43.10.17 of the Code; and, be it

4 FURTHER RESOLVED, That all prior proceedings taken by this Board of Supervisors  
5 in connection with the establishment of the Special Tax District and the levy of a special tax  
6 therein have been duly considered and are hereby found and determined to be valid and in  
7 conformity with the Code; and, be it

8 FURTHER RESOLVED, That the Special Tax District to be designated "City and  
9 County of San Francisco Special Tax District No. 20010-1 (San Francisco Sustainable  
10 Financing)," is hereby established pursuant to the Code; and, be it

11 FURTHER RESOLVED, That the boundaries of the Special Tax District, as set forth in  
12 the map of the Special Tax District recorded in the City and County of San Francisco  
13 Recorder's Office on December 7, 2009, at 1:01 p.m., as Document 2009-I882362-00, are  
14 hereby approved, are incorporated herein by reference and shall be the boundaries of the  
15 Special Tax District, and that the Special Tax District shall initially consist solely of territory  
16 proposed for annexation to the Special Tax District in the future, with the condition that a  
17 parcel or parcels within that territory may be annexed to the Special Tax District and subjected  
18 to a special tax only with the unanimous approval of the owner or owners of such parcel or  
19 parcels at the time that such parcel or those parcels are annexed or in compliance with other  
20 procedures established by the Code; and, be it

21 FURTHER RESOLVED, That the type of facilities proposed to be financed by the  
22 Special Tax District and pursuant to the Code shall consist of those items listed in Exhibit A  
23 hereto and by this reference incorporated herein (the "Facilities"); and, be it

24 FURTHER RESOLVED, That except to the extent that funds are otherwise available,  
25 the City will levy a special tax (the "Special Tax") to pay directly for the Facilities, to pay the

1 principal and interest on bonds of the City issued to finance the Facilities and/or to make lease  
2 payments on any lease used to finance the Facilities; and, be it

3 FURTHER RESOLVED, That the Special Tax will be secured by recordation of a  
4 continuing lien against all real property in the Special Tax District that annexes to the Special  
5 Tax District, will be levied annually within the Special Tax District, and will be collected in the  
6 same manner as ordinary ad valorem property taxes, or in such other manner as this Board of  
7 Supervisors or its designee shall determine, including direct billing of the affected property  
8 owners; and, be it

9 FURTHER RESOLVED, That the proposed method of apportionment of the Special  
10 Tax among the parcels of real property within the Special Tax District is described in Exhibit B  
11 attached hereto and hereby incorporated herein (the "Method of Apportionment"). Pursuant to  
12 Section 43.10.17 of the Code, the rate or rates of the Special Tax applicable to a parcel or  
13 parcels in the Special Tax District shall be specified in the unanimous approval described in  
14 the following paragraph relating to such parcel or parcels or in compliance with other  
15 procedures established by the Code; and, be it

16 FURTHER RESOLVED, That the Special Tax shall be levied on a parcel or parcels in  
17 the Special Tax District only with the written unanimous approval (each, a "Unanimous  
18 Approval") of the owner or owners of each parcel or parcels to their annexation to the Special  
19 Tax District or in compliance with other procedures established by the Code, without any  
20 requirement for further public hearings or additional proceedings. The Unanimous Approval  
21 shall be in substantially the form and substance of the Unanimous Approval attached hereto  
22 as Exhibit C, or such other form authorized by the Director of the Office of Public Finance;  
23 and, be it

24 FURTHER RESOLVED, That the Special Tax on any parcel or parcels shall not be  
25 levied in the Special Tax District after the fiscal year set forth in the Unanimous Approval for

1 such parcel or parcels or in compliance with other procedures established by the Code,  
2 except that a Special Tax that was lawfully levied in or before the final tax year and that  
3 remains delinquent may be collected in subsequent years. Under no circumstances shall the  
4 Special Tax levied against any parcel in the Special Tax District to be used for private  
5 residential purposes be increased as a consequence of delinquency or default by the owner of  
6 any other parcel or parcels within the Special Tax District by more than 10%; and, be it

7 FURTHER RESOLVED, That the Director of the Office of Public Finance of the City  
8 and County of San Francisco, 1 Dr. Carlton B. Goodlett Place, City Hall, Room 336, San  
9 Francisco, CA 94102, (415) 554-5956, is the officer of the City who will be responsible for  
10 preparing annually a current roll of Special Tax levy obligations by assessor's parcel number  
11 and who will be responsible for estimating future Special Tax levies pursuant to the Code;  
12 and, be it

13 FURTHER RESOLVED, That upon recordation of a notice of Special Tax lien pursuant  
14 to Section 3114.5 of the Streets and Highways Code of California, a continuing lien to secure  
15 each levy of the Special Tax shall attach to all nonexempt real property in the Special Tax  
16 District and this lien shall continue in force and effect until the Special Tax obligation is  
17 prepaid and permanently satisfied and the lien canceled in accordance with law or until  
18 collection of the tax by the City ceases, and that Pursuant to Section 43.10.17 of the Code, a  
19 notice of special tax lien shall not be recorded against any parcel or parcels in the Special Tax  
20 District without the unanimous approval of the owner or owners of such parcel or parcels'  
21 annexation to the Special Tax District or in compliance with other procedures established by  
22 the Code, at which time the notice of special tax lien shall be recorded against such parcel or  
23 parcels as set forth in Section 53328.3 of the Act; and, be it

24 FURTHER RESOLVED, That in accordance with the Code, the annual appropriations  
25 limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution,

1 of the Special Tax District is hereby preliminarily established at \$150,000,000, and pursuant  
2 to Section 43.10.17 of the Code, the appropriations limit for the Special Tax District shall be  
3 specified and approved by the Unanimous Approval of the owner or owners of each parcel or  
4 parcels at the time that such parcel or parcels are annexed to the Special Tax District or in  
5 compliance with other procedures established by the Code. No additional hearings or  
6 procedures are required, and such Unanimous Approval shall be deemed to constitute a  
7 unanimous vote in favor of the appropriations limit, and the proposition shall be adjusted in  
8 accordance with the applicable provisions of the Code; and, be it

9       FURTHER RESOLVED, That pursuant to Section 43.10.17 of the Code, in lieu of  
10 approval pursuant to an election held in accordance with the procedures set forth elsewhere  
11 in the Code and in Sections 53326, 53327, 53327.5 and 53328 of the Act, the appropriations  
12 limit for the Special Tax District, the applicable rate, method of apportionment and manner of  
13 collection of the Special Tax and the authorization to incur bonded indebtedness for the  
14 Special Tax District shall be specified and approved by the Unanimous Approval of the owner  
15 or owners of each parcel or parcels at the time that such parcel or parcels are annexed to the  
16 Special Tax District or in compliance with other procedures established by the Code. No  
17 additional hearings or procedures are required, and such Unanimous Approval shall be  
18 deemed to constitute a unanimous vote in favor of the appropriations limit for the Special Tax  
19 District, the authorization to levy the Special Tax on such parcel or parcels and the  
20 authorization to incur bonded indebtedness for the Special Tax District; and, be it

21       FURTHER RESOLVED, That pursuant to Section 43.10.19 of the Code, in connection  
22 with the annexation of a parcel or parcels to the Special Tax District pursuant to the alternate  
23 and independent procedure set forth in Section 43.10.17 of the Code and the conduct of an  
24 election on the proposition to authorize bonded indebtedness pursuant to the alternate and  
25 independent procedure set forth in Section 43.10.18 of the Code, the City may, without

1 additional hearings or procedures, designate a parcel or parcels as an improvement area  
2 within the Special Tax District, and each improvement area will be known as "Improvement  
3 Area No. \_\_\_\_ of City and County of San Francisco Special Tax District No. 2009-1 (San  
4 Francisco Sustainable Financing)," after the designation of a parcel or parcels as an  
5 improvement area, all proceedings for approval of the appropriations limit, the rate, method of  
6 apportionment and manner of collection of special tax and the authorization to incur bonded  
7 indebtedness for such parcel or parcels shall apply only to the improvement area. The City  
8 may incur indebtedness payable solely from special taxes levied on property in the  
9 improvement area; and, be it

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

11  
12 APPROVED AS TO FORM:  
13 DENNIS J. HERRERA, City Attorney

14 By: (See File for Signature)  
15 MARK D. BLAKE  
16 Deputy City Attorney  
17  
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**CITY AND COUNTY OF SAN FRANCISCO  
Special Tax District No. 2009-1  
(San Francisco Sustainable Financing)**

**SPECIAL TAX DISTRICT REPORT**

**CONTENTS**

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

\*\*\*\*\*

EXHIBIT A - Description of the Proposed Facilities

EXHIBIT B - Cost Estimate

**CITY AND COUNTY OF SAN FRANCISCO**  
**Special Tax District No. 2009-1**  
**(San Francisco Sustainable Financing)**

**INTRODUCTION**

The Board of Supervisors (the "Board of Supervisors") of the City and County of San Francisco (the "City") did, pursuant to the provisions of Chapter 43, Article X of the San Francisco Administrative Code (the "Code"), which Code incorporates the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), on November 24, 2009, and for the public purposes set forth therein, adopt a resolution entitled "Resolution of Intention to Establish Special Tax District" (the "Resolution of Intention"). In the Resolution of Intention, the Board of Supervisors expressly ordered the preparation of a written Special Tax District Report (the "Report") for the proposed "City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing)" (the "Special Tax District").

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 that will be financed by the Special Tax District.

(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 Special Tax District, as previously approved and adopted by the Board of Supervisors.

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

A. **Description Of Facilities.** A general description of the proposed Facilities is as shown in Exhibit "A" attached hereto and hereby made a part hereof.

B. **Proposed Boundaries of the Special Tax District.** The proposed boundaries of the Special Tax District indicates those properties and parcels in which special taxes may be levied to pay for the costs and expenses of the Facilities. The proposed boundaries of the Special Tax District are as shown on the map of it on file with the Clerk of the Board of Supervisors, which map is incorporated herein. The Special Tax District shall initially consist solely of territory proposed for annexation to the Special Tax District in the future, with the condition that a parcel or parcels within that territory may be annexed to the Special Tax District and subjected to a special tax only with the unanimous approval of the owner or owners of such parcel or parcels at the time that such parcel or those parcels are annexed or in compliance with other procedures established by the Code.

Pursuant to the Resolution of Intention, the City may, without additional hearings or procedures, designate a parcel or parcels as an improvement area within the Special Tax

District. After the designation of a parcel or parcels as an improvement area, all proceedings for approval of the appropriations limit, the rate, method of apportionment and manner of collection of special tax and the authorization to incur bonded indebtedness for such parcel or parcels will apply only to the improvement area. The City may incur indebtedness payable solely from special taxes levied on property in the improvement area.

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

Dated as of December 15, 2010

By: \_\_\_\_\_  
Director of the Office of Public Finance

**EXHIBIT A**

**City and County of San Francisco  
Special Tax District No. 2009-1  
(San Francisco Sustainable Financing)**

**Description of Facilities to be Financed by the Special Tax District**

The Facilities shown below are proposed to be financed and refinanced by the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing) (the "Special Tax District").

**FACILITIES**

It is intended that the Special Tax District will be authorized to finance and refinance all or a portion of the costs of any of the following types of facilities:

Energy efficiency, water conservation and renewable energy improvements to or on real property and in buildings, whether such real property or buildings are privately or publicly owned.

**OTHER**

The Special Tax District may also finance any of the following:

1. Bond 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 Special Tax District and the bonds.
3. Any other costs or fees authorized by the Code.

## EXHIBIT B

### CITY AND COUNTY OF SAN FRANCISCO SPECIAL TAX DISTRICT NO. 2009-1 (SAN FRANCISCO SUSTAINABLE FINANCING)

#### METHOD OF APPORTIONMENT OF SPECIAL TAX

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A Special Tax applicable to each Assessor's Parcel in the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing) shall be levied and collected according to the tax liability determined by the City or its designee, through the application of the appropriate amount or rate for Taxable Property, as described below. All property annexed into the Special Tax District, unless exempted by law or by the provisions of Section F below, shall be taxed for the purposes, to the extent, and in the manner herein provided unless a separate Method of Apportionment of Special Tax is adopted for an Improvement Area that is established within the Special Tax District.

#### 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 costs directly related to the administration of the Special Tax District including: the actual costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by a City employee or consultant or both) and the actual costs of collecting the Special Taxes (whether by the County or otherwise); the actual costs of remitting the Special Taxes to the fiscal agent; actual costs of the fiscal agent (including its legal counsel) in the discharge of its duties under the Fiscal Agent Agreement; the actual costs of the City or its designee of complying with the disclosure provisions of the and the Fiscal Agent Agreement, including those related to public inquiries regarding the Special Tax and disclosures to bond holders; the actual costs of the City or its designee related to an appeal of the Special Tax; any amounts required to be rebated to the federal government; and an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by the City for any administrative purpose of the Special Tax District, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, and the costs of prosecuting foreclosure of delinquent Special Taxes.

“**Administrator**” shall mean the Director of the Office of Public Finance of the City or a person or firm designated by the Director to administer the Special Tax according to this Method of Apportionment of Special Tax.

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

**“Asset Component”** means, for a particular Parcel, that portion of the Bond principal that is, or is expected to be, used to fund Authorized Improvements and not Bond Costs.

**“Authorized Improvements”** means the improvements authorized to be financed, in whole or in part, by Special Tax proceeds.

**“Board of Supervisors”** means the Board of Supervisors of the City and County of San Francisco, acting as the legislative body of the Special Tax District.

**“Bonds”** means bonds or other debt (as defined in the Code), whether in one or more series, issued, insured or assumed by the Special Tax District related to funding Authorized Improvements.

**“Bond Costs”** means costs paid or expected to be paid from Bond proceeds that are not directly related to the costs of Authorized Improvements, including but not limited to, Bond issuance costs, pre-funded Administrative Expenses, capitalized interest, and costs associated with a letter of credit or other such security vehicle. Notwithstanding the foregoing, Bond Costs shall not include amounts deposited into a reserve fund if there is a proportional reduction in the reserve fund when a Mandatory Bond Call takes place.

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

**“Code”** means Chapter 43, Article X of the San Francisco Administrative Code, which incorporates the Act.

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

**“Expected Maximum Special Tax”** means, for a Parcel subject to a Mandatory Completion Date, that Maximum Special Tax shown in the Rate Supplement that would be levied and collected if all Authorized Improvements that were expected to be funded from Bond proceeds are completed by the Mandatory Completion Date.

**“Fiscal Agent Agreement”** means the fiscal agent agreement, bond indenture or other agreement between the City and the fiscal agent, as it may be amended or supplemented from time to time, governing the issuance of Bonds.

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

**“Improvement Area”** means a geographic area that, upon annexation to the Special Tax District, is identified as an improvement area as provided in Section 43.10.19 of the Code.

**“Mandatory Bond Call”** means a Bond call that, pursuant to the Fiscal Agent Agreement, is required to take place after the Mandatory Completion Date if some or all of the Authorized Improvements for a Parcel have not been completed.

**“Mandatory Completion Date”** means, for certain Parcels within the Special Tax District, the date by which the Authorized Improvements being funded on the Parcels must be completed. The Mandatory Completion Date shall be identified on the Rate Supplement for each Parcel to which such a date is applicable.

**“Maximum Special Tax”** means the greatest amount of Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year as set forth in the Rate Supplement for the Parcel, and as may be adjusted pursuant to Section C below.

**“Non-Asset Maximum Special Tax”** means the Maximum Special Tax identified in the Rate Supplement for Parcels subject to a Mandatory Completion Date which, after the full Asset Component of the Bonds has been called, would become the effective Maximum Special Tax for the Parcel.

**“Public Property”** means any property within the boundaries of the Special Tax District that is owned by or irrevocably offered for dedication to the federal government, State of California, City, or other local governments or public agencies.

**“Rate and Method”** means, collectively for any Parcel within the Special Tax District, this Method of Apportionment of Special Tax and the Rate Supplement for such Parcel.

**“Rate Supplement”** means, for any Parcel within the Special Tax District, the Rate Supplement to this Method of Apportionment of Special Tax which was included as Appendix 3 of the Unanimous Approval Form when the Parcel was annexed into the Special Tax District and which, for Parcels for which a Mandatory Completion Date is identified, may be recalculated pursuant to Section C below.

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

**“Special Tax District”** means the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing).

**“Special Tax Requirement”** means the amount that must be levied against a Parcel of Taxable Property in any Fiscal Year (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year; (ii) to pay principal and interest on the Bonds in connection with a Mandatory Bond Call; (iii) to create or replenish reserve funds; (iv) to make lease payments on any lease used to finance Authorized Improvements; (v) to reimburse the City for monies advanced to pay formation and/or administration costs of the Special Tax District, Authorized Improvements costs, debt service on Bonds, and any other costs related to the Special Tax District; (vi) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in any prior Fiscal Year or (based on delinquencies in the payment of Special Taxes which have already taken place) or are expected to occur in the Fiscal Year in which the tax will be collected;

(vii) to pay Administrative Expenses; and (viii) to pay the costs of Authorized Improvements to be funded directly from Special Tax proceeds. In the City's sole and absolute discretion, the amounts referred to in clauses (i), (ii) and (iii) of the preceding sentence may be reduced in any Fiscal Year by (i) proceeds from the collection of penalties associated with delinquent Special Taxes collected from the Parcel, and (ii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

**"Taxable Property"** means all of the Assessor's Parcels within the boundaries of the Special Tax District which are not exempt from the Special Tax pursuant to law or Section F below.

**"Unanimous Approval Form"** means that form executed by the record owner of fee title to a Parcel annexed into the Special Tax District that constitutes the property owner's approval and unanimous vote in favor of annexing into the Special Tax District, the issuance of Bonds for the Special Tax District and the levy of the Special Tax against his/her Parcel pursuant to the Rate and Method.

## **B. DATA FOR ADMINISTRATION OF SPECIAL TAX**

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor's Parcel numbers for all Parcels of Taxable Property within the Special Tax District and determine the Special Tax Requirement for each Parcel of Taxable Property for the Fiscal Year. The Administrator shall maintain a file that includes a copy of the Rate Supplement for each Parcel of Taxable Property, which shall be used to determine each Parcel's Special Tax Requirement and Maximum Special Tax for the Fiscal Year. In addition, the Administrator shall monitor the Mandatory Completion Date for all Parcels to which such a date applies and, after such Mandatory Completion Date, shall coordinate with the City to monitor when a Mandatory Bond Call takes place and recalculate the Maximum Special Tax for the Parcel.

If it is determined in any Fiscal Year that a Parcel to which a Maximum Special Tax had been assigned in a Unanimous Approval Form has been subdivided, the Administrator shall assign the Maximum Special Tax to the newly-created Parcel on which the residential or non-residential structure for which Authorized Improvements were funded by the Bonds is located. If multiple Parcels have been created and the original structure no longer exists, the Administrator shall allocate the Special Tax on a per-acre basis to each of the new Parcels unless the City, in its sole discretion, determines that the Special Tax should be allocated in an alternate manner to the new Parcels.

## **C. MAXIMUM SPECIAL TAX**

In any Fiscal Year, the Maximum Special Tax for a Parcel of Taxable Property within the Special Tax District shall be the amount identified in the Rate Supplement for the Parcel for that Fiscal Year, subject to the limitations set forth below. Generally, the Maximum Special Tax for a Parcel shall be the amount required on an annual basis to pay debt service on Bonds issued to fund Authorized Improvements for that Parcel plus Administrative Expenses.

For a Parcel for which a Mandatory Completion Date is identified in the Rate Supplement, the Maximum Special Tax shall be the Expected Maximum Special Tax unless and until a Mandatory Bond Call takes place, after which time the Maximum Special Tax shall be determined as follows:

***If the entire Asset Component of the Bonds has been called,*** the Maximum Special Tax for the Parcel for the next Fiscal Year and all subsequent Fiscal Years shall be the Non-Asset Maximum Special Tax identified in the Rate Supplement.

***If only a portion of the Asset Component of Bonds has been called,*** the Maximum Special Tax for the Parcel shall be determined by application of the following steps:

- Step 1.* Identify the total Asset Component for the Parcel.
- Step 2.* Determine the amount expended on Authorized Improvements to the Parcel.
- Step 3.* Divide the amount from Step 2 by the amount from Step 1 to determine a percentage.
- Step 4.* For the next Fiscal Year after the Mandatory Bond Call and all subsequent Fiscal Years, subtract the Non-Asset Maximum Special Tax from the Expected Maximum Special Tax to determine that portion of the Maximum Special Tax that is associated with the Asset Component for the Parcel.
- Step 5.* Multiply the amount determined in Step 4 by the percentage calculated in Step 3.
- Step 6.* For the next Fiscal Year after the Mandatory Bond Call and all subsequent Fiscal Years add the Non-Asset Maximum Special Tax for the Parcel and the amount determined in Step 5 to determine the new Maximum Special Tax that shall apply to the Parcel.

*When only a portion of the Asset Component has been called and an adjusted Maximum Special Tax has been determined pursuant to the steps set forth above, a revised Notice of Special Tax lien shall be recorded against the Parcel that includes a Rate Supplement reflecting the adjusted Maximum Special Tax rates for each remaining Fiscal Year.*

*The provisions of this Section C relating to the recalculation of the Maximum Special Tax following a Mandatory Bond Call may be amended as it applies to a particular Parcel by the Rate Supplement approved by the owner of such Parcel.*

#### **D. METHOD OF LEVY OF THE SPECIAL TAX**

Each Fiscal Year, the Administrator shall determine the Special Tax Requirement for each Parcel of Taxable Property and levy the Special Tax in the amount needed to pay the Special Tax

Requirement, which amount shall never exceed the Maximum Special Tax for the Parcel in that Fiscal Year.

Under no circumstances will the Special Tax levied in any Fiscal Year against any residential Parcel be increased as a consequence of delinquency or default by the owner or owners of any other Parcel or Parcels within the Special Tax District by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

**E. MANNER OF COLLECTION OF SPECIAL TAX**

The Special Tax 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 G below and provided further that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax for a Parcel of Taxable Property shall be levied and collected until the Bonds are paid in full or such longer period of time provided in the Unanimous Approval Form for the Parcel, except that a Special Tax that was lawfully levied in or before the final tax year identified in the Unanimous Approval Form and that remains delinquent may be collected in subsequent years.

**F. EXEMPTIONS**

Notwithstanding any other provision of this Method of Apportionment of Special Tax, no Special Tax shall be levied on Public Property, except as otherwise provided in the Code.

**G. PREPAYMENT OF SPECIAL TAX**

The Special Tax obligation applicable to an Assessor's Parcel in the Special Tax District may be prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. A Parcel owner who intends to prepay the Special Tax obligation shall provide the Administrator with written notice of intent to prepay. Within 7 days of receipt of such written notice, the Administrator shall confirm to such owner the prepayment amount for the Parcel. Prepayment must be made not less than 50 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount for any Parcel shall be the sum of the Maximum Special Taxes applicable to the Parcel in all Fiscal Years for which a Special Tax has not yet been levied. If a Special Tax has been levied on, but not yet collected from, the Parcel at the time of prepayment, the outstanding Special Tax payment must be paid as part of the secured property tax bill unless the amount is stripped for the tax roll as part of a foreclosure proceeding by the City.

*Once a prepayment has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel. However, such Notice shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.*

**H. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may interpret, clarify, and revise this Method of Apportionment of Special Tax to correct any inconsistency, vagueness, or ambiguity, by resolution and/or ordinance, that does not materially affect the levy and collection of the Special Taxes and any security for any Bonds. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Method of Apportionment of Special Tax.

The City and the owner of a Parcel may amend this Method of Apportionment of Special Tax as it applies to that Parcel in the Rate Supplement applicable to that Parcel.

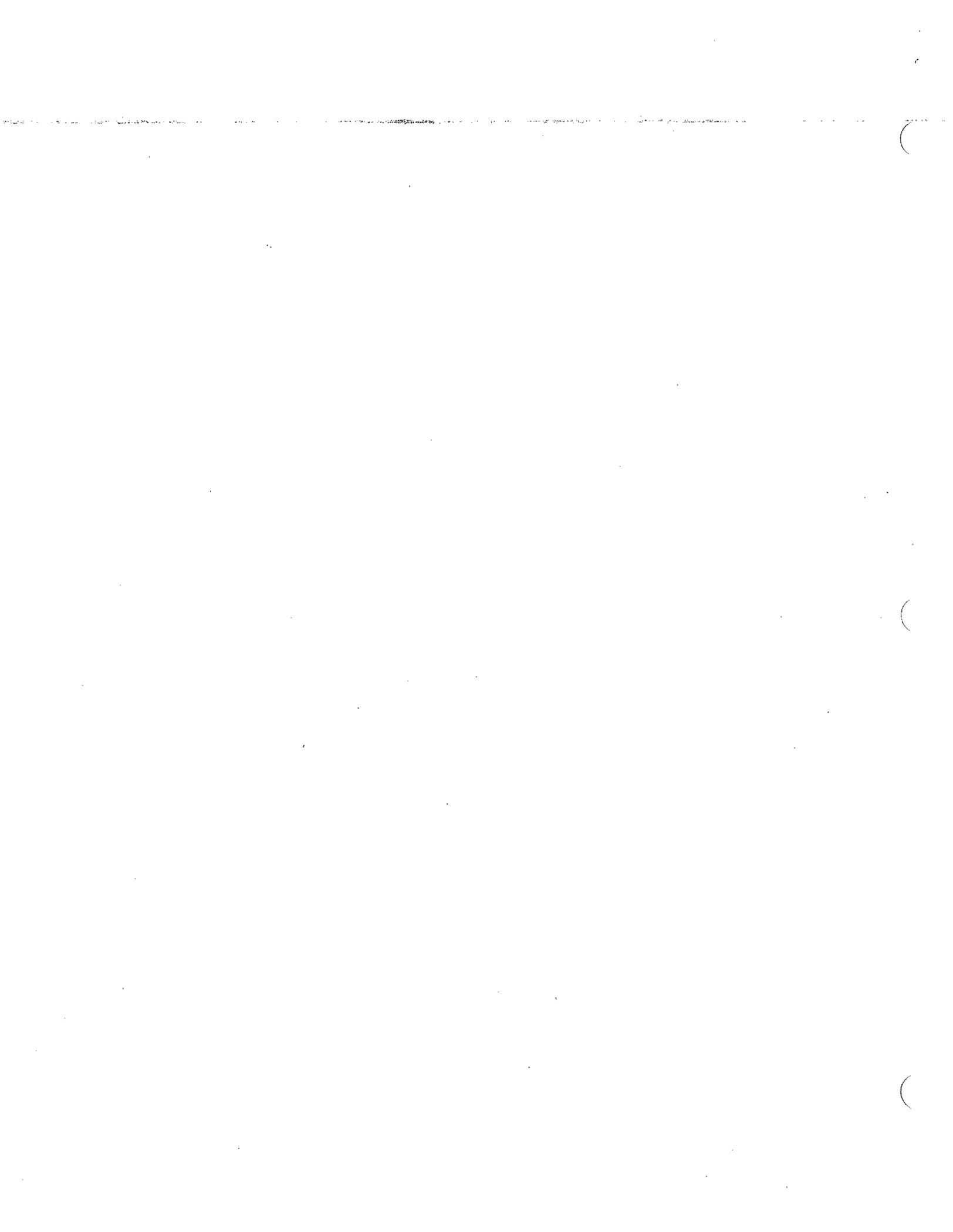


EXHIBIT C

**CITY AND COUNTY OF SAN FRANCISCO  
Special Tax District No. 2009-1  
(San Francisco Sustainable Financing)**

FORM OF UNANIMOUS APPROVAL

UNANIMOUS APPROVAL

CITY AND COUNTY OF SAN FRANCISCO  
SPECIAL TAX DISTRICT NO. 2009-1  
(SAN FRANCISCO SUSTAINABLE FINANCING)

\_\_\_\_\_, 20\_\_

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

Members of the Board of Supervisors:

The Board of Supervisors of the City and County of San Francisco (the "City") has added Chapter 43, Article X to the San Francisco Administrative Code (the "Code") and, for the purpose of financing and refinancing the acquisition, installation and improvement of energy efficiency, water conservation and renewable energy improvements to or on real property and in buildings, whether such real property or buildings are privately or publicly owned, the City has formed the "City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing)" (the "Special Tax District").

The Property Owner (as defined below) hereby states and certifies, under penalty of perjury, as follows:

1. Property Owner. This Unanimous Approval is submitted by the record owner(s) (the "Property Owner") of the fee title to the real property identified below (the "Property"). The Property Owner has supplied to the City current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Unanimous Approval.

2. Unanimous Approval. This Unanimous Approval constitutes the approval and unanimous vote of the Property Owner in favor of the following matters for the purposes of Sections 43.10.17 and 43.10.18 of the Code and Article XIII A of the California Constitution:

a. Annexation: The annexation of the Property to the Special Tax District for the purpose of financing the acquisition, installation and improvement on the Property of the energy efficiency, water conservation and/or renewable energy improvements described in Appendix 1 hereto and made a part hereof (the "Improvements").

b. Special Tax: The levy of special taxes (the "Special Taxes") on the Property to finance the Improvements, according to (A) the Method of Apportionment of Special Taxes, attached as Appendix 2 and (B) the Rate Supplement to Method of Apportionment of Special Taxes, attached as Appendix 3 (collectively, the "Rate and Method").

c. Bonds and Appropriations Limit: The issuance of bonded indebtedness for the Special Tax District in an aggregate principal amount not to exceed \$150,000,000 and an appropriations limit for the Special Tax District of \$150,000,000.

3. Waivers, Acknowledgment and Agreement.

a. Waivers. The Property Owner hereby waives its right to repeal the Special Tax by initiative or any other action and any necessity, requirement or right to further public hearings or election with respect to the annexation of the Property to the Special Tax District or the levy of the Special Taxes on the Property.

The Property Owner hereby acknowledges that the City has formed the Special Tax District solely for the purpose of assisting the owners of property in the City with the financing of renewable energy, water conservation and energy efficiency improvements, and that the City has no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of the Improvements. The Property Owner hereby agrees that the Property Owner and its

successors in interest to fee title in the Property shall be solely responsible for the installation, operation, financing, refinancing and maintenance of the Improvements. The Property Owner hereby acknowledges that the Property will be responsible for payment of the Special Tax according to the Rate and Method regardless of whether the Improvements are properly installed, operated or maintained as expected.

Based upon the foregoing, the Property Owner hereby waives the right to recover from and fully and irrevocably releases the City and any and all agents, employees, attorneys, representatives and successors and assigns of the City from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the Improvements and their financing by the City that the Property Owner may now have or hereafter acquire against the City and any and all agents, employees, attorneys, representatives and successors and assigns of the City.

To the extent that the foregoing waivers and agreements are subject to Section 1542 of the California Civil Code or similar provisions of other applicable law, it is the intention of the Property Owner that the foregoing waivers and agreements will be effective as a bar to any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), of whatever character, nature and kind, known or unknown, suspected or unsuspected, and Property Owner agrees to waive any and all rights and benefits conferred upon the Property Owner by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law. Section 1542 reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER

MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner's Initials:

The waivers, releases and agreements set forth in this Section 3 shall survive termination of this Agreement.

b. Absolute Obligation. The Property Owner hereby agrees that the Special Tax will not be subject to reduction, offset or credit of any kind in the event that the bonds or other financing relationship secured thereby are refunded or for any other reason.

c. Delinquencies. The Property Owner acknowledges that if Special Taxes are not paid when due, the City has the right to have the delinquent Special Taxes and the associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent installments, associated penalties and interest, and all costs of suit, including attorneys' fees. The Property Owner acknowledges that, if bonds are sold to finance the Improvements or if the City enters into any other financing relationship in order to finance the Improvements, the City may obligate itself, through a covenant with the owners of the bonds or the provider of any other financing relationship, to exercise its foreclosure rights with respect to delinquent Special Taxes under specified circumstances.

4. Recordation of Notice of Special Tax Lien. The Property Owner hereby authorizes and directs the Clerk of the Board of Supervisors to execute and cause to be recorded in the office of the Recorder of the City and County of San Francisco a Notice of Special Tax Lien as required by Section 43.10.17 of the Code, which shall give notice

that a lien to secure payment of a special tax is imposed by the City on behalf of the Special Tax District. The Notice of Special Tax Lien shall include the Rate and Method and this Unanimous Approval as exhibits thereto.

5. Notice. To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property of the annexation of the Property to the Special Tax District and of the authority of the City to levy the Special Taxes on the Property pursuant to the Rate and Method.

6. The Property: The Property subject to this Unanimous Approval and to be annexed to the Special Tax District consists of the following:

<i>Property Address:</i>	_____
	_____
	_____
<i>City and County of San Francisco Assessors</i>	_____
<i>Parcel(s) Number(s):</i>	_____

The foregoing Unanimous Approval is hereby executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ in \_\_\_\_\_, California.

The name of the record owner of the Property is:

\_\_\_\_\_

The following are authorized to sign this Unanimous Approval on behalf of the Property Owner:

Name: _____	Name: _____
By: _____	By: _____
Its: _____	Its: _____
Name: _____	Name: _____
By: _____	By: _____
Its: _____	Its: _____

**ACKNOWLEDGMENT**

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me,

\_\_\_\_\_

(insert name and title of the officer)

personally appeared

\_\_\_\_\_

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

APPENDIX 2

CITY AND COUNTY OF SAN FRANCISCO  
SPECIAL TAX DISTRICT NO. 2009-1  
(SAN FRANCISCO SUSTAINABLE FINANCING)

METHOD OF APPORTIONMENT OF SPECIAL TAX

APPENDIX 3

CITY AND COUNTY OF SAN FRANCISCO  
SPECIAL TAX DISTRICT NO. 2009-1  
(SAN FRANCISCO SUSTAINABLE FINANCING)

RATE SUPPLEMENT TO  
METHOD OF APPORTIONMENT OF SPECIAL TAX

Property Address: \_\_\_\_\_

\_\_\_\_\_

Property's Assessor's Parcel Number: \_\_\_\_\_

	Bond	Bond	Total Bond	Administrative	Total
Fiscal	Interest	Principal	Payment	Expenses	Maximum
Year	(a)	(b)	(a) + (b)	(c)	Special Tax
					(a) + (b) + (c)



