



In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject however to certain qualifications described herein, under existing law, the interest on the 2023 Series B Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2023 Series B Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, interest on the 2023A/B Bonds is exempt from California personal income taxes. Bond Counsel observes that the interest on the 2023 Series A Taxable Bonds is not intended to be excluded from federal income taxation. See "TAX MATTERS" herein.

\$24,505,000

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO
2023 Series A Taxable Third Lien
Tax Allocation Bonds
(Affordable Housing Projects)
(Social Bonds)**

Dated: Date of Delivery

\$35,210,000

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO
2023 Series B Third Lien
Tax Allocation Bonds
(Transbay Infrastructure Projects)**

Due: August 1, as shown on the inside front cover

This cover page contains information for quick reference only. It is *not* intended to be a complete summary of all factors relevant to an investment in the 2023A/B Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2023 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) (Social Bonds) (the "**2023 Series A Taxable Bonds**") and the 2023 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects) (the "**2023 Series B Bonds**") and, together with the 2023 Series A Taxable Bonds, the "**2023A/B Bonds**," and individually, each a "**Series**") are being issued by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the "**Successor Agency**") pursuant to an Indenture of Trust, dated as of March 1, 2017 (the "**Original Indenture**"), by and between the Successor Agency and U.S. Bank Trust Company, National Association, as successor-in-interest to U.S. Bank National Association, as trustee (the "**Trustee**"), as amended and supplemented prior to the date hereof, and as further amended and supplemented by the Second Supplement to Indenture of Trust, dated as of September 1, 2023 (the "**Second Supplement**" and, the Original Indenture, as so amended and supplemented, the "**Indenture**"), by and between the Successor Agency and the Trustee.

Interest on the 2023A/B Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2024. Principal of the 2023A/B Bonds will be payable on the dates and in the respective principal amounts set forth on the inside cover page.

The scheduled payment of principal of and interest on the 2023A/B Bonds when due will be guaranteed under an insurance policy (the "**Insurance Policy**") to be issued concurrently with the delivery of the 2023A/B Bonds by **ASSURED GUARANTY MUNICIPAL CORP.** See "**BOND INSURANCE.**"



The 2023A/B Bonds of each Series will be issued in book-entry form, without coupons, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository for the 2023A/B Bonds. Beneficial ownership interests in the 2023A/B Bonds may initially be purchased, in denominations of \$5,000 or any integral multiple thereof, in book-entry only form as described herein. So long as Cede & Co. is the registered owner of the 2023A/B Bonds, payments of principal and interest will be made to Cede & Co., as nominee for DTC. DTC is required in turn to remit such payments to DTC Participants for subsequent disbursements to Beneficial Owners. Disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Direct Participants and Indirect Participants as more fully described herein. See APPENDIX F – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The 2023A/B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE 2023A/B BONDS – Redemption Provisions."

The 2023 Series A Taxable Bonds are being issued for the purpose of providing funds to (i) finance certain affordable housing, as described herein under "PLAN OF FINANCE," (ii) pay the premium for a municipal bond debt service reserve insurance policy from AGM to satisfy the 2023 Series A Taxable Bonds' reserve requirement, and (iii) pay costs associated with the issuance of the 2023 Series A Taxable Bonds, including the portion of the premium for the Insurance Policy allocable to the 2023 Series A Taxable Bonds.

The 2023 Series B Bonds are being issued for the purpose of providing funds to (i) finance certain infrastructure, as described herein under "PLAN OF FINANCE," (ii) pay the premium for a municipal bond debt service reserve insurance policy from AGM to satisfy the 2023 Series B Bonds' reserve requirement, and (iii) pay costs associated with the issuance of the 2023 Series B Bonds, including the portion of the premium for the Insurance Policy allocable to the 2023 Series B Bonds.

The 2023A/B Bonds are payable from and secured solely by Pledged Tax Revenues (defined herein) and moneys held in certain funds and accounts by the Trustee under the Indenture on parity with the outstanding 2017A/B Bonds (defined herein) and 2021A Bonds (defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Existing Parity Obligations." No funds or properties of the Successor Agency, other than the Pledged Tax Revenues and certain other amounts held under the Indenture, are pledged to secure the 2023A/B Bonds, the 2017A/B Bonds or the 2021A Bonds. Pledged Tax Revenues generally consist of tax increment revenues generated within the Project Areas remaining after the payment of the City Controller Administration Fee, the Existing Senior Loan Agreements, and the Second Lien Debt (as such terms are defined herein) and, accordingly, the payment of debt service on the 2023A/B Bonds, the 2017A/B Bonds and the 2021A Bonds is subordinate to payments due on such obligations as described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Security for the 2023A/B Bonds; Equal Security" and "– Senior Obligations." The Successor Agency has covenanted that it will not issue additional debt payable from the Pledged Tax Revenues on a basis senior to the payment of debt service on the 2023A/B Bonds, the 2017A/B Bonds and the 2021A Bonds, except for the purpose of refunding the Existing Senior Loan Agreements and the Second Lien Debt. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Limitations on Additional Indebtedness."

The 2023A/B Bonds are limited obligations of the Successor Agency, the principal of, and premium, if any, and interest on which are payable solely from Pledged Tax Revenues and certain other amounts on deposit in the funds and accounts held under the Indenture. The 2023A/B Bonds are not a debt of the City and County of San Francisco (the "City"), the State of California (the "State") or any of their political subdivisions (other than the Successor Agency and only to the limited extent set forth in the Indenture), and none of the City, the State or any of their political subdivisions other than the Successor Agency is liable therefor. The 2023A/B Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Successor Agency has not pledged any other tax revenues or property or its full faith and credit to the payment of debt service on the 2023A/B Bonds. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power.

MATURITY SCHEDULES
(see inside cover)

The 2023A/B Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Alexis S. M. Chiu, Esq., San Francisco, California, is acting as Disclosure Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by its General Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. It is anticipated that the 2023A/B Bonds will be delivered to the Underwriters through the facilities of DTC in New York, New York on or about September 14, 2023.

STIFEL

Backstrom McCarley Berry & Co., LLC

Dated: August 30, 2023

MATURITY SCHEDULES

\$24,505,000
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO
2023 Series A Taxable Third Lien Tax Allocation Bonds
(Affordable Housing Projects)
(Social Bonds)

\$13,775,000 Serial Bonds

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> <u>(Base: 79770G)*</u>
2024	\$1,185,000	5.474%	5.474%	100.00	JK3
2025	870,000	5.424	5.424	100.00	JL1
2026	915,000	5.300	5.300	100.00	JM9
2027	965,000	5.279	5.279	100.00	JN7
2028	1,015,000	5.259	5.259	100.00	JP2
2029	1,070,000	5.346	5.346	100.00	JQ0
2030	1,125,000	5.396	5.396	100.00	JR8
2031	1,190,000	5.441	5.441	100.00	JS6
2032	1,250,000	5.491	5.491	100.00	JT4
2033	1,320,000	5.541	5.541	100.00	JU1
2034	1,395,000	5.671	5.671	100.00	JV9
2035	1,475,000	5.771	5.771	100.00	JW7

\$10,730,000 5.921% Term Bonds due August 1, 2041, Yield 5.921%, Price 100.00, CUSIP No.† 79770GJX5

\$35,210,000
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO
2023 Series B Third Lien Tax Allocation Bonds
(Transbay Infrastructure Projects)

\$4,625,000 5.000% Term Bonds due August 1, 2043, Yield 4.050%, Price 107.668^C, CUSIP No.† 79770GJY3











\$13,395,000 5.000% Term Bonds due August 1, 2048, Yield 4.230%, Price 106.161^C, CUSIP No.† 79770GJZ0

\$17,190,000 5.250% Term Bonds due August 1, 2053, Yield 4.260%, Price 107.911^C, CUSIP No.† 79770GKA3



† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data are not intended to create a database and do not serve in any way as a substitute for the CGS database and are included solely for convenience. None of the Successor Agency, the Underwriters or their agents or counsel assumes any responsibility for the accuracy or correctness of the CUSIP data.

^C Priced to first optional redemption date of August 1, 2033, at par.





Pledged Project Areas

-  Western Addition Project Area A-2
-  Embarcadero-Lower Market ("Golden Gateway") Project Area
-  Rincon Point - South Beach Project Area
-  Transbay Project Area
-  Yerba Buena Center Approved Project Area D-1
-  South Of Market Project Area
-  Bayview Hunters Point Project Area - Zone 2 of Project Area B
-  Hunters Pt. Hill Residential Dist. (Hunters Pt. Shipyard Project Area)
-  India Basin Industrial Park Project Area
-  Bayview Hunters Point Project Area - Project Area A

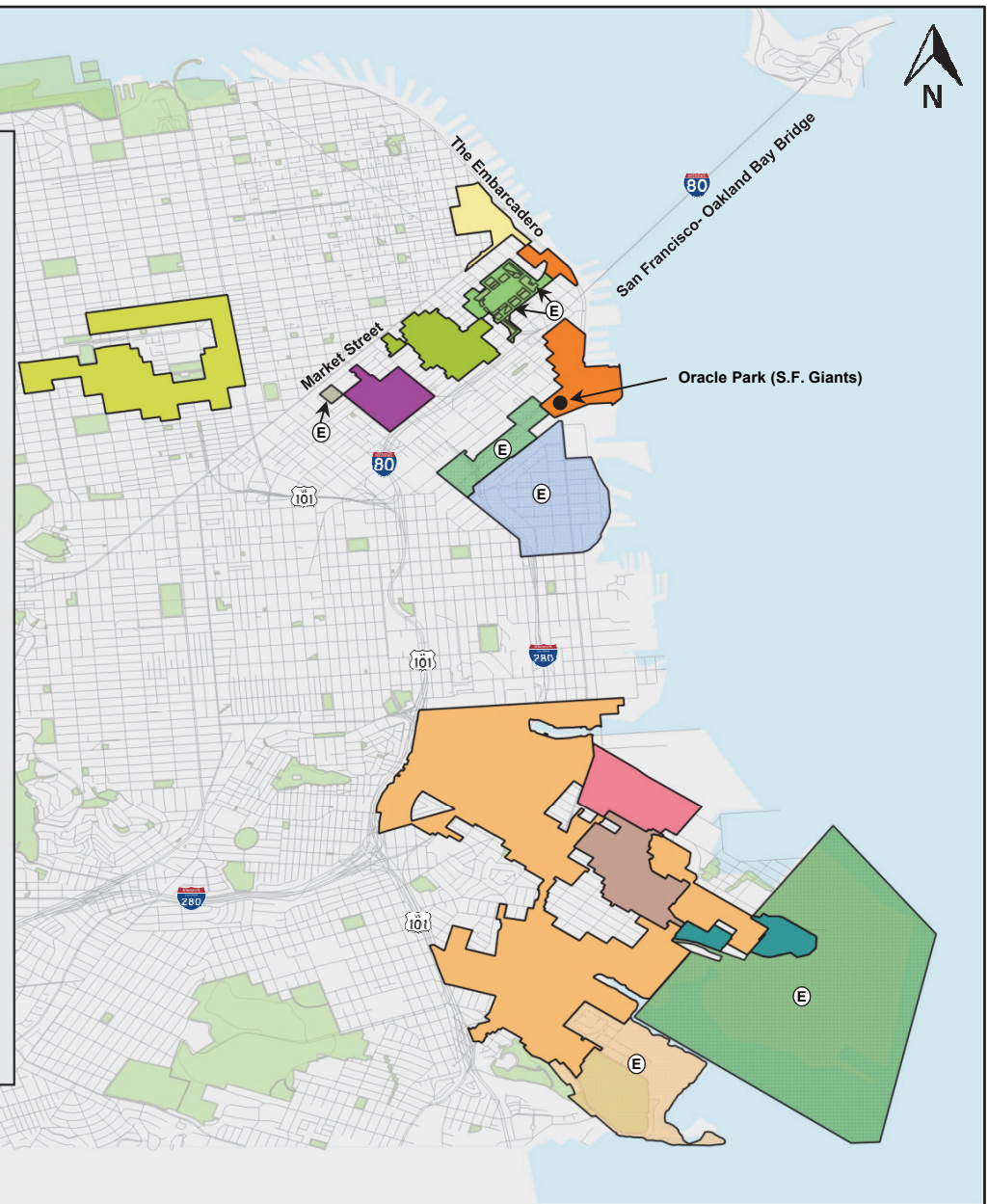
Excluded Sub-Areas

-  State-Owned Parcels of the Transbay Project Area
-  Zone 1 - Candlestick Pt. Site of the Bayview Hunters Pt. Proj. Area B

Excluded Project Areas

-  Mission Bay North Project Area
-  Mission Bay South Project Area
-  Federal Office Building Project Area
-  Hunters Pt. Shipyard Proj. Area (Other Than Hunters Pt. Hill Residential Dist.)

**E - Represents "Excluded" Sub-Areas
or "Excluded" Project Areas.**



**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO**

Commission Members¹

Bivett Brackett, *Chair*
Vanessa Ross Aquino
Tamsen Drew
Dr. Carolyn Ransom-Scott

Successor Agency Staff

Thor Kaslofsky, *Executive Director*
Rosa Torres, *Deputy Director of Finance and Administration*
James Morales, *Deputy Director and General Counsel*
Marc Slutzkin, *Deputy Director, Projects and Programs*

CITY AND COUNTY OF SAN FRANCISCO

London Breed, *Mayor*

David Chiu, *City Attorney*
Benjamin Rosenfield, *Controller*
José Cisneros, *Treasurer*

BOARD OF SUPERVISORS

Aaron Peskin, <i>Board President, District 3</i>	
Connie Chan, <i>District 1</i>	Myrna Melgar, <i>District 7</i>
Catherine Stefani, <i>District 2</i>	Rafael Mandelman, <i>District 8</i>
Joel Engardio, <i>District 4</i>	Hillary Ronen, <i>District 9</i>
Dean Preston, <i>District 5</i>	Shamann Walton, <i>District 10</i>
Matt Dorsey, <i>District 6</i>	Ahsha Safai, <i>District 11</i>

SPECIAL SERVICES

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor

PFM California Advisors LLC
San Francisco, California

Trustee

U.S. Bank Trust Company, National Association
San Francisco, California

Disclosure Counsel

Alexis S. M. Chiu, Esq.
San Francisco, California

Fiscal Consultant

Urban Analytics LLC
San Francisco, California

¹ The Successor Agency Commission currently has one (1) vacancy. Alex Ludlum resigned from the Successor Agency Commission effective August 28, 2023.

No dealer, broker, salesperson or other person has been authorized by the Successor Agency or the City to give any information or to make any representations in connection with the offer or sale of the 2023A/B Bonds other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2023A/B Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful. This Official Statement is not to be construed as a contract with the purchasers of the 2023A/B Bonds.

The information set forth herein has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Successor Agency. Neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency since the date hereof. The information and expressions of opinion stated herein are subject to change without notice.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking” statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts of the Successor Agency in any way, regardless of the optimism communicated in the information, and such statements speak only as of the date of this Official Statement. The Successor Agency disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the Successor Agency with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All summaries of the Indenture (as defined herein) and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) website.

The Successor Agency and the City maintain websites. However, the information presented therein is not a part of this Official Statement and must not be relied upon in making an investment decision with respect to the 2023A/B Bonds.

The issuance and sale of the 2023A/B Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2023A/B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Assured Guaranty Municipal Corp. (“**AGM**”) makes no representation regarding the 2023A/B Bonds or the advisability of investing in the 2023A/B Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and APPENDIX G – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

TABLE OF CONTENTS

INTRODUCTION	1	THE SUCCESSOR AGENCY	42
Authority and Purpose	1	Authority and Personnel	42
The City and County of San Francisco	2	Effect of the Redevelopment Dissolution	
The Successor Agency	2	Act	43
The Project Areas	4	Oversight Board	44
Excluded Project Areas	5	Department of Finance Finding of	
Tax Allocation Financing	6	Completion	44
Security and Sources of Payment for the		Continuing Activities	44
2023A/B Bonds	7	THE PROJECT AREAS	45
Senior Obligations	8	General	45
Third Lien Parity Debt	9	Redevelopment Plans	46
Reserve Account	9	Project Areas	46
Bond Insurance	9	Assessed Valuation and Other	
Certain Risk Factors	10	Information Regarding the Project	
Public Health Emergency	10	Areas	49
Continuing Disclosure	10	PLEDGED TAX REVENUES AND DEBT	
Available Information	10	SERVICE	53
PLAN OF FINANCE	11	Historical and Current Assessed	
ESTIMATED SOURCES AND USES OF		Valuation and Tax Revenues	53
FUNDS	12	Projected Pledged Tax Revenues and	
THE 2023A/B BONDS	12	Debt Service Coverage	57
Authority for Issuance	12	Assessment Appeals	61
Designation as Social Bonds	12	CERTAIN RISK FACTORS	63
Description of the 2023A/B Bonds	15	Recognized Obligation Payment	
Book-Entry Only System	16	Schedule	63
Redemption Provisions	16	Certain Uncertainties Regarding the	
DEBT SERVICE SCHEDULE	21	Redevelopment Dissolution Act	63
SECURITY AND SOURCES OF PAYMENT		Estimates of Tax Revenues	64
FOR THE 2023A/B BONDS	23	Concentration of Property Ownership	64
General	23	Subordination of ERAF	64
Tax Increment Financing Generally	23	Reduction in Tax Base and Assessed	
Allocation of Taxes Pursuant to the		Values	65
Redevelopment Dissolution Act	24	Appeals to Assessed Values	66
Security for the 2023A/B Bonds; Equal		Property Foreclosures	67
Security	28	State Budget Issues; Changes in State	
Special Fund; Deposit of Pledged Tax		Law	67
Revenues	29	Development Risks	68
Existing Senior Obligations	32	Natural Disasters	68
Existing Third Lien Parity Debt	35	Cybersecurity	72
Limitations on Additional Indebtedness	35	Public Health Emergencies	72
Recognized Obligation Payment		Office Vacancy, Hotel Occupancy and	
Schedule	36	Room Rate Declines, and Retail	
Last and Final Recognized Obligation		Vacancy and Closures in San	
Payment Schedule	39	Francisco; Impact on Property	
BOND INSURANCE	40	Taxes and Other Revenues	72
Bond Insurance Policy	40	Bond Insurance Risk Factors	75
Assured Guaranty Municipal Corp	40	Reserve Policy Risk Factors	76
		Hazardous Substances	76

Reduction in Inflation Rate	78	Articles XIIC and XIID of California	
Delinquencies	78	Constitution	84
Investment Risk	78	Future Initiatives	84
Bankruptcy and Foreclosure.....	78	TAX MATTERS	85
Levy and Collection of Taxes.....	79	2023 Series A Taxable Bonds	85
Loss of Tax Exemption	80	2023 Series B Bonds	85
Risk of Tax Audit	80	LITIGATION	86
Secondary Market.....	80	CONTINUING DISCLOSURE.....	87
Senior Obligations	80	LEGAL MATTERS	87
Parity Obligations.....	81	MUNICIPAL ADVISOR	88
2023A/B Bonds are Limited Obligations ..	81	RATINGS.....	88
Limited Recourse on Default.....	81	FINANCIAL STATEMENTS.....	88
LIMITATIONS ON TAX REVENUES	81	FISCAL CONSULTANT REPORT.....	89
Property Tax Collection Procedure	82	UNDERWRITING	89
Taxation of Unitary Property.....	83	MISCELLANEOUS	90
Tax Limitations – Article XIII A of			
California Constitution	83		
Article XIIB of California Constitution ...	84		
APPENDIX A SUCCESSOR AGENCY’S AUDITED FINANCIAL STATEMENTS FOR THE			
YEAR ENDED JUNE 30, 2022	A-1		
APPENDIX B FISCAL CONSULTANT REPORT.....	B-1		
APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	C-1		
APPENDIX D FORM OF CONTINUING DISCLOSURE CERTIFICATE	D-1		
APPENDIX E FORM OF BOND COUNSEL FINAL OPINION	E-1		
APPENDIX F DTC AND THE BOOK-ENTRY ONLY SYSTEM	F-1		
APPENDIX G SPECIMEN MUNICIPAL BOND INSURANCE POLICY	G-1		

OFFICIAL STATEMENT

\$24,505,000
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO
2023 Series A Taxable Third Lien
Tax Allocation Bonds
(Affordable Housing Projects)
(Social Bonds)

\$35,210,000
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO
2023 Series B Third Lien
Tax Allocation Bonds
(Transbay Infrastructure Projects)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the 2023A/B Bonds being offered, and a full review should be made of the entire Official Statement including the cover page, the table of contents and the appendices for a more complete description of the terms of the 2023A/B Bonds. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of provisions of, any other documents referred to herein do not purport to be complete, and such references are qualified in their entirety by reference to the complete provisions of such documents. Capitalized terms used in this Official Statement and not defined herein shall have the meanings assigned to them in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” or, if not defined therein, then in the Indenture (defined herein).

Authority and Purpose

The purpose of this Official Statement, which includes the cover page, table of contents and appendices hereto (collectively, the “**Official Statement**”), is to provide certain information in connection with the offering by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “**Successor Agency**”) of its \$24,505,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) (Social Bonds) (the “**2023 Series A Taxable Bonds**”) and its \$35,210,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects) (the “**2023 Series B Bonds**” and, together with the 2023 Series A Taxable Bonds, the “**2023A/B Bonds**” and individually, each a “**Series**”), for the purposes described herein. The 2023A/B Bonds are being issued in accordance with a resolution of the Successor Agency adopted on March 21, 2023 (the “**Resolution**”), and an Indenture of Trust, dated as of March 1, 2017 (the “**Original Indenture**”), by and between the Successor Agency and U.S. Bank Trust Company, National Association, as successor-in-interest to U.S. Bank National Association, as trustee (the “**Trustee**”), as amended and supplemented by a First Supplement to Indenture of Trust dated as of December 1, 2021, and as further amended and supplemented by a Second Supplement to Indenture of Trust, dated as of September 1, 2023 (the “**Second Supplement**” and, the Original Indenture, as so amended and supplemented, the “**Indenture**”), by and between the Successor Agency and the Trustee, and, as applicable, pursuant to authority contained in the Redevelopment Law (defined herein) and Sections 34177.7(a)(1)(A) and (B) of the Redevelopment Dissolution Act (defined herein). See “– The Successor Agency.”

The 2023 Series A Taxable Bonds are being issued for the purpose of providing funds to: (i) finance a portion of its Affordable Housing Obligations (defined herein), consisting of certain affordable housing as described herein under “PLAN OF FINANCE;” (ii) pay the premium for a municipal bond debt service reserve insurance policy (the “**2023A Reserve Policy**”) from Assured Guaranty Municipal Corp. (“**AGM**”)

to satisfy the 2023 Series A Taxable Bonds' reserve requirement; and (iii) pay costs associated with the issuance of the 2023 Series A Taxable Bonds, including the portion of the premium for the Insurance Policy (defined herein) allocable to the 2023 Series A Taxable Bonds. See “– Reserve Account,” “– Bond Insurance,” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The 2023 Series B Bonds are being issued for the purpose of providing funds to: (i) finance a portion of the infrastructure required by the Transbay Redevelopment Project Implementation Agreement, dated as of January 20, 2005 (as amended from time to time, the “**Transbay Implementation Agreement**”), between the former Redevelopment Agency of the City and County of San Francisco (the “**Former Agency**”), as succeeded by the Successor Agency, and the Transbay Joint Powers Authority (“**TJPA**”), as further described herein under “PLAN OF FINANCE;” (ii) pay the premium for a municipal bond debt service reserve insurance policy (the “**2023B Reserve Policy**” and, together with the 2023A Reserve Policy, the “**Reserve Policies**,” and each, a “**Reserve Policy**”) from AGM to satisfy the 2023 Series B Bonds' reserve requirement; and (iii) pay costs associated with the issuance of the 2023 Series B Bonds, including the portion of the premium for the Insurance Policy allocable to the 2023 Series B Bonds. See “– The Successor Agency,” “– Reserve Account” and “– Bond Insurance,” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The City and County of San Francisco

The City and County of San Francisco (the “**City**”) is the economic and cultural center of the San Francisco Bay Area and northern California. The corporate limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay. The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the San Francisco Bay to the east, the entrance to the San Francisco Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about 45 miles to the south, and the wine country is about 65 miles to the north. According to the U.S. Census Bureau, the population in the City in 2010 was 805,235 and in 2020 was 873,965. The California Department of Finance Demographic Research Unit estimated the City's population at 831,703 as of January 1, 2023.

The 2023A/B Bonds are not a debt of the City and the General Fund of the City is not liable for the payment of the principal of, or premium, if any, or interest on, the 2023A/B Bonds. Neither the credit nor the taxing power of the City is pledged to the payment of the principal of, premium, if any, or interest on the 2023A/B Bonds. The 2023A/B Bonds are not secured by a legal or equitable pledge of, or charge, lien, or encumbrance upon, any of the property of the City.

The Successor Agency

As described below, the Successor Agency is the successor to the former Redevelopment Agency of the City and County of San Francisco (the “**Former Agency**”). The Former Agency was organized by the Board of Supervisors of the City (the “**Board of Supervisors**”) in 1948, to exercise the powers granted by the California Community Redevelopment Law (Sections 33000 et seq. of the California Health and Safety Code) (as amended, the “**Redevelopment Law**”).

As a result of Assembly Bill No. X1 26 (“**AB 26**”) enacted on June 29, 2011, as Chapter 5, Statutes of 2011-12 First Extraordinary Session, and the decision of the State Supreme Court in *California Redevelopment Association, et al. v. Matosantos, et al.* (the “**California Redevelopment Association Case**”), as of February 1, 2012, all redevelopment agencies in the State of California (the “**State**”), including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies. The California legislature has amended AB 26 several times, including on June 27, 2012 by

Assembly Bill No. 1484 (“**AB 1484**”), enacted as Chapter 26, Statutes of 2012, and on September 22, 2015 by Senate Bill No. 107 (“**SB 107**”), enacted as Chapter 325, Statutes of 2015.

The primary provisions enacted by AB 26 relating to the dissolution and winding down of former redevelopment agency affairs are codified in Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by AB 1484 and SB 107 (as further amended from time to time, the “**Redevelopment Dissolution Act**”). See also “THE SUCCESSOR AGENCY” for further discussion of the Redevelopment Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency. The Redevelopment Law, and the acts amendatory thereof and supplemental thereto, including the Redevelopment Dissolution Act, is collectively referred to herein as the “**Law**.”

In amending the Redevelopment Dissolution Act, SB 107 (i) clarified the Successor Agency’s authority to issue bonds for affordable housing and certain infrastructure (California Health & Safety Code § 34177.7) in certain of its project areas, (ii) removed certain time limits that had previously applied to the issuance of debt and the collection of tax increment by former redevelopment agencies (California Health & Safety Code § 34189 (a)), and (iii) authorized the Successor Agency to secure new debt with the property tax revenues (former tax increment) from project areas that had generated tax increment upon the dissolution of the Former Agency on February 1, 2012 (Stats. 2015, ch. 325, § 27(e)). Significantly, these project areas include those with redevelopment plans that may have expired for other purposes but that continue to be a source of funds for repayment of indebtedness.

Section 34177.7(a)(1)(A) of the Redevelopment Dissolution Act authorizes the Successor Agency to issue bonds and other indebtedness to finance affordable housing required by the following agreements (collectively referred to herein as the “**Affordable Housing Obligations**”): (i) the Disposition and Development Agreement for Hunters Point Shipyard Phase 1 dated as of December 2, 2003 between Lennar/BVHP, LLC, a California limited liability company, doing business as Lennar/BVHP Partners, as succeeded by HPS Development Co., L.P., and the Former Agency, as succeeded by the Successor Agency, as heretofore amended and as hereafter may be amended; (ii) the Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated for reference purposes only as of June 3, 2010, between CP Development Co. LP, and the Former Agency, as succeeded by the Successor Agency, as heretofore amended and as hereafter may be amended; (iii) the Mission Bay North Owner Participation Agreement entered into as of November 16, 1998, between the Former Agency, as succeeded by the Successor Agency, and Catellus Development Corporation, a Delaware corporation (“**Catellus**”), as succeeded by FOCIL-MB, LLC, a Delaware limited liability company (“**FOCIL-MB**”), as heretofore amended and as hereafter may be amended; (iv) the Mission Bay South Owner Participation Agreement entered into as of November 16, 1998, between the Former Agency, as succeeded by the Successor Agency, and Catellus, as succeeded by FOCIL-MB, as heretofore amended and as hereafter may be amended; and (v) the Transbay Implementation Agreement.

The Successor Agency is issuing the 2023 Series A Taxable Bonds to provide funds to finance a portion of its Affordable Housing Obligations. See “PLAN OF FINANCE.”

Section 34177.7(a)(1)(B) of the Redevelopment Dissolution Act authorizes the Successor Agency to issue bonds and other indebtedness to finance infrastructure required by the Transbay Implementation Agreement. The Successor Agency is issuing the 2023 Series B Bonds to provide funds to finance a portion of such infrastructure.

The issuance of the 2023A/B Bonds was subject to the approval of the Successor Agency Commission (as defined herein), the Successor Agency’s oversight board (the “**Oversight Board**”) and the Department of Finance of the State of California (the “**California Department of Finance**”) pursuant to

the Redevelopment Dissolution Act. All such approvals have been obtained. See “THE 2023A/B BONDS – Authority for Issuance.”

The Project Areas

At the time of dissolution of the Former Agency, twelve (12) project areas of the Former Agency generated tax increment for redevelopment activities (see reference to the Federal Office Building Redevelopment Project Area in “– Excluded Project Areas” below regarding its lack of tax increment). Two (2) of these project areas (Mission Bay North Project Area (defined herein) and Mission Bay South Project Area (defined herein)) and portions of three (3) other project areas: (i) the State-Owned Parcels (defined herein) in the Transbay Redevelopment Project Area; (ii) Zone 1 (Candlestick Point Sub-Area) of Project Area B of the Bayview Hunters Point Redevelopment Project Area also referred to as “**Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B**” (further described herein); and (iii) all portions of the Hunters Point Shipyard Project Area (defined herein) except the Hunters Point Hill Residential District, were, and continue to be, subject to agreements that irrevocably commit all or a portion of the property tax increment from those areas to specific purposes. Such property tax increment is not pledged as security for debt service on the 2023A/B Bonds. See “– Excluded Project Areas” below. Accordingly, and pursuant to the Indenture, only tax increment from all or a portion of ten (10) such project areas is pledged under the Indenture as security for debt service on the 2023A/B Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS.” Such project areas or portion thereof consist of the redevelopment project areas (except any portion thereof included in the Excluded Project Areas defined below) described in the following redevelopment plans (as defined in the Indenture) (the “**Project Areas**”):

- Redevelopment Plan – Bayview Hunters Point Redevelopment Project Area – Zone 2 of Project Area B (the “**Bayview Hunters Point Project Area – Zone 2 of Project Area B**”)
- Redevelopment Plan – Embarcadero-Lower Market (“Golden Gateway”) Redevelopment Project Area (the “**Embarcadero-Lower Market (“Golden Gateway”) Project Area**”)
- Redevelopment Plan – Hunters Point Redevelopment Project Area (the “**Bayview Hunters Point Project Area – Project Area A**”)
- Redevelopment Plan – Hunters Point Shipyard Redevelopment Project Area – Hunters Point Hill Residential District (the “**Hunters Point Hill Residential District (Hunters Point Shipyard Project Area)**”) (only tax increment generated in the Hunters Point Hill Residential District is pledged under the Indenture as security for the 2023A/B Bonds)
- Redevelopment Plan – India Basin Industrial Park Redevelopment Project Area (the “**India Basin Industrial Park Project Area**”)
- Redevelopment Plan – Rincon Point – South Beach Redevelopment Project Area (the “**Rincon Point – South Beach Project Area**”)
- Redevelopment Plan – South of Market Redevelopment Project Area (previously known as the South of Market Earthquake Recovery Project Area) (the “**South of Market Project Area**”)
- Redevelopment Plan – Transbay Redevelopment Project Area (the “**Transbay Project Area**”) (excluding the State-Owned Parcel Net Tax Increment (defined herein))

- Redevelopment Plan – Western Addition Redevelopment Project Area A-2 (the “**Western Addition Project Area A-2**”)
- Redevelopment Plan – Yerba Buena Center Approved Redevelopment Project Area D-1 (the “**Yerba Buena Center Approved Project Area D-1**”)

As described in this Official Statement, the 2023A/B Bonds are secured by a pledge and lien on Pledged Tax Revenues (defined herein), which generally consist of tax increment revenues generated within the Project Areas remaining after the payment of the City Controller Administration Fee, the Existing Senior Loan Agreements and the Second Lien Debt (as such terms are defined herein) and on a parity with the 2017A/B Bonds and the 2021A Bonds (defined herein). See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – General.” All or a portion of tax increment revenues from certain excluded project areas or portions of project areas described below are not pledged as security for the payment of the 2023A/B Bonds; therefore, the description of the project areas of the Former Agency set forth in this Official Statement is limited to only the Project Areas and excludes any information relating to the Excluded Project Areas (defined herein), except that information regarding the State-Owned Parcels (defined herein), located within the Transbay Project Area, is included as a portion of the tax increment revenues generated within such parcels is pledged as security for the payment of the 2023A/B Bonds. See “– Excluded Project Areas” below.

Excluded Project Areas

Tax increment revenues from the following project areas of the Former Agency are not pledged as security to pay debt service on the 2023A/B Bonds under the Indenture:

- (i) the project area known as the Mission Bay North Project Area or the Mission Bay North Redevelopment Project Area (the “**Mission Bay North Project Area**”);
- (ii) the project area known as the Mission Bay South Project Area or the Mission Bay South Redevelopment Project Area (the “**Mission Bay South Project Area**”); and
- (iii) the Federal Office Building Redevelopment Project Area (the parcels in which are owned by the Federal Government which does not pay property tax).

In addition, tax increment revenues from the following are not pledged as security to pay debt service on the 2023A/B Bonds under the Indenture:

- (x) Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B;
- (y) parcels in the Hunters Point Shipyard Redevelopment Project Area (the “**Hunters Point Shipyard Project Area**”) other than the Hunters Point Hill Residential District; and
- (z) the State-Owned Parcels (defined herein) (except that as described under “– *Excluded Tax Increment from State-Owned Parcels*,” a certain portion of tax increment revenues from the State-Owned Parcels is available to pay debt service on the 2023A/B Bonds and other debt obligations).

Collectively, the project areas listed in (i)-(iii) and the portions of project areas described in (x)-(z) above are referred to herein as “**Excluded Project Areas**.” See “PLEDGED TAX REVENUES AND DEBT SERVICE – Historical and Current Assessed Valuation and Tax Revenues” regarding negative tax increment generated by the Federal Office Building Redevelopment Project Area. See “THE PROJECT AREAS – Project

Areas – Hunters Point Hill Residential District (Hunters Point Shipyard Project Area)” and “ – Excluded Tax Increment from State-Owned Parcels.” See also APPENDIX B – “FISCAL CONSULTANT REPORT.”

Excluded Tax Increment from State-Owned Parcels. Pursuant to the redevelopment plan for the Transbay Project Area, State-Owned Parcel Net Tax Increment from certain parcels within the Transbay Project Area totaling approximately 10 acres of land currently or previously owned by the State (referred to herein as the “**State-Owned Parcels**”) has been pledged to the TJPA to help pay the cost of replacing the former Transbay Terminal. “**State-Owned Parcel Net Tax Increment**” as used herein means all property and tax increment revenues attributable to the parcels transferred to the City and/or the TJPA pursuant to the Cooperative Agreement, dated as of July 11, 2003, by and among the City, the State and the TJPA, allocated to and received by the Successor Agency, but specifically excluding (i) charges for County administrative charges, fees or costs; (ii) the portion of the tax increment revenues that the Former Agency was required by law to set aside in the Former Agency’s affordable housing fund, pursuant to the Redevelopment Law (herein referred to as the former “**State-Owned Parcels Housing Set-Aside**”); (iii) a portion of the tax increment revenues equal to the percentage of such revenue required to pay all governmental entities as required under the Redevelopment Law; and (iv) the portion of tax increment revenues equal to the percentage of such revenues that the State may mandate the Successor Agency, as successor to the Former Agency, to pay from time to time in the future.

Under the Indenture, Pledged Tax Revenues exclude amounts required to be paid to the TJPA in accordance with the redevelopment plan for the Transbay Project Area (i.e. State-Owned Parcel Net Tax Increment). Therefore, State-Owned Parcel Net Tax Increment is not available for payment of debt service on the 2023A/B Bonds. State-Owned Parcel Net Tax Increment for Fiscal Year 2023-24 is approximately \$28.4 million. See Appendix B – “Fiscal Consultant Report.” The tax increment from the State-Owned Parcels in excess of the State-Owned Parcel Net Tax Increment is deposited into the RPTTF. Such excess is equal to the former State-Owned Parcels Housing Set-Aside and the Statutory Pass-Through Amounts payable to taxing entities with respect to the State-Owned Parcels. For Fiscal Year 2023-24, such excess totaled approximately \$22.9 million. This amount is anticipated to be available for payment of debt service on the Existing Senior Loan Agreements, the Second Lien Debt, the 2017A/B Bonds, the 2021A Bonds and the 2023A/B Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Allocation of Taxes Pursuant to the Redevelopment Dissolution Act – *Former Housing Fund*” and “ – *Statutory Pass-Through Amounts are Subordinated to Payment of Debt Service on the 2023A/B Bonds.*”

Tax Allocation Financing

Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described herein. See “CERTAIN RISK FACTORS.”

Prior to the enactment of AB 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance, which adopted the redevelopment plan, became the base year valuation. Assuming the taxable valuation never dropped below the base year level, the taxing agencies thereafter generally received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of such agency’s obligations.

The Redevelopment Dissolution Act authorizes bonds, including the 2023A/B Bonds, to be secured by a pledge of, and to be payable from and further secured by, property tax revenues deposited from time

to time in the Redevelopment Property Tax Trust Fund held by the auditor-controller of the City and County of San Francisco (the “**City Controller**”) with respect to the Successor Agency (the “**Redevelopment Property Tax Trust Fund**” hereinafter referred to as “**RPTTF**”), if those revenues are not otherwise obligated. Such funds are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects. **DISCUSSIONS HEREIN REGARDING TAX INCREMENT OR TAX REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE CITY CONTROLLER INTO THE RPTTF AND NOT OBLIGATED FOR OTHER PURPOSES.**

Security and Sources of Payment for the 2023A/B Bonds

The 2023A/B Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture and payable from and secured by the Pledged Tax Revenues (defined herein) on a parity with the 2017A/B Bonds and the 2021A Bonds. Pledged Tax Revenues, as more fully described herein, do not include the State-Owned Parcel Net Tax Increment from the State-Owned Parcels or any tax increment revenues from, or amounts deposited in, the RPTTF attributable to the other Excluded Project Areas. The payment of debt service on the 2023A/B Bonds, the 2017A/B Bonds and the 2021A Bonds is subordinate to payment of the City Controller Administration Fee and payments due on the Senior Obligations. The Successor Agency has covenanted that it will not issue additional debt payable from the Pledged Tax Revenues on a basis senior to the payment of debt service on the 2023A/B Bonds, the 2017A/B Bonds and the 2021A Bonds except for the purpose of refunding the Senior Obligations. The Successor Agency currently anticipates needing to finance approximately \$170 million of infrastructure in the Transbay Project Area in the next five years and approximately \$495 million of affordable housing by 2030 and anticipates doing so through the issuance of additional bonds on a parity with the 2023A/B Bonds, the 2017A/B Bonds and the 2021A Bonds. See “– Third Lien Parity Debt” and “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Allocation of Taxes Pursuant to the Redevelopment Dissolution Act,” “– Security for the 2023A/B Bonds; Equal Security,” “– Senior Obligations,” “– Parity Obligations,” and “– Limitations on Additional Indebtedness.”

The Redevelopment Dissolution Act requires the City Controller to determine the amount of property taxes that would have been allocated to the Former Agency had it not been dissolved pursuant to the operation of AB 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the RPTTF. The Redevelopment Dissolution Act further provides that Successor Agency bonds authorized under Section 34177.7 “*may be secured by property tax revenues available in the successor agency’s Redevelopment Property Tax Trust Fund from those project areas that generated tax increment for the Redevelopment Agency of the City and County of San Francisco upon its dissolution, if the revenues are not otherwise obligated*” (Stats. 2015, ch. 325, § 27(e)). Such bonds will be secured by a pledge of, and lien on, and will be repaid from, moneys deposited from time to time in the RPTTF. Property tax revenues pledged to any bonds authorized under the Redevelopment Dissolution Act are taxes allocated to the successor agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law. Section 34177.7(g) of the Redevelopment Dissolution Act provides that the Successor Agency’s bonds will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB 26 and in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date. The Successor Agency must include debt service payments for such bonds on its Recognized Obligation Payment Schedule (defined herein) in order for such amounts to be distributed to the Successor Agency and be available to pay debt service on the 2023A/B Bonds as described below. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Recognized Obligation Payment Schedule.”

The Redevelopment Dissolution Act requires compliance by the Successor Agency with a procedure for preparation of a Recognized Obligation Payment Schedule in order to receive funds for payment of debt service and submission thereof to the Oversight Board and the California Department of Finance for approval. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Allocation of Taxes Pursuant to the Redevelopment Dissolution Act.” Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various properties within the Project Areas, to the extent that such taxes constitute tax revenues, will be deposited in the RPTTF for transfer by the City Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund (the “**Retirement Fund**”) on January 2 and June 1 of each year (adjusted for weekends and holidays) to the extent required for payments listed in the Successor Agency’s Recognized Obligation Payment Schedule in accordance with the requirements of the Redevelopment Dissolution Act. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Recognized Obligation Payment Schedule.” Moneys deposited by the City Controller into the Retirement Fund representing Pledged Tax Revenues will first be deposited by the Successor Agency in the “Third Lien Special Fund” which is to be held by the Successor Agency within the Retirement Fund (the “**Special Fund**”) and will then be transferred by the Successor Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

The 2023A/B Bonds are limited obligations of the Successor Agency, the principal of, and interest on which are payable solely from Pledged Tax Revenues and certain other amounts on deposit in the funds and accounts held under the Indenture on a parity with the 2017A/B Bonds and the 2021A Bonds. The 2023A/B Bonds are not a debt of the City, the State or any of their political subdivisions (other than the Successor Agency and only to the limited extent set forth in the Indenture), and none of the City, the State or any of their political subdivisions other than the Successor Agency is liable therefor. The 2023A/B Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Successor Agency has not pledged any other tax revenues or property or its full faith and credit to the payment of debt service on the 2023A/B Bonds. None of the members of the Successor Agency Commission (defined herein), the Successor Agency, the City, or the persons executing the 2023A/B Bonds is liable personally for the 2023A/B Bonds by reason of their issuance. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Allocation of Taxes Pursuant to the Redevelopment Dissolution Act” and “PLEDGED TAX REVENUES AND DEBT SERVICE.”

Senior Obligations

The pledge of tax increment revenues from the Project Areas to pay debt service on the 2023A/B Bonds is *subordinate* to the prior pledge, or priority of payment, of such tax increment revenue to the payment of the Existing Senior Loan Agreements (defined herein) and the Second Lien Debt (defined herein) (collectively, the “**Senior Obligations**,” as further described herein). As of August 2, 2023, there was approximately \$262 million aggregate principal amount of Senior Obligations outstanding. Approximately \$10 million of such aggregate principal amount is secured by pledges of tax revenue from Mission Bay North and Mission Bay South Project Areas (collectively, the “**Mission Bay Senior Loan Agreements**”), which are Excluded Project Areas. However, in the event there is insufficient money in any reserve account established under either of the Mission Bay Senior Loan Agreements to transfer to the applicable trustee when due under such loan agreement, the Successor Agency is obligated to cause tax increment revenue from certain of the Project Areas in the amount of such insufficiency, subject to a certain maximum amount, to be paid to the applicable trustee. The Successor Agency has covenanted that it will not issue additional debt payable from the pledged tax increment revenues from the Project Areas on a basis senior to the payment of debt service on the 2023A/B Bonds, except for the purpose of refunding the

Existing Senior Loan Agreements and the Second Lien Debt. See also “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – General” and “– Existing Senior Obligations.”

Third Lien Parity Debt

In addition to the Senior Obligations described above, as of August 2, 2023, the Successor Agency had outstanding \$44,350,000 aggregate principal amount of the 2017A/B Bonds and \$126,580,000 aggregate principal amount of the 2021A Bonds, the debt service on which is payable on a parity with the payment of debt service on the 2023A/B Bonds from Pledged Tax Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Existing Parity Obligations.”

The Successor Agency has the right to issue additional indebtedness payable on a parity with the 2023A/B Bonds from Pledged Tax Revenues upon the satisfaction of certain conditions set forth in the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Limitations on Additional Indebtedness – *Third Lien Parity Debt*.” The Successor Agency currently anticipates needing to finance approximately \$170 million of infrastructure in the Transbay Project Area in the next five years and approximately \$495 million of affordable housing by 2030 and anticipates doing so through the issuance of additional bonds on a parity with the 2023A/B Bonds, the 2017A/B Bonds and the 2021A Bonds. The amounts and time in the preceding sentence reflect current projections. No assurance can be given as to the exact timing or amount of any additional bond issuances.

Reserve Account

The Indenture establishes a “**2023A Reserve Subaccount**” within the Reserve Account for the 2023 Series A Taxable Bonds to be maintained in an amount at least equal to the Reserve Requirement (defined herein) for the 2023 Series A Taxable Bonds and a “**2023B Reserve Subaccount**” within the Reserve Account for the 2023 Series B Bonds to be maintained in an amount at least equal to the Reserve Requirement for the 2023 Series B Bonds (the 2023A Reserve Subaccount and the 2023B Reserve Subaccount, together, the “**Reserve Subaccounts**”). The Reserve Requirement for the 2023 Series A Taxable Bonds and the Reserve Requirement for the 2023 Series B Bonds will be calculated separately and without regard to the 2017A/B Bonds, the 2021A Bonds or any additional bonds, loans, advances or indebtedness issued or incurred by the Successor Agency on a parity with the 2023A/B Bonds, the 2017A/B Bonds and the 2021A Bonds in the future (such additional bonds, loans, advances and indebtedness hereinafter referred to as “**Third Lien Parity Debt**”). AGM has committed to issue, simultaneously with the issuance of the 2023A/B Bonds, (i) the 2023A Reserve Policy for delivery to the Trustee, who will credit it to the 2023A Reserve Subaccount, for the benefit of the 2023 Series A Taxable Bonds, and (ii) the 2023B Reserve Policy for delivery to the Trustee, who will credit it to the 2023B Reserve Subaccount, for the benefit of the 2023 Series B Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Special Fund; Deposit of Pledged Tax Revenues – *Reserve Account*.”

Bond Insurance

Concurrently with the issuance of the 2023A/B Bonds, Assured Guaranty Municipal Corp. (“AGM”) will issue its Municipal Bond Insurance Policy (the “**Insurance Policy**”) for the 2023A/B Bonds. The Insurance Policy guarantees the scheduled payment of principal of and interest on the 2023A/B Bonds when due as set forth in the form of the Insurance Policy in APPENDIX G – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.” *See “BOND INSURANCE.”*

Certain Risk Factors

Certain events could affect the ability of the Successor Agency to pay debt service on the 2023A/B Bonds when due. See “CERTAIN RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the 2023A/B Bonds.

Public Health Emergency

In February 2023, the State of California and the San Francisco Department of Public Health ended their respective COVID-19 public health emergencies with respect to COVID-19, which had been declared a pandemic by the World Health Organization (the “WHO”). The WHO and the U.S. Department of Health and Human Services (“HHS”) ended their respective COVID-19 public health emergency declarations in May 2023. HHS determined that COVID-19 remained a public health priority and indicated it would monitor the latest subvariants. As the City recovers from the COVID-19 pandemic, it faces certain challenges. According to the City, it experienced a net loss of 54,813 people from 2020 to 2021, and it has been reported that the office vacancy rate in the City was as high as 31.6% in the second quarter of 2023 and in June and August of 2023 two office buildings in San Francisco, outside of the Project Areas, were sold for prices 66% and over 70% less than their respective assessed values. See “PLEDGED TAX REVENUES AND DEBT SERVICE – Projected Pledged Tax Revenues and Debt Service Coverage” and “CERTAIN RISK FACTORS – Reductions to Tax Base and Assessed Values,” “ – Appeals to Assessed Values,” “ – Public Health Emergencies” and “ – Office Vacancy in San Francisco; Impact on Property Taxes and Other Revenues.”

Continuing Disclosure

The Successor Agency has covenanted for the benefit of Owners and Beneficial Owners to provide certain financial information and operating data relating to the Successor Agency not later than six (6) months after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2023 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of the specified events will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the Electronic Municipal Market Access website (“EMMA”) of the MSRB. The specific nature of the information to be contained in the Annual Report and the notice of events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters (defined herein) in complying with S.E.C. Rule 15c2-12(b)(5).

See “CONTINUING DISCLOSURE” for additional information.

Available Information

This Official Statement contains brief descriptions of the 2023A/B Bonds, the security for the 2023A/B Bonds, the Indenture, the Successor Agency, the Former Agency, the City, the Project Areas and certain other information relevant to the issuance of the 2023A/B Bonds. All references herein to the Indenture, the Redevelopment Law, the Redevelopment Dissolution Act, the State Constitution and laws of the State are qualified in their entirety by reference to the complete text thereof and all references to the 2023A/B Bonds are further qualified by reference to the form thereof contained in the Indenture.

The Successor Agency’s audited financial statements for the period ended June 30, 2022, are included in APPENDIX A – “SUCCESSOR AGENCY’S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022.” Urban Analytics, LLC, San Francisco, California (the “Fiscal Consultant”), is providing consulting services to the Successor Agency with respect to the Project Areas and their projected taxable values and anticipated tax increment revenues. The Fiscal Consultant’s report is attached hereto as

APPENDIX B – “FISCAL CONSULTANT REPORT.” The proposed form of legal opinion of Bond Counsel relating to the 2023A/B Bonds is set forth in APPENDIX E – “FORM OF BOND COUNSEL FINAL OPINION.”

The information set forth herein and in the Appendices hereto has been furnished by the Successor Agency and includes information which has been obtained from other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness by the Successor Agency or the Underwriters and is not to be construed as a representation by the Underwriters. Copies of documents referred to herein and information concerning the 2023A/B Bonds are available upon written request from the Trustee, U.S. Bank Trust Company, National Association, One California Street, Suite 1000, Mail Code: SF-CA-SFCT, San Francisco, California 94111. Within the City, the Successor Agency, which is constituted as the Office of Community Investment and Infrastructure or “OCII,” may be contacted at: Office of Community Investment and Infrastructure, One South Van Ness Avenue, 5th Floor, San Francisco, California 94103; telephone: (415) 749-2465. The Successor Agency will respond to requests by any Bondowner for public information. The Successor Agency may impose a charge for copying, mailing and handling.

PLAN OF FINANCE

A portion of the net proceeds from the sale of the 2023 Series A Taxable Bonds will be used to finance the development and/or construction of affordable housing under the Affordable Housing Obligations. Said housing is expected to consist of approximately 537 units of housing in the Transbay Project Area, as further set forth in the table below. However, the Successor Agency may use proceeds of the 2023 Series A Taxable Bonds to finance other affordable housing developments under the Affordable Housing Obligations.

Projects to be Financed with Proceeds of 2023 Series A Taxable Bonds

Name	Location	Units¹	Construction Financing Amount (\$millions)¹	Estimated Completion Date	Targeted AMI
Transbay 2W	Transbay Project Area	151	\$65	2026	Averaging 60% and below
Transbay 2E	Transbay Project Area	184	\$73	2026	Averaging 60% and below
Transbay 4	Transbay Project Area	202	To be determined	2030	Up to 100% AMI Avg 60% or below

¹ Units are estimates and subject to change. Projects include existing predevelopment loans that will be incorporated into new construction loans

Proceeds of the 2023 Series A Taxable Bonds also will be used to pay costs associated with the issuance of the 2023 Series A Taxable Bonds, including the portion of the premium for the Insurance Policy allocable to the 2023 Series A Taxable Bonds and the premium for the 2023A Reserve Policy. See “INTRODUCTION – Reserve Account” and “ – Bond Insurance.”

The Successor Agency expects a portion of the net proceeds of the 2023 Series B Bonds will be used to finance infrastructure, specifically, improvements in the Transbay Project Area in the form of funding the design, engineering and construction of a park consisting of approximately 2.4 acres that will be located predominantly under the I-80 Fremont Street off-ramp and the Transbay Joint Powers Authority bus ramp serving the new Salesforce Transit Center and the design, engineering and construction of a new

1-acre park, streetscape improvements and new street extensions adjacent to the 1-acre park. However, the Successor Agency may use proceeds of the 2023 Series B Bonds to finance other infrastructure improvements in the Transbay Project Area. Proceeds of the 2023 Series B Bonds also will be used to pay costs associated with the issuance of the 2023 Series B Bonds, including the portion of the premium for the Insurance Policy allocable to the 2023 Series B Bonds and the premium for the 2023B Reserve Policy. See “INTRODUCTION – Reserve Account” and “ – Bond Insurance.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2023A/B Bonds are as follows:

<i>Sources:</i>	2023 Series A Taxable Bonds	2023 Series B Bonds	Total
Par Amount	\$24,505,000.00	\$35,210,000.00	\$59,715,000.00
Original Issue Premium	-	2,539,811.85	2,539,811.85
Total Sources	<u>\$24,505,000.00</u>	<u>\$37,749,811.85</u>	<u>\$62,254,811.85</u>
<i>Uses:</i>			
2023A Bonds Project Fund	\$24,000,000.00	-	\$24,000,000.00
2023B Bonds Project Fund	-	\$37,000,000.00	37,000,000.00
Costs of Issuance ⁽¹⁾	396,281.25	637,611.85	1,033,893.10
Underwriters' Discount	108,718.75	112,200.00	220,918.75
Total Uses	<u>\$24,505,000.00</u>	<u>\$37,749,811.85</u>	<u>\$62,254,811.85</u>

⁽¹⁾ Costs of issuance include legal, financing and consultant fees, rating agency fees, the fees for the Reserve Policies and Insurance Policy, and other miscellaneous expenses incurred in connection with the issuance of the 2023A/B Bonds.

THE 2023A/B BONDS

Authority for Issuance

The 2023A/B Bonds were authorized for issuance pursuant to the Indenture, the Redevelopment Law and the Redevelopment Dissolution Act. See “INTRODUCTION – The Successor Agency.” Issuance of the 2023A/B Bonds and the execution of the related documents were authorized by the Successor Agency pursuant to a resolution adopted on March 21, 2023 (the “**Resolution**”), and approved by the Successor Agency’s Oversight Board pursuant to a resolution of the Oversight Board adopted on April 7, 2023 (the “**Oversight Board Resolution**”).

Written notice of the Oversight Board Resolution was provided to the California Department of Finance, as required by the Redevelopment Dissolution Act, on April 7, 2023. On April 13, 2023, which is within the time period allotted under the Redevelopment Dissolution Act for the California Department of Finance to review the Oversight Board Resolution, the California Department of Finance provided a letter to the Successor Agency stating that, based on the California Department of Finance’s review of the Oversight Board Resolution and application of applicable law, the California Department of Finance approved of the issuance of the 2023A/B Bonds.

Designation as Social Bonds

The Successor Agency is designating the 2023 Series A Taxable Bonds as “Social Bonds” as it has determined that the projects to be financed with the proceeds of the 2023 Series A Taxable Bonds are “Social Projects” based on the social benefits of addressing affordable housing within the City, and in

accordance with the Successor Agency's mission of funding and facilitating delivery of affordable housing and infrastructure throughout its project areas.

The projects planned to be financed with proceeds of the 2023 Series A Taxable Bonds will address the need within the City to preserve or increase affordable housing stock. See “– Use of Proceeds” below. The Successor Agency retained affordable housing obligations integrally related to the Major Approved Development Projects (defined herein) that the Successor Agency must continue to implement pursuant to the Affordable Housing Obligations, which are enforceable obligations, consistent with the Redevelopment Dissolution Act. See “THE SUCCESSOR AGENCY – Continuing Activities” below. The obligations include direct funding through loans or grants to “stand-alone,” or 100% affordable, residential developments as well as below market rate “inclusionary” housing that is required through Successor Agency development agreements with private developers in connection with market rate housing, and for which no subsidy is provided by the Successor Agency. The Successor Agency manages these affordable housing development obligations through direct oversight and underwriting along with services procured from the Mayor's Office of Housing and Community Development (“**MOHCD**”) through a 2014 Memorandum of Understanding. In general, the Successor Agency is responsible for directly managing the affordable housing projects' development through construction completion. The Successor Agency also procures services from the MOHCD's staff for review and monitoring of marketing for both inclusionary and Successor Agency funded projects (including implementation of the Certificate of Preference program), and assisting with the fiscal management and disbursement of the Successor Agency's funds pursuant to the relevant project's financing agreements, and other ancillary tasks as needed. Upon completion of the project, defined as constructed, occupied, and conversion to permanent financing, the Successor Agency will transfer the affordable housing assets, such as land, funding agreements, ground leases, and affordability restrictions, for each completed project to the MOHCD. The MOHCD will then be responsible for all asset management responsibilities for the transferred projects. As a result of these retained affordable housing obligations, the Successor Agency is responsible for overseeing the creation of thousands of units of affordable housing related to the Major Approved Development Projects. As of July 1, 2023, a total of 9,239 housing units have been completed and occupied across the Major Approved Development Projects, with 12,688 housing units in various stages of construction, predevelopment, planning and future development. Of the 21,927 total units already completed or planned, the Successor Agency must produce over 7,109 affordable housing units. Over 60% (4,328 units) will be funded by the Successor Agency. A summary table is provided below.

[Remainder of Page Intentionally Left Blank.]

**Total Housing Production for the Successor Agency in the Major Approved Development Projects
(as of July 1, 2023)**

Project Status	Mission Bay North	Mission Bay South	Transbay	Hunters Point Shipyard Phase 1⁽¹⁾	Hunters Point Shipyard Phase 2⁽²⁾ and Candlestick Point⁽³⁾	Total
Completed & Occupied	2,964	3,237	2,196	505	337	9,239
In Construction	0	148	0	262	0	410
In Predevelopment	0	0	1,016	628	1,263	2,907
In Planning	0	186	0	0	1,225	1,411
Future Development	0	0	80	33	7,847	7,960
Total	2,964	3,571	3,292	1,428	10,672	21,927
% Complete	100%	91%	67%	35%	3%	42%

⁽¹⁾ Hunters Point Hill Residential District (Hunters Point Shipyard Project Area).

⁽²⁾ Hunters Point Shipyard Project Area, except Hunters Point Hill Residential District.

⁽³⁾ Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B.

The designation of the 2023 Series A Taxable Bonds as “Social Bonds” is intended to generally comport with The Social Bond Principles promulgated by the International Capital Market Association (“ICMA”), updated as of June 2023. As promulgated by the ICMA and most recently updated in June 2023, the “Social Bond Principles” have four core components (i.e., Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting), each of which are further described below.

The term “Social Bonds” is neither defined in nor related to provisions in the Indenture. The 2023 Series A Taxable Bonds are payable from and secured solely by Pledged Tax Revenues and moneys held in certain funds and accounts by the Trustee under the Indenture on a parity with the 2023 Series B Bonds, the 2017A/B Bonds and the 2021A Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS.” Owners of the 2023 Series A Taxable Bonds do not assume any specific project risk related to any of the projects funded thereby. ICMA is a European-based entity with some members from the United States. The Successor Agency assumes no obligation to ensure that the projects financed with proceeds of the 2023 Series A Taxable Bonds comply with any legal or other standards or principles that may relate to “Social Projects” or that the 2023 Series A Taxable Bonds comply with any legal or other standards or principles that may relate to “Social Bonds.” The designation of the 2023 Series A Taxable Bonds as Social Bonds does not entitle the Owners thereof to any special treatment under the Internal Revenue Code of 1986, as amended.

ICMA Mapping of Social Bond Principles to United Nations Sustainable Development Goals. By reference to the ICMA “Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals” (June 2023), the Successor Agency has determined that its Social Bonds

designation reflects the use of proceeds in a manner that is consistent with “Goal 1: No Poverty”, “Goal 10: Reduced Inequalities” and “Goal 11: Sustainable Cities and Communities” of the United Nations 17 Sustainable Development Goals (referred to as “UNSDGs” generally and “SDG 1”, “SDG 10” and “SDG 11,” specifically). According to the United Nations, the UNSDGs were adopted by the United Nations General Assembly in September 2015 as part of its 2030 Agenda for Sustainable Development. According to the United Nations, SDG 1 is focused on ending poverty in all its forms everywhere, SDG 10 is focused on reducing inequality and SDG 11 is focused on making the cities inclusive, safe, resilient and sustainable. ICMA maps SDG 1.4 to ICMA Social Bond Principles “Affordable Housing,” “Access to Essential Services,” and “Socioeconomic Advancement and Empowerment”; and maps SDG 11.1 to ICMA Social Bond Principles “Affordable Housing” and “Affordable Basic Infrastructure.”

Use of Proceeds. The Successor Agency expects to use a portion of the proceeds of the 2023 Series A Taxable Bonds to finance approximately 537 affordable housing units in the Transbay Project Area. However, the Successor Agency may use proceeds of the 2023 Series A Taxable Bonds to finance other affordable housing developments under its Affordable Housing Obligations. See “PLAN OF FINANCE” for more details. Affordable housing units are defined as being restricted to, and priced for, households earning up to 120% of the Area Median Income (“AMI”). The Successor Agency’s rental projects typically serve low or very-low income households (up to 50% or 60% of AMI), while affordable homeownership units are designated for first-time low to moderate income buyers earning between 80%-120% of AMI. Ground leases for such projects guarantee affordability for 100 years. Allocation of proceeds occurs through the Successor Agency’s annual budget and ROPS (defined herein) process, and is tracked through an accounting system. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Recognized Obligation Payment Schedule.”

Process for Project Evaluation and Selection. The Successor Agency maintains a documented process to determine that projects fit within the defined AMI categories listed above, and the Successor Agency’s development agreements identify the locations and total number of affordable units to be funded in each project area.

Reporting. The Successor Agency produces annual housing reports, which provide status updates for housing projects associated with the Major Approved Development Projects as well as other projects. The reports can be found at <https://sfocii.org/housing-report/overview>. The Successor Agency also provides updates through its annual budgets, which can be found at <https://sfocii.org/investor-relations-0>. The information available on such websites is not incorporated by reference into this Official Statement and should not be relied upon in making an investment in the 2023A/B Bonds.

Description of the 2023A/B Bonds

The 2023A/B Bonds will be issued in the form of fully registered bonds without coupons and in principal denominations of \$5,000 or any integral multiple thereof. No 2023A/B Bond will have more than one maturity date.

The 2023A/B Bonds will be dated, and will bear interest from, their date of delivery to the original purchasers thereof. The 2023A/B Bonds will be issued in the respective aggregate amounts, will bear interest at the respective rates and will mature, subject to redemption provisions set forth hereinafter, on the respective dates and in the amounts all as set forth on the inside cover page hereof.

Interest on the 2023A/B Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2024 (each, an “**Interest Payment Date**”). Interest on the 2023A/B Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each 2023A/B Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is

authenticated after the close of business on the fifteenth (15th) calendar day of the month preceding an Interest Payment Date whether or not such fifteenth (15th) calendar day is a business day (the “**Record Date**”) and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to January 15, 2024, in which event it will bear interest from the date of delivery of the 2023A/B Bonds to the original purchasers thereof, provided, however, that if at the time of authentication of a 2023A/B Bond, interest thereon is in default, such 2023A/B Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Book-Entry Only System

Each Series of 2023A/B Bonds initially will be issued as fully registered bonds without coupons for each maturity of such Series of 2023A/B Bonds. Upon initial delivery, the ownership of the 2023A/B Bonds will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as a securities depository for the 2023A/B Bonds. Individual purchases may be made in book-entry only form. Purchasers will not receive certificates representing their beneficial ownership interest in the 2023A/B Bonds so purchased. So long as DTC, or its nominee, Cede & Co., is the registered owner of the 2023A/B Bonds, payments of principal, premium, if any, and interest evidenced by the 2023A/B Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the 2023A/B Bonds and references herein and in the Indenture to the Owners or Bondowners mean Cede & Co. and do not mean the Beneficial Owners of the 2023A/B Bonds. In this Official Statement, the term “**Beneficial Owner**” means the person for whom a DTC Participant acquires an interest in the 2023A/B Bonds. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Each such payment to DTC or its nominee will be valid and effective to fully discharge all liability of the Successor Agency or the Trustee with respect to the principal of or interest on the 2023A/B Bonds to the extent of the sum or sums so paid. The Successor Agency and the Trustee cannot and do not give any assurance that DTC’s Direct Participants or Indirect Participants will distribute to Beneficial Owners (i) payments of interest, principal or premium, if any, with respect to the 2023A/B Bonds, (ii) confirmation of ownership interests in the 2023A/B Bonds, or (iii) notices sent to DTC or Cede & Co., its nominee, as registered owner of the 2023A/B Bonds, or that DTC’s Direct Participants or Indirect Participants will do so on a timely basis.

Neither the Successor Agency nor the Trustee will have any responsibility or obligation to DTC Direct Participants, Indirect Participants or Beneficial Owners with respect to the payments or the providing of notice to DTC Direct Participants, Indirect Participants or Beneficial Owners or the selection of the 2023A/B Bonds for redemption. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

In the event that either (i) DTC or a successor securities depository determines not to continue to act as a securities depository for the 2023A/B Bonds, or (ii) the Successor Agency determines to terminate DTC or a successor securities depository as such, then the Successor Agency will discontinue the book-entry system. Thereupon, DTC or the then current securities depository will furnish the Trustee with the names and addresses of the book-entry system Participants and their respective ownership interests thereof and the Trustee will issue replacement 2023A/B Bonds thereto.

Redemption Provisions

Optional Redemption. The 2023 Series A Taxable Bonds maturing on or prior to August 1, 2033, are not subject to optional redemption. The 2023 Series A Taxable Bonds maturing on or after August 1, 2034, are subject to optional redemption at the option of the Successor Agency, prior to their respective

maturity dates as a whole, or in part by a lot, on any date on or after August 1, 2033, by such maturity or maturities as will be directed by the Successor Agency (or in the absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption will be at a redemption price equal to 100% of the principal amount of the 2023 Series A Taxable Bonds to be redeemed, plus accrued but unpaid interest thereon to the date fixed for redemption, without premium.

The 2023 Series B Bonds are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after August 1, 2033, by such maturity or maturities as will be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption will be at a redemption price equal to 100% of the principal amount of the 2023 Series B Bonds to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The 2023 Series A Taxable Bonds that are Term Bonds (the “**2023A Term Bonds**”) maturing on August 1, 2041, are subject to mandatory sinking fund redemption in whole, or in part by lot, on August 1 in each year, commencing on August 1, 2036, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to the Indenture, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on August 1 in the respective years set forth in the following table; provided, however, that (a) in lieu of mandatory sinking fund redemption thereof, such 2023A Term Bonds may be purchased by the Successor Agency as described below, and (b) if some but not all of such 2023A Term Bonds have been redeemed by optional redemption as described above, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of such 2023A Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination will be given by the Successor Agency to the Trustee).

2023 Series A Taxable Term Bonds maturing on August 1, 2041

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2036	\$1,560,000
2037	1,650,000
2038	1,750,000
2039	1,850,000
2040	1,960,000
2041*	1,960,000
	\$10,730,000

*Maturity

The 2023 Series B Bonds that are Term Bonds (the “**2023B Term Bonds**” and, together with the 2023A Term Bonds, the “**2023A/B Term Bonds**”) maturing on August 1, 2043, August 1, 2048, and August 1, 2053, are subject to mandatory sinking fund redemption in whole, or in part by lot, on August 1 in each year commencing on August 1, 2041, August 1, 2044, and August 1, 2049, respectively, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to the Indenture, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on August 1 in the respective years as set forth in the following tables; provided, however, that (a) in lieu of mandatory sinking fund redemption thereof, such 2023B Term Bonds may be purchased by the Successor Agency as described below, and (b) if some

but not all of such 2023B Term Bonds have been redeemed by optional redemption as described above, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of such 2023B Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination will be given by the Successor Agency to the Trustee).

2023 Series B Term Bonds maturing on August 1, 2043

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2041	\$115,000
2042	2,200,000
2043*	2,310,000
	<hr/> \$4,625,000
* Maturity	

2023 Series B Term Bonds maturing on August 1, 2048

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2044	\$2,425,000
2045	2,545,000
2046	2,675,000
2047	2,805,000
2048*	2,945,000
	<hr/> \$13,395,000
* Maturity	

2023 Series B Term Bonds maturing on August 1, 2053

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2049	\$3,095,000
2050	3,255,000
2051	3,430,000
2052	3,610,000
2053*	3,800,000
	<hr/> \$17,190,000
* Maturity	

Purchase in Lieu of Redemption. In lieu of redemption of the 2023A/B Term Bonds pursuant to the preceding paragraphs, the Successor Agency may purchase such 2023A/B Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the Successor Agency may in its discretion determine. The par amount of any of such 2023A/B Term Bonds so purchased by the Successor Agency in any twelve-month period ending on June 1 in any year will be credited towards and

will reduce the par amount of such 2023A/B Term Bonds required to be redeemed on August 1 in each year.

Selection of Bonds for Redemption. Whenever any 2023A/B Bonds or any Parity Debt (defined herein) issued pursuant to a supplement to the Indenture (such Parity Debt and 2023A/B Bonds hereinafter together referred to as, “**Bonds**”) or portions thereof are to be selected for redemption by lot, the Trustee will make such selection, in such manner as the Trustee will deem appropriate, and will notify the Successor Agency thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee will assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed will be the Bonds that were assigned the numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 will be redeemed as will equal \$5,000 for each number assigned to it and so selected.

Notice of Redemption; Rescission. Notice of redemption will be mailed by the Trustee by first class mail no less than thirty (30) and no more than sixty (60) days prior to the redemption date (i) to any insurer of the Bonds and to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and one or more Information Services designated in a Written Request of the Successor Agency filed with the Trustee; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will state, in the case of an optional redemption, that such redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the Redemption Account, will designate the CUSIP number of the Bonds to be redeemed, will state the individual number of each Bond to be redeemed or will state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and will require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

The Successor Agency has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption will be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. If any redemption is rescinded or canceled in accordance with the Indenture, the Trustee will mail notice of such rescission or cancellation in the same manner and to the same recipients as the original notice of such redemption was sent, and neither the Successor Agency nor Trustee will have any liability to Owners or any other party related to or arising from such rescission of redemption.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Successor Agency will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption will have been duly deposited with the Trustee, such Bonds so called will be cancelled and cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to

the redemption date, and no interest will accrue thereon from and after the redemption date specified in such notice.

Transfer and Exchange. The Bonds may be transferred or exchanged for a bond of the same tenor, maturity and principal amount at the Principal Corporate Trust Office of the Trustee by the person in whose name it is registered, provided that the Trustee will not be required to register the transfer or exchange of (i) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for selection of the Bonds for redemption, or (ii) any Bonds selected by the Trustee for redemption pursuant to the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.” So long as Cede & Co. is the registered owner of the Bonds, transfers and exchanges of the Bonds will be subject to book-entry procedures. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Mutilated, Lost, Destroyed or Stolen Bonds. The Successor Agency and the Trustee will, under certain circumstances, replace Bonds which have been mutilated, lost, destroyed or stolen. The Successor Agency may require payment of a reasonable fee and of the expenses which may be incurred by the Successor Agency and the Trustee in connection with the issuance of a new Bond to replace a Bond which has been mutilated, lost, destroyed or stolen. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

[Remainder of Page Intentionally Left Blank.]

DEBT SERVICE SCHEDULE

Set forth below is a table showing scheduled principal, interest and total debt service for the Existing Senior Loan Agreements, the Second Lien Debt, and the Third Lien Debt (defined herein), consisting of the 2017A/B Bonds, the 2021A Bonds and the 2023A/B Bonds.

Bond Year ending August 1	Existing Senior Loan Agreements ⁽¹⁾	Second Lien Debt		Third Lien Debt							Total Debt Service
		2014 Bonds ⁽²⁾	2014 Parity Debt ⁽³⁾	2017A/B Bonds and 2021A Bonds ⁽⁴⁾	2023 Series A Taxable Bonds			2023 Series B Bonds			
					Principal	Interest	Debt Service	Principal	Interest	Debt Service	
2024	\$32,303,476.70	\$2,824,677.00	\$13,232,718.75	\$8,750,344.95	\$1,185,000.00	\$1,222,969.89	\$2,407,969.89		\$1,588,059.93	\$1,588,059.93	\$61,107,247.22
2025	23,564,226.70	2,907,781.00	6,050,718.75	19,261,155.45	870,000.00	1,323,994.80	2,193,994.80		1,803,475.00	1,803,475.00	55,781,351.70
2026	22,920,937.40	2,897,565.00	6,043,631.25	18,727,445.60	915,000.00	1,276,806.00	2,191,806.00		1,803,475.00	1,803,475.00	54,584,860.25
2027	22,896,480.80	2,917,099.00	6,059,331.25	18,431,233.25	965,000.00	1,228,311.00	2,193,311.00		1,803,475.00	1,803,475.00	54,300,930.30
2028	22,896,434.20	2,905,793.50	6,045,381.25	18,568,083.20	1,015,000.00	1,177,368.66	2,192,368.66		1,803,475.00	1,803,475.00	54,411,535.81
2029	22,876,470.50	2,900,430.50	6,051,475.00	18,754,150.35	1,070,000.00	1,123,989.80	2,193,989.80		1,803,475.00	1,803,475.00	54,579,991.15
2030	21,885,189.10	2,450,510.00	7,012,662.50	18,947,927.00	1,125,000.00	1,066,787.60	2,191,787.60		1,803,475.00	1,803,475.00	54,291,551.20
2031	23,858,861.00	1,213,483.50	3,428,968.75	22,599,947.50	1,190,000.00	1,006,082.60	2,196,082.60		1,803,475.00	1,803,475.00	55,100,818.35
2032	23,847,321.30	1,196,731.50	3,434,775.00	23,429,276.50	1,250,000.00	941,334.70	2,191,334.70		1,803,475.00	1,803,475.00	55,902,914.00
2033	23,839,710.70	1,198,518.50	3,435,150.00	1,801,875.00	1,320,000.00	872,697.20	2,192,697.20		1,803,475.00	1,803,475.00	34,271,426.40
2034	23,821,782.40	1,187,870.50	3,429,943.75	1,801,875.00	1,395,000.00	799,556.00	2,194,556.00		1,803,475.00	1,803,475.00	34,239,502.65
2035	19,304,731.80	1,190,274.50	3,766,700.00	1,801,875.00	1,475,000.00	720,445.56	2,195,445.56		1,803,475.00	1,803,475.00	30,062,501.86
2036	19,292,294.60		3,884,075.00	1,801,875.00	1,560,000.00	635,323.30	2,195,323.30		1,803,475.00	1,803,475.00	28,977,042.90
2037	13,727,503.10		4,064,093.75	1,801,875.00	1,650,000.00	542,955.70	2,192,955.70		1,803,475.00	1,803,475.00	23,589,902.55
2038	2,936,691.70		4,804,375.00	1,801,875.00	1,750,000.00	445,259.20	2,195,259.20		1,803,475.00	1,803,475.00	13,541,675.90
2039	2,921,541.70		4,805,062.50	1,801,875.00	1,850,000.00	341,641.70	2,191,641.70		1,803,475.00	1,803,475.00	13,523,595.90
2040			5,760,437.50	1,801,875.00	1,960,000.00	232,103.20	2,192,103.20		1,803,475.00	1,803,475.00	11,557,890.70
2041			3,258,250.00	2,341,875.00	1,960,000.00	116,051.60	2,076,051.60	\$115,000.00	1,803,475.00	1,918,475.00	9,594,651.60
2042				8,468,250.00				2,200,000.00	1,797,725.00	3,997,725.00	12,465,975.00
2043				8,490,562.50				2,310,000.00	1,687,725.00	3,997,725.00	12,488,287.50
2044				8,514,093.75				2,425,000.00	1,572,225.00	3,997,225.00	12,511,318.75
2045				9,024,000.00				2,545,000.00	1,450,975.00	3,995,975.00	13,019,975.00
2046				9,024,750.00				2,675,000.00	1,323,725.00	3,998,725.00	13,023,475.00
2047								2,805,000.00	1,189,975.00	3,994,975.00	3,994,975.00
2048								2,945,000.00	1,049,725.00	3,994,725.00	3,994,725.00
2049								3,095,000.00	902,475.00	3,997,475.00	3,997,475.00
2050								3,255,000.00	739,987.50	3,994,987.50	3,994,987.50
2051								3,430,000.00	569,100.00	3,999,100.00	3,999,100.00
2052								3,610,000.00	389,025.00	3,999,025.00	3,999,025.00
2053								3,800,000.00	199,500.00	3,999,500.00	3,999,500.00
TOTAL	\$322,893,653.70	\$25,790,734.50	\$94,567,750.00	\$227,748,095.05	\$24,505,000.00	\$15,073,678.51	\$39,578,678.51	\$35,210,000.00	\$45,119,297.43	\$80,329,297.43	\$790,908,209.19

- (1) The Successor Agency's obligation to pay debt service on the Existing Senior Loan Agreements is senior to that of the Second Lien Debt, the 2023A/B Bonds, the 2017A/B Bonds and the 2021A Bonds. See "INTRODUCTION – Senior Obligations" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Senior Obligations – *Existing Senior Loan Agreements.*"
- (2) Reflects debt service on the 2014 Bonds. The Successor Agency's obligation to pay debt service on the 2014 Bonds is senior to that of the 2023A/B Bonds. See "INTRODUCTION – Senior Obligations" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Senior Obligations – *Existing Senior Loans and Second Lien Debt.*"
- (3) Reflects debt service on the 2014 Parity Debt, which consists of the 2017D/E Bonds (defined herein). The Successor Agency's obligation to pay debt service on the 2014 Parity Debt is senior to that of the 2023A/B Bonds. See "INTRODUCTION – Senior Obligations" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Senior Obligations – *Existing Senior Loans and Second Lien Debt.*"
- (4) Reflects debt service on the 2017A/B Bonds and the 2021A Bonds. The Successor Agency's obligation to pay debt service on the 2017A/B Bonds and the 2021A Bonds is on a parity with that of the 2023A/B Bonds. See "INTRODUCTION – Third Lien Parity Debt" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Existing Parity Obligations."

Sources: Stifel, Nicolaus & Company, Incorporated, and the Successor Agency.

[Remainder of Page Intentionally Left Blank.]

SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS

General

The 2023A/B Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture, and are payable solely from and equally secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues and moneys in the Special Fund and all the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account established under the Indenture. Except for the Pledged Tax Revenues and such moneys in the funds and accounts described above, no funds or properties of the Successor Agency will be pledged to, or otherwise be liable for, the payment of principal of or interest on the 2023A/B Bonds. See “– Security for the 2023A/B Bonds; Equal Security.” See also APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

“**Pledged Tax Revenues**” are defined in the Indenture as all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited in the RPTTF, excluding (i) amounts payable pursuant to the Existing Senior Loan Agreements, the Second Lien Debt and any debt issued on parity with the Existing Senior Loan Agreements or Second Lien Debt, but only to the extent such amounts are pledged as security therefor, (ii) all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, unless such payments are subordinated to payments on the 2017A/B Bonds, the 2021A Bonds, the 2023A/B Bonds or any additional Third Lien Parity Debt issued as bonds pursuant to the Indenture or to the payments owed under any Parity Debt Instrument pursuant to Section 33607.5(e) of the Redevelopment Law and Section 34177.5(c) of the Redevelopment Dissolution Act, and (iii) amounts required to be paid to the TJPA in accordance with Section 5.7 of the Redevelopment Plan – Transbay Redevelopment Project Area. See “– Security for the 2023A/B Bonds; Equal Security.”

The 2023A/B Bonds are not a debt of the City, the State, or any of its political subdivisions (other than the Successor Agency and only to the limited extent set forth in the Indenture), and none of the City, the State, nor any of its political subdivisions is liable therefor, nor in any event will the 2023A/B Bonds be payable out of any funds or properties other than those of the Successor Agency and only to the limited extent set forth in the Indenture. The 2023A/B Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. None of the members of the Successor Agency Commission, the Successor Agency, the City, or any person executing the 2023A/B Bonds is liable personally for the 2023A/B Bonds by reason of their issuance. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power.

Tax Increment Financing Generally

Under the Redevelopment Law and Section 16 of Article XVI of the State Constitution, taxes on all taxable property in a project area levied by or for the benefit of the State, any city, county, district or other public corporation (the “**Taxing Agencies**”) when collected are divided as follows:

(a) To Taxing Agencies. An amount each year equal to the amount that would have been produced by the then current tax rates applied to the assessed valuation of such property within the redevelopment project areas last equalized prior to the effective date of the ordinance approving the redevelopment plan, plus the portion of the levied taxes in excess of the foregoing amount sufficient to pay debt service on any voter-approved bonded indebtedness of the respective Taxing Agencies incurred for the acquisition or improvement of real property and approved on or after January 1, 1989, is paid into the funds of the respective Taxing Agencies; and

(b) To the Former Agency/Successor Agency. That portion of the levied taxes in excess of the amount described in paragraph (a) is deposited into a special fund of the applicable redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness incurred by, such agency to finance or refinance activities in or related to such project area.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Redevelopment Dissolution Act for permitted administrative costs of the City Controller, constitute the amounts required under the Redevelopment Dissolution Act to be deposited by the City Controller into the RPTTF. In addition, Section 34183 of the Redevelopment Dissolution Act effectively eliminates the “on or after January 1, 1989” reference from paragraph (a) above. See “– Allocation of Taxes Pursuant to the Redevelopment Dissolution Act – *Property Tax Administration Fees.*”

Allocation of Taxes Pursuant to the Redevelopment Dissolution Act

Prior to the enactment of the Redevelopment Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects by permitting the pledge of tax increment revenues derived from the applicable project area to repayment of tax allocation bonds. After enactment of the Redevelopment Dissolution Act, the Redevelopment Law authorizes the financing of certain projects, including specific Successor Agency affordable housing and infrastructure projects described in Section 34177.7(a) of the California Health and Safety Code. The Redevelopment Dissolution Act requires that all property tax increment derived from all former project areas be deposited in a RPTTF for the Successor Agency held and maintained by the City Controller. **DISCUSSIONS HEREIN REGARDING TAX INCREMENT OR TAX REVENUES REFER TO THOSE MONEYS DEPOSITED BY THE CITY CONTROLLER INTO THE RPTTF AND NOT OBLIGATED FOR OTHER PURPOSES.** Pursuant to the Redevelopment Dissolution Act, the pledge of the Pledged Tax Revenues to pay the 2023A/B Bonds is made as if the 2023A/B Bonds had been issued prior to the effective date of the Redevelopment Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date.

The Redevelopment Dissolution Act authorizes bonds, including the 2023A/B Bonds, to be secured by property tax revenues available in the Successor Agency’s RPTTF from the Project Areas, which generated tax increment for the Former Agency upon its dissolution if those revenues are not otherwise obligated (Stats. 2015, ch. 325, § 27(e)). The Redevelopment Dissolution Law establishes that the funds in the RPTTF are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Redevelopment Dissolution Act for permitted administrative costs of the City Controller. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described below.

The Redevelopment Dissolution Act requires the City Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the RPTTF for the Successor Agency established and held by the City Controller pursuant to the Redevelopment Dissolution Act. The Redevelopment Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency, such as the 2023A/B Bonds, will be considered indebtedness incurred by the Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date so that property tax revenues (formerly tax increment revenues) are paid to the Successor Agency in such amounts and on such dates to ensure the timely payment of debt service on the bonds. Pursuant to the Redevelopment Dissolution Act, the Successor Agency has covenanted to

take all actions necessary to ensure that the 2023A/B Bonds will be included in each of the Successor Agency's Recognized Obligation Payment Schedules as prepared from time to time under the Redevelopment Dissolution Act. See "– Recognized Obligation Payment Schedule" below.

The Successor Agency tax rate calculated by the City is one percent (1.000%) for the secured roll and the unsecured roll. See APPENDIX B – "FISCAL CONSULTANT REPORT" for more information. In accordance with Section 33670(e) of the Redevelopment Law, the Successor Agency tax rate excludes taxes related to bonded indebtedness of the City approved by the voters of the City on or after January 1, 1989, and issued for the acquisition or improvement of real property. The Successor Agency receives, on an annual basis, only those tax increment revenues required by it to pay debt service or other enforceable obligations. See the tables for the Project Areas under "PLEDGED TAX REVENUES AND DEBT SERVICE – Historical and Current Assessed Valuation and Tax Revenues."

Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Areas, to the extent they constitute tax revenues, less administrative costs, as described herein, will be deposited in the RPTTF for transfer by the City Controller to the Retirement Fund established pursuant to the Redevelopment Dissolution Act on January 2 and June 1 of each year (adjusted for weekends and holidays) to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Redevelopment Dissolution Act. See "– Recognized Obligation Payment Schedule" below.

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Redevelopment Dissolution Act required that county auditor-controllers establish a single RPTTF with respect to each former redevelopment agency within the respective county. Additionally, the Redevelopment Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the RPTTF of the applicable successor agency. This requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated unless they are subject to a pledge agreement requiring the commitment of a particular project area's funds to a certain project. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (such as the Former Agency), the Redevelopment Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the RPTTF, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent the documents governing outstanding bonds of a redevelopment agency or a successor agency have pledged revenues derived from a specific project area, the Redevelopment Dissolution Act states: *"It is the intent [of the Redevelopment Dissolution Act] that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge."*

Despite the provisions of the Redevelopment Dissolution Act that appear to permit the Successor Agency to use tax increment revenue that does not constitute Pledged Tax Revenues to pay debt service on the 2023A/B Bonds, the 2023A/B Bonds are secured by and payable solely from the Pledged Tax Revenues and moneys in certain funds and accounts held by the Trustee under the Indenture. Investors should assume that State-Owned Parcel Net Tax Increment from the State-Owned Parcels and tax revenues generated within the other Excluded Project Areas are not available for payment of debt service on the 2023A/B Bonds.

Teeter Plan. The City has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code. Generally, under the Teeter Plan, which applies to the property tax

revenues, including tax increments, generated in the Project Areas, each participating local agency, including cities, levying property taxes in its county may receive the amount of uncollected taxes credited to its fund in the same manner as if the amount credited had been collected. In return, the county would receive and retain delinquent payments, penalties and interest, as collected, that would have been due to the local agency. However, although a local agency could receive the total levy for its property taxes without regard to actual collections, funded from a reserve established and held by the county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency.

The Teeter Plan remains in effect in the City unless and until the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the City (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the City, in which event, the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the City. There can be no assurance that the Teeter Plan will remain in effect throughout the life of the 2023A/B Bonds. In the event the Teeter Plan within the Project Areas were discontinued, the amount of the levy of property tax revenue that can be allocated to the Successor Agency would depend upon the actual collections of taxes within the Project Areas. Substantial delinquencies in the payment of property taxes could then impair the timely receipt by the Successor Agency of Pledged Tax Revenues and the payment of debt service on the 2023A/B Bonds.

As of May 15, 2023, the overall delinquency rate for Fiscal Year 2022-23 for all secured properties in the Project Areas was 1.6%. See APPENDIX B – “FISCAL CONSULTANT REPORT.”

Former Housing Fund. Prior to the Redevelopment Dissolution Act, the Redevelopment Law required generally that redevelopment agencies set aside in a low and moderate income housing fund not less than twenty percent (20%) of all tax revenues allocated to such agencies (the “**Housing Set-Aside**”). The Redevelopment Dissolution Act repealed the Housing Set-Aside, which is no longer in effect as a statutory obligation. However, the Housing Set-Aside is a contractual term in certain pledge agreements that the Successor Agency has with the City and that the California Department of Finance has finally and conclusively determined to be enforceable obligations. Accordingly, the Successor Agency previously maintained a fund for the pledged housing set-aside revenue even if the amount of revenue exceeded the amount necessary for debt service on affordable housing bonds in a particular fiscal year. In 2019, the California Department of Finance determined that the Successor Agency may take the twenty percent (20%) set-aside only to the extent it is listed in a Recognized Obligation Payment Schedule and is needed for fiscal year expenditures, such as debt service payments for outstanding housing bonds secured by a pledge of the revenues that had formerly been the Housing set-Aside. See “ – Recognized Obligation Payment Schedule.”

Under Section 34177.7(a)(1)(A) of the California Health and Safety Code, the Successor Agency is permitted to issue debt to meet its Affordable Housing Obligations.

Assembly Bill 1290; Statutory Pass-Throughs. Assembly Bill 1290 (being Chapter 942, Statutes of 1993) (“**AB 1290**”) was adopted by the California Legislature and became law on January 1, 1994 (adding, among other things, Sections 33607.5 and 33607.7 to the Redevelopment Law).

AB 1290 established, among other things, a mandatory statutory formula for sharing tax increment (“**Statutory Pass-Through Amounts**”) for project areas established, or amended in certain respects, on or after January 1, 1994, which applied to tax increment revenues net of the housing set-aside. The first twenty-five percent (25%) of net tax increment generated by the increase in assessed value after the establishment of the project areas or the effective date of the amendment is required to be paid to affected

taxing entities. In addition, beginning in the 11th year of collecting tax increment, an additional twenty-one percent (21%) of the increment generated by increases in assessed value after the 10th year must be so paid. Finally, beginning in the 31st year of collecting tax increment, an additional fourteen percent (14%) of the increment generated by increases in assessed value after the 30th year must be so paid.

There are nine taxing entities (the “**Taxing Entities**”) within the Project Areas. Four of these Taxing Entities are funds of the City and County of San Francisco: the General Fund, the Children’s Fund, the Library Fund, and the Open Space Fund. The remaining five Taxing Entities are: the San Francisco Community College District, the San Francisco Superintendent of Schools, the San Francisco Unified School District, the Bay Area Air Quality Management District, and the Bay Area Rapid Transit District (“**BART**”). In addition to the Taxing Entities, the City Controller allocates a portion of revenue to the Educational Revenue Augmentation Fund (“**ERAF**”) for distribution to the schools. The proportion of the Statutory Pass-Through Amounts received by each of these Taxing Entities and ERAF is shown in the following table.

Statutory Pass-through Shares By Taxing Entity⁽¹⁾

Taxing Entity	Pass-through Share
General Fund	0.55588206
Children’s Fund	0.04000000
Library Fund	0.02500000
Open Space Fund	0.02500000
S.F. Community College District	0.01444422
S.F. Schools Superintendent	0.00097335
S.F. Unified School District	0.07698857
Bay Area Air Quality Management District	0.00208539
BART	0.00632528
ERAF ⁽²⁾	0.25330113
Total	1.00000000

(1) The Statutory Pass-Throughs are assumed to be subordinated to debt service on the 2023A/B Bonds for purposes of the projections of the tax increment revenues from the Project Areas, including the projections of Pledged Tax Revenues, in this Official Statement. See “ –Statutory Pass-Through Amounts are Subordinated to Payment of Debt Service on the 2023A/B Bonds.”

(2) ERAF is not itself a Taxing Entity; revenue deposited to ERAF is distributed to schools under statutory formulae with any excess distributed to the City.

Source: City Controller.

The Redevelopment Dissolution Act requires the City Controller to distribute from the RPTTF the Statutory Pass-Through Amounts required to be distributed to the Taxing Entities on each January 2 and June 1 before amounts are distributed by the City Controller from the RPTTF to the Retirement Fund, unless (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded by the Successor Agency (*see discussion below relating to subordination of Statutory Pass-Through Amounts to the 2023A/B Bonds*), or (ii) (a) the Successor Agency has reported, no later than the December 1 and May 1 preceding the applicable January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the RPTTF allocation to the Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency’s enforceable obligations, Statutory Pass-Through Amounts, and the Successor Agency’s administrative cost allowance for the applicable period, and (b) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes.

If the requirements stated in the above paragraph have been met, the Redevelopment Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed on the applicable January 2 or June 1 property tax distribution date (as adjusted for weekends and holidays). To

provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the Taxing Entities under the Redevelopment Dissolution Act after payment of the Successor Agency's enforceable obligations, Statutory Pass-Through Amounts, and the Successor Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for administrative costs for the applicable period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed as Statutory Pass-Through Amounts, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. See “– Recognized Obligation Payment Schedule” for further information regarding applicable periods and dates.

The process prescribed by the Redevelopment Dissolution Act of administering the tax revenues and the Statutory Pass-Through Amounts may affect the availability of an adequate amount of Pledged Tax Revenues for the payment of principal and interest on the 2023A/B Bonds when due. See “– Recognized Obligation Payment Schedule.” See also “PLEGDED TAX REVENUES AND DEBT SERVICE” for additional information regarding the Statutory Pass-Through Amounts applicable to the Successor Agency and the tax revenues derived from the Project Areas.

Statutory Pass-Through Amounts are Subordinated to Payment of Debt Service on the 2023A/B Bonds. Section 34177.7(c) of the Redevelopment Dissolution Act sets forth a process pursuant to which payment of the Statutory Pass-Through Amounts may be subordinated to debt service on bonds or loans, provided that the affected taxing entity has approved the subordination. Accordingly, the Successor Agency notified the Taxing Entities of its intent to subordinate the Statutory Pass-Through Amounts to the payment of debt service on the 2023A/B Bonds and requested the Taxing Entities to approve of such subordination. All Taxing Entities have either approved such subordination or are deemed to have approved such subordination by not acting within 45 days after receipt of the Successor Agency's request. The Statutory Pass-Through Amount paid through ERAF to school districts is assumed to be subordinated with the Statutory Pass-Through Amount paid directly to school districts. See also “CERTAIN RISK FACTORS – Subordination of ERAF.” The total Statutory Pass-Through Amounts for the Taxing Entities (including ERAF) for Fiscal Year 2023-24 is estimated to be \$71.6 million.

Property Tax Administration Fees. Pursuant to Section 34183(a) of the Redevelopment Dissolution Act, the City Controller charges the Successor Agency a fee to recover property tax administration costs (the “**City Controller Administration Fee**”). Such administration fee is approximately 0.015% of tax increment and is allocated among all of the Successor Agency's project areas as determined at the discretion of the Successor Agency. For Fiscal Year 2022-23, the City Controller Administration Fee was approximately \$62,000. For Fiscal Year 2023-24, the City Controller Administration Fee is projected to be approximately \$49,000. See also “LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure – *Property Tax Administrative Costs.*”

Security for the 2023A/B Bonds; Equal Security

Pursuant to Section 34177.7(g) of the Redevelopment Dissolution Act, and except as provided in the Indenture and subject to the deductions for the City Controller Administration Fee and the prior and senior pledge of and security interest in and lien in favor of the Existing Senior Loan Agreements and the Second Lien Debt, the 2017A/B Bonds, the 2021A Bonds, the 2023A/B Bonds and any Third Lien Parity Debt will be equally secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues and the moneys in the Special Fund, and will also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues

and such moneys in the funds and accounts described herein, no funds or properties of the Successor Agency will be pledged to, or otherwise be liable for, the payment of principal of or interest on the 2023A/B Bonds.

Pledged Tax Revenues, as defined in the Indenture, generally consist of tax revenues from the Project Areas, which are deposited into the RPTTF from time to time after the deduction of the City Controller Administration Fee, excluding (i) amounts payable pursuant to the Existing Senior Loan Agreements, any debt issued on a parity with the Existing Senior Loan Agreements, and Second Lien Debt, but only to the extent such amounts are pledged as security therefor, (ii) all Statutory Pass-Through Amounts required to be paid to Taxing Entities unless such payments are subordinated to payments on the 2017A/B Bonds, the 2021A Bonds, the 2023A/B Bonds or any Third Lien Parity Debt issued as bonds in the future pursuant to the Indenture, as applicable, and (iii) amounts required to be paid to the TJPA in accordance with Section 5.7 of the Redevelopment Plan – Transbay Redevelopment Project Area. See “– Senior Obligations.” No tax revenues deposited into the RPTTF representing State-Owned Parcel Net Tax Increment from the State-Owned Parcels or tax revenues from the other Excluded Project Areas are pledged to, or anticipated to be available for, payment of debt service on the 2017A/B Bonds, the 2021A Bonds, the 2023A/B Bonds or any Third Lien Parity Debt issued as bonds in the future pursuant to the Indenture.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control (e.g., any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies) could affect the amount of Pledged Tax Revenues available to pay the principal of and interest on the 2023A/B Bonds. See “– Tax Increment Financing Generally,” “– Recognized Obligation Payment Schedule,” “LIMITATIONS ON TAX REVENUES” and “CERTAIN RISK FACTORS.”

In consideration of the acceptance of the 2017A/B Bonds, the 2021A Bonds, the 2023A/B Bonds and any Third Lien Parity Debt issued as bonds in the future pursuant to the Indenture (collectively, the “**Third Lien Bonds**”) by those who will hold the same from time to time, the Indenture constitutes a contract between the Successor Agency and the Owners from time to time of the Third Lien Bonds, and the covenants and agreements set forth therein to be performed on behalf of the Successor Agency are for the equal and proportionate benefit, security and protection of all owners of the Third Lien Bonds, without preference, priority or distinction as to security or otherwise of any of the Third Lien Bonds over any of the others by reason of the number or date thereof, or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided in the Third Lien Bonds or in the Indenture.

Special Fund; Deposit of Pledged Tax Revenues

The Indenture established the Special Fund, which is held by the Successor Agency within the Retirement Fund. On each January 2, the Successor Agency will transfer all of the Pledged Tax Revenues received in connection with the Recognized Obligation Payment Schedule on a pro rata basis to the Special Fund and to any other special fund created with respect to any additional Third Lien Parity Debt that is not issued as bonds under the Indenture, promptly upon receipt thereof by the Successor Agency, until such time as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred in the Bond Year commencing on the immediately preceding August 2 (i) for deposit into the Interest Account, the Principal Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to the Indenture and (ii) if applicable, with respect to any additional Third Lien Parity Debt (other than additional bonds issued pursuant to a Supplemental Indenture) for deposit into the funds and accounts that may be required pursuant to the applicable Parity Debt Instruments. If the amount of Pledged Tax Revenues received in connection with the Recognized Obligation Payment Schedule on January 2 will be insufficient to deposit the full amount required to be deposited pursuant to subsections (i) and (ii) of this paragraph, then the Successor Agency will deposit the Pledged Tax Revenues received in connection with the succeeding June 1 in the Special Fund in order to make the remainder of the transfers and deposits described above. If there nonetheless remains insufficient Pledged Tax Revenues to make the transfers and

deposits required above, then the Successor Agency will transfer such Pledged Tax Revenues for deposit pro rata based on the full amounts required to be so deposited. Additionally, if the Successor Agency determines it is necessary to ensure timely payment of debt service on the Third Lien Bonds, the Successor Agency may also collect on each January 2 a reserve to be held for debt service on the Existing Senior Loan Agreements, the Second Lien Debt, the Third Lien Debt and any Subordinate Debt (defined herein); provided, however, the Successor Agency will not be obligated to collect any such reserve. See also “–Recognized Obligation Payment Schedule.”

All Pledged Tax Revenues received by the Successor Agency with respect to any Bond Year in excess of the amount required to be deposited into the Special Fund and the other special funds mentioned in the preceding paragraph during such Bond Year will be released from the pledge, security interest and lien under the Indenture for the security of the Third Lien Bonds and any additional Third Lien Parity Debt and may be applied by the Successor Agency for any lawful purpose of the Successor Agency. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Third Lien Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indenture or Parity Debt Instrument, the Successor Agency will not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in the Indenture and in any Supplemental Indenture or Parity Debt Instrument.

There has been established under the Indenture a trust fund to be known as the Debt Service Fund, which will be held by the Trustee in trust in accordance with the Indenture. The Indenture requires the Successor Agency to transfer from the Special Fund to the Trustee (i) on or before the fifth (5th) business day preceding each Interest Payment Date, the amount necessary to pay the interest becoming due and payable on the Outstanding Third Lien Bonds on such Interest Payment Date, (ii) on or before the fifth (5th) business day preceding August 1 in each year, the necessary amount to pay the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including pursuant to mandatory sinking account redemption, on the next August 1, (iii) at any time that the amount on deposit in the Reserve Account or any subaccount therein is less than the Reserve Requirement, unless there is a reserve policy on deposit, the amount necessary to maintain the Reserve Requirement for the applicable series of Third Lien Bonds on deposit in the applicable subaccount of the Reserve Account, and (iv) on or before the business day preceding any date on which Third Lien Bonds are to be optionally redeemed, the amount required to pay the principal of and premium, if any, on the Third Lien Bonds to be redeemed on such date pursuant to the Indenture or the applicable Supplemental Indenture.

Upon receipt, the Trustee will deposit the following amounts, at the times described above, and in the following respective accounts, which are established in the Debt Service Fund, and in the following order of priority:

Interest Account. The Trustee will deposit in the Interest Account the amount which, when added to the amount contained in the Interest Account on such date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Third Lien Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Third Lien Bonds. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Third Lien Bonds as it becomes due and payable (including accrued interest on any Third Lien Bonds redeemed prior to maturity pursuant to the Indenture).

Principal Account. The Trustee will deposit in the Principal Account the amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including pursuant to mandatory sinking account redemption, on the next August 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on

the next August 1 on all of the Outstanding Serial Bonds and Outstanding Term Bonds. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and the Term Bonds, including by mandatory sinking account redemption, as it becomes due and payable.

Reserve Account. The Indenture establishes a “**2023A Reserve Subaccount**” within the Reserve Account for the 2023 Series A Taxable Bonds and a “**2023B Reserve Subaccount**” within the Reserve Account for the 2023 Series B Bonds (the 2023A Reserve Subaccount and the 2023B Reserve Subaccount, together, the “**2023A/B Reserve Subaccounts**”). The amount on deposit in the Reserve Account is required to be maintained at the “**Reserve Requirement**”, which is defined in the Indenture to mean, with respect to each series of Outstanding Third Lien Bonds, the lesser of (i) one hundred twenty-five percent (125%) of average Annual Debt Service with respect to that series of Third Lien Bonds, (ii) Maximum Annual Debt Service with respect to that series of Third Lien Bonds, or (iii) with respect to an individual series of Third Lien Bonds, ten percent (10%) of the original principal amount of such series of Third Lien Bonds (or, if such series of Third Lien Bonds has more than a *de minimis* amount of original issue discount or premium, 10% of the issue price of such series of Third Lien Bonds); subject to the limitations and conditions in the Indenture. As set forth below, with the issuance of the 2023A Reserve Policy and the 2023B Reserve Policy, under the Indenture, the Reserve Requirement with respect to each of the 2023 Series A Taxable Bonds and 2023 Series B Bonds will be determined only at the time of the delivery of the 2023 Series A Taxable Bonds and 2023 Series B Bonds and will not be subject to increase or decrease at a later date.

The Reserve Requirement for the 2023 Series A Taxable Bonds is \$2,407,970 and the Reserve Requirement for the 2023 Series B Bonds is \$3,360,434. Amounts on deposit in the 2023 Series A Taxable Subaccount will be available only to pay debt service on the 2023 Series A Taxable Bonds, and amounts on deposit in the 2023 Series B Subaccount will be available only to pay debt service on the 2023 Series B Bonds.

The Reserve Requirement for the 2023 Series A Taxable Bonds will be satisfied by the delivery of the 2023A Reserve Policy by AGM to the Trustee on the Closing Date and the Trustee will credit the 2023A Reserve Policy to the 2023A Reserve Subaccount. The Reserve Requirement for the 2023 Series B Bonds will be satisfied by the delivery of the 2023B Reserve Policy by AGM to the Trustee on the Closing Date and the Trustee will credit the 2023B Reserve Policy to the 2023B Reserve Subaccount. The Trustee will draw on the 2023A Reserve Policy and the 2023B Reserve Policy in accordance with their respective terms and conditions and the terms of the Indenture in order to pay debt service on the 2023 Series A Taxable Bonds and the 2023 Series B Bonds, respectively. Pursuant to the Indenture, in the event a Qualified Reserve Account Credit Instrument, such as the 2023A Reserve Policy and the 2023B Reserve Policy, is delivered at any time to meet the entirety of the Reserve Requirement with respect to one or more series of Third Lien Bonds (that is, no cash is being deposited or will remain deposited in the Reserve Account with respect to those series of Third Lien Bonds), then, notwithstanding the above definition of Reserve Requirement, the Reserve Requirement will, with respect to those series of Third Lien Bonds, be determined only at the time of the delivery of the Qualified Reserve Account Credit Instrument and will not be subject to increase or decrease at a later date.

The amounts available under the 2023A Reserve Policy will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2023 Series A Taxable Bonds. The amounts available under the 2023B Reserve Policy will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2023 Series B Bonds. The Trustee will comply with all documentation relating to the Reserve Policies, as required to maintain the Reserve Policies in full force and effect and as required to receive payments thereunder in the event and to the extent

required to make any payment when and as required under the Indenture. The Successor Agency has no obligation to replace either Reserve Policy or to fund the applicable Reserve Subaccount with cash if, at any time that any of the applicable Series of the 2023A/B Bonds are Outstanding, amounts are not available under such Reserve Policy, other than in connection with the replenishment of a draw on such Reserve Policy. Additionally, the Successor Agency will have no obligation to replace either of the Reserve Policies or to deposit any cash in the 2023A Reserve Subaccount or 2023B Reserve Subaccount in the event that any rating assigned to AGM is downgraded, suspended or withdrawn.

See “BOND INSURANCE – Assured Guaranty Municipal Corp.” herein for more information about AGM. See Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” for further information regarding the 2023A Reserve Subaccount and the 2023B Reserve Subaccount.

In connection with the issuance of the 2017A/B Bonds, AGM issued a debt service reserve policy (the “**2017 Reserve Policy**”) to satisfy the Reserve Requirement with respect to the 2017A/B Bonds. The amounts available under the 2017 Reserve Policy will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2017A/B Bonds. No amounts under the 2017 Reserve Policy may be used to pay debt service on the 2021A Bonds, the 2023A/B Bonds or any additional Third Lien Bonds issued in the future.

In connection with the issuance of the 2021A Bonds, AGM issued a debt service reserve policy (the “**2021 Reserve Policy**”) to satisfy the Reserve Requirement with respect to the 2021A Bonds. The amounts available under the 2021 Reserve Policy will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2021A Bonds. No amounts under the 2021 Reserve Policy may be used to pay debt service on the 2017A/B Bonds, the 2023A/B Bond or any additional Third Lien Bonds issued in the future.

See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Existing Senior Obligations

Existing Senior Loans and Second Lien Debt. Payment of debt service on the 2017A/B Bonds, the 2021A Bonds, the 2023A/B Bonds and any additional Third Lien Bonds issued in the future from tax increment revenues from the Project Areas is subordinate to the Successor Agency’s obligations to pay debt service on certain outstanding loans (the “**Existing Senior Loans**”) made to the Former Agency by the City and County of San Francisco Redevelopment Financing Authority (the “**Authority**”) pursuant to certain loan agreements between the Former Agency and the Authority to fund redevelopment activities (the “**Existing Senior Loan Agreements**”). The Authority made the Existing Senior Loans with proceeds of certain bonds issued by the Authority (the “**Authority Bonds**”), payable from loan repayments under the Existing Senior Loan Agreements.

Payment of debt service on the 2023A/B Bonds is also subordinate to the Successor Agency’s obligation to pay debt service on its 2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) and its 2014 Series C Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) (together the “**2014 Bonds**”) and any 2014 Parity Debt (which is defined in the Indenture as any indebtedness issued on parity with the 2014 Bonds in accordance with the indenture pursuant to which they were issued). 2014 Parity Debt includes the Successor Agency’s 2017 Series D Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) and 2017 Series E Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) (together, the “**2017D/E Bonds**”) (the 2014 Bonds and the 2014 Parity Debt, including the 2017D/E Bonds, collectively, the “**Second Lien Debt**”).

As of August 2, 2023, Senior Obligations were outstanding in the aggregate principal amount of approximately \$262 million and are described in the following table. Such Senior Obligations consisted of approximately \$169 million aggregate principal amount of outstanding Existing Senior Loans pursuant to Existing Senior Loan Agreements (including the Mission Bay Senior Loan Agreements with an outstanding aggregate principal amount of approximately \$10 million, which are secured by tax revenues from the Mission Bay North and Mission Bay South Project Areas, respectively, which are Excluded Project Areas and the tax revenues of which do not secure the Third Lien Bonds) and approximately \$93 million principal amount of Second Lien Bonds. In the event there is insufficient money in any reserve account established under either of the Mission Bay Senior Loan Agreements, the Successor Agency is obligated to cause aggregate tax increment revenue from certain of the Project Areas in the amount of such insufficiency to be deposited therein, subject to certain limits set forth in the Existing Senior Loan Agreements.

[Remainder of Page Intentionally Left Blank.]

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

**Table of Senior Obligations
(The Project Areas)
as of August 2, 2023**

Lien	Series	Project Area	Outstanding Par Amount	Final Maturity⁽¹⁾
Senior Lien (Existing Senior Loans)	1998C	Non-Mission Bay (RP)	\$521,978	8/1/2024
	1998D	Non-Mission Bay (GG, HP, WA, YB)	\$3,295,908	8/1/2024
	2006A	Non-Mission Bay (GG)	\$18,646,381	8/1/2036
	2007A	Mission Bay North ⁽²⁾	\$9,420,000	8/1/2037
		Non-Mission Bay (BV, RP, SM, TB)	\$81,080,000	8/1/2037
	2009E	Mission Bay South ⁽³⁾	\$785,000	8/1/2025
		Non-Mission Bay (BV, RP, WA, YB)	\$55,035,000	8/1/2039
		Mission Bay⁽²⁾⁽³⁾	\$10,205,000	
		Non-Mission Bay	\$158,579,266	
		Total Senior Lien Existing Senior Loans	\$168,784,266	
Second Lien Debt	2014B	Non-Mission Bay	\$18,030,000	8/1/2035
	2014C	Non-Mission Bay	\$2,380,000	8/1/2029
	2017D	Non-Mission Bay	\$55,890,000	8/1/2041
	2017E	Non-Mission Bay	\$16,860,000	8/1/2041
		Total Second Lien Debt	\$93,160,000	
		Mission Bay⁽²⁾⁽³⁾	\$10,205,000	
		Non-Mission Bay	\$251,739,266	
		Total Senior Obligations	\$261,944,266	

Legend: BV – Bayview Hunters Point RP – Rincon Point-South Beach
GG – Golden Gateway SM – South of Market
HP – Hunters Point TB – Transbay
IB – India Basin Industrial Park WA – Western Addition
YB – Yerba Buena Center

⁽¹⁾ Final maturities of Existing Senior Loans are set forth in this table as occurring on the August 1 immediately following such maturities.

⁽²⁾ Represents loan secured by (i) tax increment revenues generated within the Mission Bay North Project Area, and (ii) the Housing Set-Aside generated within the Project Areas on a basis senior to the Second Lien Debt, the 2023A/B Bonds, the 2017A/B Bonds and the 2021A Bonds.

⁽³⁾ Represents loan secured by (i) tax increment revenues generated within the Mission Bay South Project Area, and (ii) the Housing Set-Aside generated within the Project Areas on a basis senior to the Second Lien Debt, the 2023A/B Bonds, the 2017A/B Bonds and the 2021A Bonds.

Source: Successor Agency.

Project Area-Specific Prior Obligations. Tax increment revenue from certain of the Project Areas is subject to other obligations that are senior to the payment of debt service on the 2023A/B Bonds.

South of Market Project Area. A portion of the tax increment revenue from the Original Sub-Area of the South of Market Project Area is potentially allocable to school districts under Section 33676(a) of the Redevelopment Law and the Santa Ana Section 33676 Decision described in the FISCAL CONSULTANT REPORT attached hereto as APPENDIX B, wherein this obligation is referred to as a “senior obligation.” This portion is potentially payable on a basis senior to the payment of debt service on the 2023A/B Bonds. The amount of tax revenue potentially payable to the school entities is estimated to be \$80,000 for Fiscal Year 2023-24.

Yerba Buena Center Approved Project Area D-1. In the Yerba Buena Center Approved Project Area D-1, consistent with an amendment to its redevelopment plan, a portion of the tax increment revenues (i.e., 2% of growth) from the Emporium Sub-Area is allocated to certain Taxing Entities. Distribution of this 2% occurs prior to calculation of tax increment revenue available for payment of debt service on the 2023A/B Bonds. The amount excluded from Fiscal Year 2023-24 tax increment in this manner is approximately \$404,000. See APPENDIX B – “FISCAL CONSULTANT REPORT” wherein this obligation is referred to as a “senior obligation.”

Property Tax Administration Fees. Pursuant to the Redevelopment Dissolution Act, beginning for Fiscal Year 2012-13, the City Controller charges the Successor Agency the City Controller Administration Fee to recover property tax administration costs. For Fiscal Year 2022-23, the City Controller Administration Fee was approximately \$62,000. For Fiscal Year 2023-24, it is expected to be approximately \$49,000. See “ – Allocation of Taxes Pursuant to the Redevelopment Dissolution Act – *Property Tax Administration Fees*” and “LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedures – *Property Tax Administrative Costs.*”

Existing Third Lien Parity Debt

Payment of debt service on the 2023A/B Bonds from Pledged Tax Revenues is on a parity with the Successor Agency’s obligations to pay debt service on the Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2017 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) and the Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2017 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects) (together, the “**2017A/B Bonds**”) and the Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2021 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) (Social Bonds) (the “**2021A Bonds**”). As of August 2, 2023, the 2017A/B Bonds are outstanding in the aggregate principal amount of \$44,350,000 and the 2021A Bonds are outstanding in the aggregate principal amount of \$126,580,000. Prior to the issuance of the 2023A/B Bonds, the 2017A/B Bonds and the 2021A Bonds are the only Third Lien Parity Debt.

Limitations on Additional Indebtedness

Senior Debt. Under the Indenture, the Successor Agency has covenanted that so long as the Third Lien Bonds are Outstanding, the Successor Agency will not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues (as defined in the Existing Senior Loan Agreements) or Pledged Tax Revenues on a basis senior to payment of debt service on the Third Lien Bonds and any other Third Lien Parity Debt issued in the future, except for obligations issued to refund any of the Senior Obligations, so long as the debt service in any Bond Year does not increase as a result of such refunding. Further, the Successor Agency covenants that, so long as the Third Lien Bonds are Outstanding, the Successor Agency will not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Tax Revenues, other than Third Lien Parity Debt meeting the requirements of the Indenture and any Subordinate Debt. See also “– Senior Obligations” above. The Successor Agency has also covenanted that it will not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Tax Revenues or other amounts pledged to the Third Lien Bonds superior or equal to the pledge and lien created for the benefit of the Third Lien Bonds under the Indenture.

Third Lien Parity Debt. In addition to the 2023A/B Bonds, the Successor Agency may issue additional bonds (including pursuant to a Supplemental Indenture) or incur other loans, advances or indebtedness, which are secured by and payable from Pledged Tax Revenues on a parity with the 2017A/B Bonds, the 2021A Bonds, the 2023A/B Bonds and other Third Lien Parity Debt issued in the future (“**Third**

Lien Debt”) for any purpose provided for in the Redevelopment Dissolution Act, including, but not limited to, refunding existing indebtedness of the Successor Agency in accordance with Section 34177.5(a) of the Redevelopment Dissolution Act, and funding the affordable housing obligations and the infrastructure obligations described in Section 34177.7(a)(1)(A) and (B) of the Redevelopment Dissolution Act, in such principal amount as will be determined by the Successor Agency, subject to the following specific conditions, which are all conditions precedent to the issuance and delivery of such Third Lien Parity Debt:

(a) No event of default under the Indenture or under any Parity Debt Instrument will have occurred and be continuing unless such event of default will be cured by the issuance of such Third Lien Parity Debt;

(b) Pledged Tax Revenues (after adding back amounts payable pursuant to the Existing Senior Loan Agreements, any debt issued on parity with the Existing Senior Loan Agreements and Second Lien Debt) received or to be received for the then current Fiscal Year based on the most recent taxable valuation of property in the Project Areas as evidenced in a written document from an appropriate official of the City, exclusive of State subventions and taxes levied to pay voter approved outstanding general obligation bonded indebtedness, will be at least equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on the Existing Senior Loan Agreements, any debt issued on a parity with the Existing Senior Loan Agreements, the Second Lien Debt and the Third Lien Debt that will be outstanding immediately following the issuance of such Third Lien Parity Debt, provided that, in the case of a refunding, in whole or in part, of the Existing Senior Loans, the Second Lien Debt or the Third Lien Debt, the requirements set forth in this section (b) do not need to be met if the debt service on the Third Lien Parity Debt in each bond year either will be less than the debt service in each bond year on the Existing Senior Loans, the Second Lien Debt, or the Third Lien Debt being refunded;

(c) In the event the Successor Agency issues additional Third Lien Bonds pursuant to a Supplemental Indenture, the Successor Agency will cause the amount on deposit in the Reserve Account to equal the Reserve Requirement; and

(d) The Successor Agency will deliver to the Trustee a written certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Third Lien Parity Debt set forth above have been satisfied.

The Successor Agency currently anticipates needing to finance approximately \$170 million of infrastructure in the Transbay Project Area in the next five years and approximately \$495 million of affordable housing by 2030 and anticipates doing so through the issuance of additional bonds on a parity with the 2023A/B Bonds. The amounts and time in the preceding sentence reflect current projections; no assurance can be given as to the exact timing or amount of any additional bond issuances.

Subordinate Debt. Under the Indenture “**Subordinate Debt**” is defined as loans, advances or other indebtedness issued or incurred by the Successor Agency that are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Tax Revenues; or (b) secured by a pledge of or lien upon the Pledged Tax Revenues that is expressly subordinate to the pledge of and lien upon the Pledged Tax Revenues under the Indenture for the security of the Third Lien Parity Debt. The Successor Agency may issue or incur Subordinate Debt in such principal amount as may be determined by the Successor Agency. Such Subordinate Debt may be payable from any assets or property of the Successor Agency, including Pledged Tax Revenues, on a subordinate basis to the payment of debt service on the Third Lien Bonds.

Recognized Obligation Payment Schedule

The Redevelopment Dissolution Act requires successor agencies to annually prepare and approve, and submit to the successor agency’s oversight board, the county auditor-controller, and the California

Department of Finance for approval, a Recognized Obligation Payment Schedule (the “**Recognized Obligation Payment Schedule**” hereinafter also referred to as “**ROPS**”) pursuant to which enforceable obligations (as defined in the Redevelopment Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Only those payments listed in a ROPS may be made by the successor agency from the funds specified in the ROPS. A reserve may be included on the ROPS and held by the successor agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

Pursuant to SB 107, commencing on February 1, 2016, successor agencies transitioned to an annual ROPS process pursuant to which successor agencies are required to submit by each February 1 their oversight board-approved ROPS for the July 1 through June 30 period to the California Department of Finance for its approval and to the successor agencies’ respective auditor-controllers. If the Successor Agency does not timely submit an Oversight Board-approved ROPS to the California Department of Finance and the City Controller, then the Successor Agency will be subject to a \$10,000 per day civil penalty for every day the ROPS is late. Additionally, if the Successor Agency does not submit a ROPS to the California Department of Finance and the City Controller within ten (10) days of the deadline, then the Successor Agency’s maximum administrative cost allowance may be reduced by up to twenty-five percent (25%). For additional information regarding procedures under the Redevelopment Dissolution Act relating to late ROPSs and implications thereof for the 2023A/B Bonds, see “CERTAIN RISK FACTORS – Recognized Obligation Payment Schedule.” Also see “– Last and Final Recognized Obligation Payment Schedule” below for a description of the Last and Final ROPS (defined herein) authorized by the Redevelopment Dissolution Act pursuant to SB 107.

In the Indenture, the Successor Agency covenants to comply with all of the requirements of the Law and the Redevelopment Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Redevelopment Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture.

Further, the Successor Agency covenants to take all actions required under the Redevelopment Dissolution Act to include

- (i) scheduled debt service on the Existing Senior Loans, the Second Lien Debt and any amounts required to replenish any reserve account established under an Existing Senior Loan Agreement, the indenture pursuant to which the 2014 Bonds were issued or any instrument pursuant to which any other Second Lien Debt is issued,
- (ii) scheduled debt service on the 2017A/B Bonds, the 2021A Bonds and any Third Lien Parity Debt, which includes the 2023A/B Bonds, and any amount required under the Indenture or any Parity Debt Instrument to replenish the Reserve Account or the reserve account established under any Parity Debt Instrument, and
- (iii) amounts due to any Insurer under the Indenture or under an insurance or surety bond agreement, including the Insurance Policy and the Reserve Policies,

in each annual ROPS so as to enable the City Controller to distribute from the RPTTF to the Successor Agency’s Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Third Lien Bonds coming due in the respective six-month period and to pay amounts owed to any bond insurer, as well as the other amounts set forth above.

These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and California Department of Finance the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Redevelopment Dissolution Act, that are necessary to comply with the Indenture. Not later than each February 1 (or at such other time as may be required by the Redevelopment Dissolution Act) for so long as any of the Existing Senior Loan Agreements, any debt issued on a parity with the Existing Senior Loan Agreements, the Second Lien Debt or the Third Lien Bonds, including the 2023A/B Bonds, remain outstanding or any amounts owing to an Insurer remain unpaid, (a) the Successor Agency will place on the ROPS relating to the January 2 disbursement date all amounts that, together with other amounts on deposit in the RPTTF reserved for payment of debt service on the Existing Senior Loan Agreements, any debt issued on a parity with the Existing Senior Loan Agreements, the Second Lien Debt, and the Third Lien Debt, including the 2023A/B Bonds, or on deposit in the Special Fund or in the special fund relating to such other debt, are sufficient to pay debt service on the Existing Senior Loan Agreements, any debt issued on a parity with the Existing Senior Loan Agreements, the Second Lien Debt, and the Third Lien Debt, including the 2023A/B Bonds, on the immediately succeeding February 1 and August 1, and (b) if the Successor Agency determines it is necessary to do so to ensure receiving sufficient tax increment revenues from the Project Areas to pay debt service on the Existing Senior Loan Agreements, any debt issued on a parity with the Existing Senior Loan Agreements, the Second Lien Debt, and the Third Lien Debt, including the 2023A/B Bonds, on a timely basis, the Successor Agency will place on the ROPS relating to the June 1 disbursement date amounts required to pay debt service on the Existing Senior Loan Agreements, any debt issued on a parity with the Existing Senior Loan Agreements, the Second Lien Debt, and the Third Lien Debt, including the 2023A/B Bonds, on the next succeeding August 1. Additionally, if the Successor Agency determines it is necessary to ensure timely payment of debt service on the Existing Senior Loan Agreements, any debt issued on a parity with the Existing Senior Loan Agreements, the Second Lien Debt, and the Third Lien Debt, including the 2023A/B Bonds, the Successor Agency may also collect on each January 2 a reserve to be held for debt service on the Existing Senior Loan Agreements, any debt issued on a parity with the Existing Senior Loan Agreements, the Second Lien Debt, and the Third Lien Debt, including the 2023A/B Bonds, on February 1 and August 1 of the next succeeding calendar year. Further, the Successor Agency will place any amounts required to replenish the Reserve Account established under the Indenture or the reserve account established under any Parity Debt Instrument and any amounts owing to any Insurer under the Indenture or under an insurance or surety bond agreement, including the Insurance Policy and the Reserve Policies, on its next Recognized Obligation Payment Schedule upon any such amounts becoming owing.

Under the Indenture, without in any way limiting any of the foregoing, the Successor Agency covenants to place on the Recognized Obligation Payment Schedule relating to the June 1, 2024, and January 2, 2025, disbursement dates, (i) if the Successor Agency determines it is necessary to do so to ensure receiving sufficient tax increment revenues from the Project Areas to pay debt service on the 2023A/B Bonds, all amounts that, together with other amounts then on deposit in the RPTTF reserved for payment of debt service on the 2023A/B Bonds, are sufficient to pay debt service on the 2023A/B Bonds on August 1, 2024, for distribution to the Successor Agency on June 1, 2024, and (ii) all amounts that, together with other amounts then on deposit in the RPTTF reserved for payment of debt service on the 2023A/B Bonds, are sufficient for the payment of debt service on the 2023A/B Bonds on February 1, 2025, and August 1, 2025, for distribution to the Successor Agency on January 2, 2025. The Successor Agency previously placed on the Recognized Obligation Payment Schedule relating to the June 1, 2023, and January 2, 2024, disbursement dates, amounts sufficient to pay debt service on the 2023A/B Bonds on February 1, 2024, and August 1, 2024, for distribution to the Successor Agency on January 2, 2024.

The Successor Agency further covenants that it will, on or before May 1 and December 1 of each year, file a Notice of Insufficiency with the City Controller if the amount of Tax Revenues available to the Successor Agency from the RPTTF on the upcoming June 1 or January 2, as applicable, is insufficient to pay debt service on the Third Lien Bonds or any other Third Lien Parity Debt, to replenish the Reserve

Account or the reserve account established under any Parity Debt Instrument and to pay any Insurer any amounts owing under the Indenture or under an insurance or surety bond agreement, including the Insurance Policy or the Reserve Policies.

If any amounts then due and payable to AGM under the Indenture are not included on any current Recognized Obligation Payment Schedule and the Successor Agency is then legally permitted to amend such Recognized Obligation Payment Schedule, the Successor Agency will submit to its Oversight Board and the California Department of Finance a request to amend such Recognized Obligation Payment Schedule to include such amounts then due and payable to AGM.

The Successor Agency will not submit to its Oversight Board and the California Department of Finance a request for the final amendment permitted for its Last and Final ROPS pursuant to Section 34191.6 of the Redevelopment Dissolution Act without the prior written consent of AGM, unless all amounts that could become due and payable to AGM under the Indenture would be included as a line item on the Last and Final ROPS following approval of the requested amendment.

Last and Final Recognized Obligation Payment Schedule

SB 107 amended the Redevelopment Dissolution Act to permit a successor agency to submit a Last and Final Recognized Obligation Payment Schedule (a “**Last and Final ROPS**”). In particular, successor agencies that have received a Finding of Completion and the concurrence of the California Department of Finance as to the items that qualify for payment, among other conditions, may at their option, file a Last and Final ROPS. If approved by the California Department of Finance, the Last and Final ROPS will be binding on all parties, and the successor agency will no longer submit the ROPS to the California Department of Finance or its oversight board. The county auditor-controller will continue to allocate moneys in the successor agency’s RPTTF pursuant to Section 34183 of the Redevelopment Dissolution Act; however, the county auditor-controller will allocate such moneys in each fiscal period, after deducting the county auditor-controller’s administrative costs, in the following order of priority: (A) pass-through payments pursuant to Section 34183(a)(1) of the Redevelopment Dissolution Act; (B) scheduled debt service payments on tax allocation bonds listed and approved in the Last and Final ROPS; (C) scheduled payments on revenue bonds listed and approved in the Last and Final ROPS, but only to the extent the revenues pledged for them are insufficient to make the payments and only if the successor agency’s tax increment revenues were also pledged for the repayment of bonds; (D) scheduled payments for debts and obligations listed and approved in the Last and Final ROPS to be paid from the RPTTF; (E) payments listed and approved on the Last and Final ROPS that were authorized but unfunded in prior periods; (F) repayment of loans and deferrals to the city that created the redevelopment agency or the successor to the former redevelopment agency’s housing functions and assets that are listed and approved on the Last and Final ROPS; and (G) any moneys remaining in the RPTTF after the payments and transfers described in (A) to (F), above, will be distributed to taxing entities in accordance with Section 34183(a)(4) of the Redevelopment Dissolution Act. A Last and Final ROPS may only be amended twice, and only with approval of the California Department of Finance and the county auditor-controller.

If the successor agency reports to the county auditor-controller that the total available amounts in the RPTTF will be insufficient to fund the successor agency’s current or future fiscal year obligations, and if the county auditor-controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may distribute funds pursuant to Section 34183(b) of the Redevelopment Dissolution Act. See “– Tax Increment Financing Generally.”

The Successor Agency does not currently intend to submit a Last and Final ROPS. The Successor Agency has covenanted in the Indenture not to submit to the Oversight Board and the California Department of Finance a request for the final amendment permitted for its Last and Final ROPS pursuant to Section 34191.6 of the Redevelopment Dissolution Act without the prior written consent of AGM, unless all

amounts that could become due and payable to AGM under the Indenture would be included as a line item on the Last and Final ROPS following approval of the requested amendment.

BOND INSURANCE

The information under this section has been prepared by AGM for inclusion in this Official Statement. Neither the Successor Agency nor the Underwriters have reviewed this information, nor do the Successor Agency or the Underwriters make any representation with respect to the accuracy or completeness thereof.

Bond Insurance Policy

Concurrently with the issuance of the 2023A/B Bonds, Assured Guaranty Municipal Corp. (“AGM”) will issue the Insurance Policy. The Insurance Policy guarantees the scheduled payment of principal of and interest on the 2023A/B Bonds when due, as set forth in the form of the Insurance Policy included as Appendix G to this Official Statement.

The Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 13, 2023, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On October 21, 2022, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Capitalization of AGM

At June 30, 2023:

- The policyholders' surplus of AGM was approximately \$2,702 million.
- The contingency reserve of AGM was approximately \$894 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,089 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and net deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (filed by AGL with the SEC on March 1, 2023);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (filed by AGL with the SEC on May 10, 2023); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 (filed by AGL with the SEC on August 9, 2023).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the 2023A/B Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Municipal Corp.” or included in a document incorporated by reference herein (collectively, the “**AGM Information**”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the 2023A/B Bonds or the advisability of investing in the 2023A/B Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE.”

THE SUCCESSOR AGENCY

The Redevelopment Dissolution Act established, by operation of law, the Successor Agency with all authority, rights, powers, duties, and obligations previously vested with the Former Agency under the Redevelopment Law, as amended by the Redevelopment Dissolution Act. The Successor Agency is a separate public entity from the City, but the Board of Supervisors of the City serves as the legislative body of the Successor Agency and delegated, by Ordinance No. 215-12 adopted by the Board of Supervisors on October 2, 2012, and signed by the Mayor on October 4, 2012 (“**Ordinance No. 215-12**”), its authority under the Redevelopment Dissolution Act to the Successor Agency Commission. Within City government, the Successor Agency is titled “The Office of Community Investment and Infrastructure as the Successor to the San Francisco Redevelopment Agency.” Set forth below is a discussion of the history of the Former Agency and the Successor Agency, the governance and operations of the Successor Agency and its powers under the Redevelopment Law and the Redevelopment Dissolution Act, and the limitations thereon.

The Successor Agency maintains a website at www.sfocii.org. The information presented therein is not incorporated herein by reference.

Authority and Personnel

The powers of the Successor Agency are vested in its governing board (the “**Successor Agency Commission**”), which in the City is referred to as the “**Commission on Community Investment and Infrastructure**” and which has five (5) members who are appointed by the Mayor of the City with the approval of the Board of Supervisors. Members are appointed to staggered four-year terms (provided that two (2) members had initial two-year terms). Once appointed, members serve until replaced or reappointed.

The current members of the Successor Agency Commission, together with their principal occupations, the years of their first appointment to the Commission and the expiration date of their current terms are as follows:

<u>Name</u>	<u>Occupation</u>	<u>First Appointed</u>	<u>Term Expires</u>
Vanessa Ross Aquino	Community Organizer	2023	November 3, 2024
Bivett Brackett	Small Business Owner	2019	November 3, 2024
Tamsen Drew	Attorney	2023	November 3, 2026
Dr. Carolyn Ransom-Scott	Clergy	2018	November 3, 2024

The Successor Agency Commission currently has one (1) vacancy. Alex Ludlum resigned from the Successor Agency Commission effective August 28, 2023.

The Successor Agency has 55 full-time equivalent positions budgeted, approximately 35 of which are filled. On April 12, 2022, the Successor Agency Commission appointed Thor Kaslofsky to serve as Executive Director. The other principal full-time staff positions are: the Deputy Director of Finance and Administration, the Deputy Director of Projects and Programs, and the General Counsel and Deputy Director. Each project area in which the Successor Agency continues to implement enforceable obligations is managed by a designated project manager. There are separate staff support divisions with real estate and housing development specialists as well as planning and other technical staff. The Successor Agency has its own fiscal, legal, and administrative staff.

Effect of the Redevelopment Dissolution Act

AB 26. As a result of AB 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies and also to satisfy “enforceable obligations” of the former redevelopment agencies all under the supervision of new oversight boards, the California Department of Finance and the State Controller.

Pursuant to Ordinance No. 215-12, the Board of Supervisors: (i) officially gave the following name to the Successor Agency: the “**Successor Agency to the Redevelopment Agency of the City and County of San Francisco**”; (ii) created the Successor Agency Commission as the policy body of the Successor Agency; (iii) delegated to the Successor Agency Commission the authority to act in place of the Former Agency’s Commission to implement the surviving redevelopment projects, the replacement housing obligations and other enforceable obligations of the Former Agency and the authority to take actions that AB 26 and AB 1484 require or allow on behalf of the Successor Agency; and (iv) established the composition and terms of the members of the Successor Agency Commission. As discussed below, many actions of the Successor Agency are subject to approval by the Oversight Board and review or approval by the California Department of Finance, including the issuance of bonds such as the 2023A/B Bonds.

AB 1484. On June 27, 2012, the Redevelopment Dissolution Act was amended by AB 1484, which clarified that successor agencies are separate public entities from the city or counties in which they operate and that a successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation.

SB 107. On September 22, 2015, the Redevelopment Dissolution Act was further amended by SB 107, which, among other things: a) clarified the authority of the Successor Agency to issue bonds for affordable housing and certain infrastructure (California Health & Safety Code § 34177.7); b) removed, for

purposes of payment of enforceable obligations, certain time limits that had previously applied to the issuance of debt, the receipt of tax increment, the repayment of debt and any other matters set forth in Sections 33333.2, 33333.4, and 33333.6 of the Redevelopment Law; and c) authorized the Successor Agency to secure new debt with the property tax revenues (former tax increment) from project areas that had generated tax increment upon the dissolution of the Former Agency on February 1, 2012 (Stats. 2015, ch. 325, § 27(e)). Significantly, these project areas include those with redevelopment plans that may have expired for other purposes but that continue to be a source of funds for repayment of indebtedness. Accordingly, the Successor Agency will continue to be allocated revenue from all former project areas until such time as all enforceable obligations have been repaid, even if such time extends beyond such project area plan's stated last day to repay indebtedness. SB 107 did not however change a redevelopment plan's limit on the amount of bonds that can be outstanding at any one time or restore or continue funding for projects whose contractual terms specified that project funding would cease once the limits in the Redevelopment Law were realized. See "– Continuing Activities" below for more information relating to Section 34177.7.

Oversight Board

The Redevelopment Dissolution Act established special provisions for the composition of a seven-member oversight board operating in a jurisdiction that is both a charter city and a county, such as the City (California Health & Safety Code § 34179(a)(10)). These provisions require that four (4) members of the oversight board be appointed by the mayor, one of whom must represent the largest number of former redevelopment agency employees employed by the Successor Agency at that time, one member appointed by the largest special district as determined by property tax share, one member appointed by the superintendent of education, and one member appointed by the chancellor of the state community colleges. The Successor Agency's Oversight Board is composed of the four (4) members appointed by the Mayor, the one (1) member appointed by the BART, the one (1) member appointed by the County Superintendent of Education, and the one (1) member appointed by the Chancellor of the California Community Colleges.

Department of Finance Finding of Completion

The Redevelopment Dissolution Act established a process for determining the liquid assets that redevelopment agencies should have shifted to their successor agencies when they were dissolved, and the amount that should be available for remittance by the successor agencies to their respective county auditor-controllers for distribution to affected taxing entities. This determination process was required to be completed through the final step (review by the California Department of Finance) by November 9, 2012, with respect to affordable housing funds and by April 1, 2013, with respect to non-housing funds. On May 23, 2013, the Successor Agency promptly remitted to the City Controller the amounts of unobligated balances relating to affordable housing funds, determined by the California Department of Finance in the amount of \$10,577,932, plus \$1,916 in interest. On May 23, 2013, the Successor Agency promptly remitted to the City Controller the amount of unobligated balances relating to all other funds determined by the California Department of Finance in the amount of \$959,147. The Successor Agency has made all payments required under AB 1484 and received its finding of completion from the California Department of Finance on May 29, 2013.

Continuing Activities

The Former Agency was organized in 1948 by the Board of Supervisors pursuant to the Redevelopment Law. The Former Agency's mission was to eliminate physical and economic blight within specific geographic areas of the City designated by the Board of Supervisors. The Former Agency had redevelopment plans for fourteen (14) redevelopment project areas of which thirteen (13) continue, including the Project Areas. The Successor Agency only has the authority to complete work related to approved enforceable obligations.

These enforceable obligations are related to the following “**Major Approved Development Projects**”: (i) the Mission Bay North Project Area; (ii) the Mission Bay South Project Area; (iii) the Hunters Point Shipyard Project Area and Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B; and (iv) the Transbay Project Area. Further, the Redevelopment Dissolution Act expressly provides (pursuant to Section 34177.7) for the issuance by the Successor Agency of bonds and any other obligations (and, pursuant to Section 34177.5, bonds and other indebtedness to refund such bonds or obligations) and specifically states that the Successor Agency “*shall have the authority, rights, and powers of the Redevelopment Agency to which it succeeded solely for the purpose of issuing bonds or incurring other indebtedness to finance...the affordable housing required by the Mission Bay North Owner Participation Agreement, the Mission Bay South Owner Participation Agreement, the Disposition and Development Agreement for Hunters Point Shipyard Phase I, the Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement, and the Transbay Implementation Agreement,*” which documents, respectively, relate to the Major Approved Development Projects, for which the Successor Agency “*may pledge to [any such] bonds or other indebtedness the property tax revenues available in the...Redevelopment Property Tax Trust Fund that are not otherwise obligated*”. The Mission Bay North Project Area, the Mission Bay South Project Area, parcels in the Hunters Point Shipyard Project Area (other than the Hunters Point Hill Residential District), Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B and the State-Owned Parcels in the Transbay Project Area are Excluded Project Areas. See “INTRODUCTION – Excluded Project Areas.”

In addition, the Successor Agency continues to manage the Former Agency’s assets and real property that ultimately must be disposed of, or transferred to the City, under a long range property management plan required by the Redevelopment Dissolution Act and approved by the California Department of Finance on December 7, 2015.

THE PROJECT AREAS

General

As discussed under “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS,” the 2023A/B Bonds are secured by Pledged Tax Revenues generally consisting of tax increment revenues generated within the Project Areas remaining after payment of the City Controller Administration Fee, the Existing Senior Loan Agreements and the Second Lien Debt. The Project Areas consist of the following:

- Bayview Hunters Point Project Area – Zone 2 of Project Area B*
- Bayview Hunters Point Project Area – Project Area A
- Embarcadero-Lower Market (“Golden Gateway”) Project Area
- Hunters Point Hill Residential District (Hunters Point Shipyard Project Area)*
- India Basin Industrial Park Project Area
- Rincon Point – South Beach Project Area
- South of Market Project Area
- Transbay Project Area*
- Western Addition Project Area A-2
- Yerba Buena Center Approved Project Area D-1

* Bayview Hunters Point Project Area – Zone 2 of Project Area B excludes Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B. See “– Project Areas – Bayview Hunters Point Project Area – Zone 2 of Project Area B.” The projections of tax increment revenues available to pay debt service on the 2023A/B Bonds exclude tax increment from areas in the Hunters Point Shipyard Project Area other than the Hunters Point Hill Residential District and the State-Owned Parcel Net Tax Increment. See “– Project Areas

– *Hunters Point Hill Residential District (Hunters Point Shipyard Project Area).*” See also “– Project Areas – *Transbay Project Area*” and “INTRODUCTION – Excluded Project Areas.”

Under the Indenture, Pledged Tax Revenues exclude amounts required to be paid to the TJPA in accordance with the redevelopment plan for the Transbay Project Area (i.e. State-Owned Parcel Net Tax Increment). Therefore, State-Owned Parcel Net Tax Increment is not available for payment of debt service on the 2023A/B Bonds. State-Owned Parcel Net Tax Increment for Fiscal Year 2023-24 is approximately \$28.4 million. See Appendix B – “Fiscal Consultant Report.” The tax increment from the State-Owned Parcels in excess of the State-Owned Parcel Net Tax Increment is deposited into the RPTTF. Such excess is equal to the former State-Owned Parcels Housing Set-Aside and the Statutory Pass-Through Amounts payable to taxing entities with respect to the State-Owned Parcels. For Fiscal Year 2023-24, such excess totaled approximately \$22.9 million. This amount is anticipated to be available for payment of debt service on the Existing Senior Loan Agreements, the Second Lien Debt, the 2017A/B Bonds, the 2021A Bonds and the 2023A/B Bonds. See “INTRODUCTION – Excluded Project Areas,” “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Allocation of Taxes Pursuant to the Redevelopment Dissolution Act – *Former Housing Fund*” and “– *Statutory Pass-Through Amounts are Subordinated to Payment of Debt Service on the 2023A/B Bonds.*”

Redevelopment Plans

Under the Redevelopment Law, a city or county that activated a redevelopment agency was required to adopt, by ordinance, a redevelopment plan for each redevelopment project to be undertaken by the redevelopment agency. A redevelopment agency could only undertake those activities within a redevelopment project area specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law, rather than a “plan” in the customary sense of the word. The Former Agency adopted a redevelopment plan for each of the Project Areas, each of which originally included separate time and financial limitations applicable to such Project Area. However, SB 107 provides that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Successor Agency as set forth in these redevelopment plans are not effective for purposes of paying the Successor Agency’s enforceable obligations, such as the 2023A/B Bonds. As a result, the projections set forth in this Official Statement and in the Fiscal Consultant’s Report attached hereto as APPENDIX B were prepared without regard to the time and financial limitations set forth in any of the redevelopment plans. Certain information regarding the redevelopment plans for these Project Areas can be found in the FISCAL CONSULTANT REPORT attached hereto as APPENDIX B.

Project Areas

A brief description of each of the Project Areas is set forth below. Additional information regarding the Project Areas can be found in the FISCAL CONSULTANT REPORT attached hereto as APPENDIX B.

Bayview Hunters Point Project Area – Zone 2 of Project Area B. The 1,081-acre Bayview Hunters Point Project Area – Zone 2 of Project Area B consists of residential, commercial, industrial, and public uses in the Bayview Hunters Point community, which is located in the southeast quadrant of San Francisco. As defined herein, this project area includes Zone 2 of the larger Bayview Hunters Point Project Area B, but excludes Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B. Tax increment revenue from Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B is not pledged to the payment of the 2023A/B Bonds and is part of what is referred to herein as the “Excluded Project Areas.”

The Bayview Hunters Point Project Area – Zone 2 of Project Area B includes the majority of the length of Bayview’s portion of the Third Street commercial corridor, which extends from Cesar Chavez

Street on the north side, to Meade Street and Highway 101 on the south side. The project area also includes large portions of industrial and residential areas west of Third Street towards Bayshore Boulevard, east of Third Street, roughly between Palou Street and Jamestown Street, towards the Yosemite Slough, and a residential district near the India Basin shoreline adjacent to the Bayview Hunters Point Project Area – Project Area A.

Bayview Hunters Point Project Area – Project Area A. The Bayview Hunters Point Project Area – Project Area A is a 137-acre hilly residential tract located in Bayview Hunters Point on a site formerly occupied by temporary federal wartime housing. It is bounded by Fairfax Avenue on the north, Griffith Street on the east, Palou Avenue on the south and Mendell Street on the west. It extends five blocks on its east-west axis and ten blocks in the north-south direction. Pursuant to the redevelopment plan for this project area, over 1,760 new rental, co-op, condominium and ownership units have been constructed and 122 homes have been rehabilitated in this project area. Community improvements include major new roadways and their associated streetscape improvements, a number of neighborhood parks, community facilities and schools.

Embarcadero-Lower Market (“Golden Gateway”) Project Area. The Embarcadero-Lower Market (“Golden Gateway”) Project Area is an approximately 51-acre high density district located along the Embarcadero, largely north of Market Street and east of Battery Street. This project area is developed with approximately 1,400 housing units, an approximately 800-room hotel, approximately 3.5 million square feet of office and commercial space (including the Embarcadero Center) and twelve acres of public parks and open space, as well as the Embarcadero Station of the BART.

Hunters Point Hill Residential District (Hunters Point Shipyard Project Area). The Hunters Point Hill Residential District (Hunters Point Shipyard Project Area) is approximately 74 acres that consists of residential, retail, and community uses in the Bayview Hunters Point community located in the southeast quadrant of San Francisco. As defined herein, this project area includes the Hunters Point Residential District of the Hunters Point Shipyard Project Area, but excludes the remaining land use districts within the Hunters Point Shipyard Project Area. Tax increment revenue from the remaining land use districts within the Hunters Point Shipyard Project Area is not pledged to the payment of the 2023A/B Bonds. See also “INTRODUCTION – Excluded Project Areas.”

The Hunters Point Hill Residential District consists of two geographic areas, the “Hilltop” and the “Hillside”. The two sites are entitled for 1,428 housing units, of which approximately twenty-nine percent (29%) will be rented or sold at rents or sale prices that are below market, and up to 20,000 square feet of retail. The Hilltop consists of Block 1 and Blocks 49 through 57. Vertical developers have received major phase approvals for all private development blocks on the Hilltop. As of July 1, 2023, 505 units of housing, including 102 below-market sale and rental units, have been completed on Blocks 49, 50, 51, 53, 54, 55, 56 and 57 since Fiscal Year 2014-15. Site permits for construction have been issued on an additional 77 units of housing, of which 9 will be below-market rate sale units. The Hillside consists of Block 48, which has 404 housing units, of which 56 are below market rate sale and rental units. To date, vertical developers have received major phase approvals for all private development blocks on the Hillside.

Within the Hunters Point Hill Residential District, the Successor Agency has an enforceable obligation to build an additional 215 units of affordable housing, of which 182 below-market rate units will be located on the Hilltop and 33 below-market rate units will be located on the Hillside.

A class action lawsuit that has been filed seeks, among other relief, to enjoin development at the Hunters Point Shipyard Project Area, which could include certain land in the Hunters Point Hill Residential District. See “CERTAIN RISK FACTORS – Hazardous Substances

India Basin Industrial Park Project Area. The India Basin Industrial Park Project Area encompasses approximately 126 acres of commercial and light industrial development in Bayview Hunters Point. It is bounded by Third Street on the west, Jennings Street on the east, Arthur Avenue on the north and Hudson Avenue and Galvez Avenue on the south. This project area includes a large United States Postal Service distribution facility, several light industrial, commercial service and multimedia businesses and some retail businesses.

Rincon Point-South Beach Project Area. The Rincon Point-South Beach Project Area is an approximately 115-acre area consisting of two noncontiguous subareas located within the northeastern waterfront area of San Francisco, immediately south of the Ferry Building. The major artery through this project area is the Embarcadero Roadway, which connects the project area to the City's financial district to the north and to the Mission Bay district to the south. Over 2,800 residential units and over one million square feet of mid- and high-rise office space have been constructed in this project area. In 2000, the approximately 43,000-seat major league baseball park for the San Francisco Giants (Oracle Park) opened in the project area on land owned by the Port of San Francisco (the "**Port**"). Public improvements completed in the project area include the 700-berth South Beach Harbor, two major waterfront parks and roadway and streetscape improvements.

South of Market Project Area. The South of Market Project Area, which is comprised of two areas: the Original Sub-Area and the Western Expansion Sub-Area, is approximately sixty-nine acres in size and located in the central city area of San Francisco. This project area is roughly bounded by Stevenson, Mission and Natoma Streets on the north, Fifth Street on the east, Harrison Street on the south and Seventh Street on the west. Its focus is the Sixth Street corridor, a mixed-use community located between Market and Harrison Streets.

Transbay Project Area. The Transbay Project Area is approximately 40 acres in size and roughly bounded by Mission Street on the north, Main Street on the east, Folsom Street on the south, and Second Street on the west. As described in "INTRODUCTION – Excluded Project Areas," State-Owned Parcel Net Tax Increment from the State-Owned Parcels, which total approximately 10 acres of land, is not pledged as security to pay debt service on the 2023A/B Bonds, because those revenues have been previously pledged to the TJPA to help pay the cost of replacing the former Transbay Terminal. However, the former State-Owned Parcels Housing Set-Aside and the Statutory Pass-Through Amounts are available for payment of debt service on the Existing Senior Loan Agreements, the Second Lien Debt and the Third Lien Debt, including the 2023A/B Bonds. See "INTRODUCTION – Excluded Project Areas – *Excluded Tax Increment from State-Owned Parcels.*"

The Transbay Project Area currently is composed of transportation-related infrastructure, high-rise and mid-rise commercial and residential development, and vacant public and private parcels entitled for high-rise and mid-rise commercial and residential development. The area currently includes a mix of market rate and affordable housing, new commercial buildings, one new park with another two in the predevelopment phase, and retail to serve residents and the larger community. Numerous major developments recently have been completed within the Transbay Project Area.

Western Addition Project Area A-2. The Western Addition Project Area A-2 is an approximately 277-acre area located in the northeast quadrant of San Francisco. It encompasses portions of the area bounded by Van Ness Avenue, Bush Street, Broderick Street and Grove Street. Its land uses are predominantly multi-family residential, with retail, commercial, public and institutional uses concentrated along the project area's main commercial corridors.

Yerba Buena Center Approved Project Area D-1. The Yerba Buena Center Approved Project Area D-1 consists of an approximately 87-acre area in the central city area of San Francisco. This project area contains the Moscone Center convention center, cultural institutions of regional importance, such as

the Yerba Buena Center for the Arts and the San Francisco Museum of Modern Art, as well as the Yerba Buena Gardens, recreational uses and the Children’s Creativity Museum. The project area is located in the southwest portion of San Francisco’s downtown office, hotel and retail district and is developed with high-rise and mid-rise hotels, and residential and commercial buildings. It extends from Market Street on the north to Harrison Street on the south, and from Second Street on the east to Fourth Street on the west, and includes the Emporium Sub-Area, which contains the Westfield San Francisco Centre regional shopping mall, located between Market Street and Mission Street and between Fourth Street and Fifth Street.

Assessed Valuation and Other Information Regarding the Project Areas

The assessed valuation of each of the Project Areas for the current Fiscal Year by land use category is set forth on the following Tables 1 and 2.

[Remainder of Page Intentionally Left Blank.]

Table 1
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Assessed Value by Land Use in the Project Areas, Fiscal Year 2023-24⁽¹⁾

Category by Value	Bayview Hunters Point Project Area B ⁽²⁾	Embarcadero- Lower Market ("Golden Gateway") Project Area	Bayview Hunters Point Project Area – Project Area A	Hunters Point Hill Residential District	India Basin Industrial Park Project Area	Rincon Point – South Beach Project Area	South of Market Project Area
Commercial	\$226,537,190	\$2,595,480,692	-	-	\$40,107,573	\$566,318,805	\$281,201,005
Industrial	1,834,169,183	-	-	-	105,076,556	-	143,259,284
Residential							
<i>Single-Family</i>	-	-	-	102,379,774	-	-	-
<i>Condominiums</i>	198,789,265	237,086,170	10,618,905	252,495,968	-	1,292,012,888	420,914,736
<i>Other</i>	948,860,135	86,604,724	185,161,048	8,421,159	-	390,138,579	658,203,782
Vacant	289,316,237	189	1,200,867	76,964,331	8,826,696	-	488,824,645
Other Secured ⁽³⁾	53,420,497	2,789,860	1,449,000	1,971,891	-	2,332,068	51,088,724
SBE-Assessed Utilities ⁽⁴⁾	392,040	298,757	-	-	-	935,000	-
Unsecured	258,828,626	562,771,427	206,609	909,456	40,473,036	788,759,599	40,286,561
Total	\$3,810,313,173	\$3,485,031,819	\$198,636,429	\$443,142,579	\$194,483,861	\$3,040,496,939	\$2,083,778,737
Acreage	1,361	51	137	N/A	126	115	69

Category by Value	Transbay Project Area ⁽⁵⁾	Western Addition Project Area A-2	Yerba Buena Center Approved Project Area D-1	Total Value⁽¹⁾	% of Total Value	Number of Properties Levied
Commercial	\$7,160,619,330	\$765,149,372	\$3,270,074,578	\$14,905,488,545	41.4%	635
Industrial	20,111,824	-	52,136,430	2,154,753,277	6.0%	872
Residential						
<i>Single-Family</i>	-	1,545,300	-	103,925,074	0.3%	1,887
<i>Condominiums</i>	1,885,125,283	1,603,096,063	1,946,617,558	7,846,756,836	21.8%	7,916
<i>Other</i>	1,176,412,254	1,380,424,132	535,542,665	5,369,768,478	14.9%	970
Vacant	321,626,740	5,395,079	38,955,462	1,231,110,246	3.4%	936*
Other Secured ⁽³⁾	1,138,200	24,382,533	25,547,274	164,120,047	0.5%	347
SBE-Assessed Utilities ⁽⁴⁾	-	-	16,962	1,642,759	0.0%	-
Unsecured	1,308,903,996	108,457,610	1,124,508,166	4,234,105,086	11.8%	3,222
Total	\$11,873,937,62	\$3,888,450,089	\$6,993,399,095	\$36,011,670,348	100.0%	16,785
Acreage	40	277	87	2,263		

⁽¹⁾ Assessed valuations are as of July 1, 2023.

⁽²⁾ Amounts shown here include assessed value of Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B, in the amount of \$186.6 million, approximately fifty-five percent of which is paid annually under an existing obligation to the developer with the remainder applied to the Successor Agency's Statutory Pass-Through Amounts, City Controller Administration Fee and housing and infrastructure obligations. The excluded tax increment revenue totaled \$1.0 million in Fiscal Year 2023-24, which amounts are not available to pay debt service on the 2023A/B Bonds.

⁽³⁾ Includes other land use classifications and homeowner exemptions.

⁽⁴⁾ Non-unitary property assessed by the State Board of Equalization.

⁽⁵⁾ Amounts shown here include values for State-Owned Parcels, a portion of the tax increment from which is not available to pay debt service on the 2023A/B Bonds. See "INTRODUCTION – Excluded Project Areas – *Excluded Tax Increment from State-Owned Parcels*."

* Of the 936 properties classified as vacant, 170 are located in Excluded Project Areas, of which 79 are in Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B, one is in the Hunters Point Shipyard Project Area other than the Hunters Point Hill Residential District and 90 are in the State-Owned Parcels. Any future property tax revenue from these properties will not be pledged revenue. Of the remaining 766 properties, 401 are within the Bayview Hunters Point Project Area – Zone 2 of Project Area B, 105 are within the Hunters Point Hill Residential District (Hunters Point Shipyard Project Area), 95 are within the Transbay Project Area and the remainder are distributed across the other seven Project Areas.

Sources: Assessor; Urban Analytics.

Table 2
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Commercial Land Use in the Project Areas, Fiscal Year 2023-24

Land Use	Total Value	% of Total Value	Number of Properties Levied
Office	\$11,698,505,312	32.5%	161
Hotel	1,354,961,870	3.8%	47
Retail	1,330,359,965	3.7%	282
Other	521,661,398	1.4%	145
Total Commercial	\$14,905,488,545	41.4%	635
Total, All Properties	\$36,011,670,348	100.0%	16,785

Sources: Assessor; Urban Analytics.

As shown in Table 1, commercial properties account for the largest percentage of assessed valuation, at 41.4% of total valuation in the Project Areas. Commercial land use in the Project Areas, shown in Table 2, consists largely of office properties with \$11.7 billion in assessed valuation across 161 properties representing 32.5% of the Project Areas' total valuation. Hotels total \$1.4 billion in assessed valuation over 47 properties for 3.8% of the Project Areas' total valuation, while retail use generates \$1.3 billion in assessed valuation across 282 properties representing 3.7% of the Project Areas' total valuation.

The ten largest taxpayers by assessed valuation in the Project Areas, in aggregate, in Fiscal Year 2023-24 are set forth below in Table 3. Ownership concentration for these top taxpayers is 24.5% of total assessed valuation and 26.2% of incremental assessed valuation in the Project Areas. See "CERTAIN RISK FACTORS – Concentration of Property Ownership."

[Remainder of Page Intentionally Left Blank.]

Table 3
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Top Ten Taxpayers By Assessed Valuation in the Project Areas, Fiscal Year 2023-24

Assessee Name ⁽¹⁾	Project Area	Use	Number of Parcels	Fiscal Year 2022-23 Value	Percent of Total Aggregate Value	Percent of Incremental Value
1. TRANSBAY TOWER LLC ²	Transbay	Office	1	\$1,876,176,439	5.2%	5.6%
2. BOSTON PROPERTIES	Golden Gateway	Office	5	1,641,803,816	4.6%	4.9%
3. PARK TOWER OWNER LLC ²	Transbay	Office	1	1,140,399,718	3.2%	3.4%
4. EMPORIUM MALL LLC * (2020-21, 2021-22) ³	YBC - Emporium	Commercial/ Retail	5	896,062,360	2.5%	2.7%
5. 706 MISSION STREET CO LLC	YBC - Original	Residential	133	715,643,973	2.0%	2.1%
6. UNION INVESTMENT REAL ESTATE G	Transbay	Office	1	539,098,145	1.5%	1.6%
7. MARRIOTT HOTEL * (2020-21, 2021-22)	YBC - Original	Hotel	1	522,244,045	1.5%	1.6%
8. CHINA BASIN BALLPARK CO	Rincon	Sports Facility	5	519,090,254	1.4%	1.5%
9. 181 FREMONT OFFICE LLC	Transbay	Office	1	514,905,912	1.4%	1.5%
10. PPF OFF ONE MARITIME PLAZA LP	Golden Gateway	Office	3	453,773,255	1.3%	1.4%
Totals			156	\$8,819,197,917	24.5%	26.2%

* The owner has one or more appeals pending in the years indicated.

(1) The Millennium Tower (defined herein) in the Transbay Project Area is assessed through its individual condominium owners, a number of whom have pending assessment appeals. The combined assessment for all condominiums in such building is \$668,932,373, or 1.9% of total aggregate value and 2.0% of incremental value. See “PLEDGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals.”

(2) The Transbay Tower and Park Tower properties are located on the State-Owned Parcels; approximately 55% of the tax increment revenue from these properties represents State-Owned Parcel Net Tax Increment and is therefore not available for debt service on the 2023A/B Bonds. See “Introduction – Excluded Project Areas – *Excluded Tax Increment from State-Owned Parcels.*”

(3) Emporium Mall LLC, owner of the shopping center, Westfield San Francisco Centre, has announced that it had decided to surrender such shopping center to its lender. See below and “CERTAIN RISK FACTORS – Office Vacancy, Hotel Occupancy and Room Rate Declines, and Retail Vacancy and Closures in San Francisco; Impact on Property Taxes and Other Revenues – *Retail Vacancy and Closures.*”

Sources: Assessor; Urban Analytics.

As set forth in Table 3, above, Emporium Mall LLC and Marriott Hotel are appealing their assessed valuations for certain Fiscal Years. See “PLEDGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals.”

In June 2023, Emporium Mall LLC announced that they had decided to begin the process of transferring management of the Westfield San Francisco Centre to their lender to allow the lender to appoint a receiver to operate the property going forward. The five parcels identified in Table 3, above, as being owned by Emporium Mall LLC make up the Westfield San Francisco Centre. News articles have reported that the owners cited as a reason for their decision the challenging operating conditions in downtown San Francisco, which have led to declines in sales, occupancy and foot traffic. Such mall includes 1.2 million square feet of retail space and 300,000 square feet of offices. Nordstrom, which occupies 312,000 square feet in the mall, has announced that it will close its store in the mall in August 2023 when its lease expires. After Nordstrom’s departure, the mall will be only 55% leased. In addition, Century Theaters, which is located in the mall, has permanently closed. According to news report, Century Theaters has a lease for 52,000 square feet in the mall expiring in September 2023 and H&M has a lease for 25,289 square feet that

will expire in January 2024. The Successor Agency cannot predict what impact the foregoing events will have on the mall's assessed value or the assessed values of other properties in the Project Areas. See "CERTAIN RISK FACTORS – Office Vacancy, Hotel Occupancy and Room Rate Declines, and Retail Vacancy and Closures in San Francisco; Impact on Property Taxes and Other Revenues."

The assessed valuation of three residential condominium buildings in the Project Areas, when taking their individual owner's assessments as a whole, would appear among the top ten largest assesseees. These include 706 Mission, with an aggregate Fiscal Year 2023-24 valuation of \$782.3 million (2.2% and 2.3%, respectively, of the Project Areas' total and incremental assessed valuation) and 765 Market Street with an aggregate valuation of \$518.6 million (1.4% and 1.5%, respectively, of the Project Areas' total and incremental valuation); both are Four Seasons properties located in the Yerba Buena Center Approved Project Area D-1. The Millennium Tower (defined herein) condominium building in the Transbay Project Area also would appear among the top ten largest assesseees, with a Fiscal Year 2023-24 aggregate assessed valuation of \$668.9 million (1.9% and 2.0%, respectively, of the Project Areas' total and incremental assessed valuation). The Millennium Tower is not located on the State-Owned Parcels. Therefore, tax revenues from such building are included as security to pay debt service on the 2023A/B Bonds. As discussed under "PLEDGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals" below, the Millennium Tower is currently subject to assessment appeals related to the settling and tilting of the building.

The Transbay Towers property is located on the State-Owned Parcels. State-Owned Parcel Net Tax Increment is not available for payment of debt service on the Existing Senior Loan Agreements, the Second Lien Debt and the Third Lien Debt, including the 2023A/B Bonds. See "INTRODUCTION – Excluded Project Areas – *Excluded Tax Increment from State-Owned Parcels.*"

PLEDGED TAX REVENUES AND DEBT SERVICE

The Successor Agency has retained the Fiscal Consultant to provide projections of taxable assessed valuation and tax increment revenue from developments in the Project Areas.

Historical and Current Assessed Valuation and Tax Revenues

A summary of the projected total taxable valuation and tax increment for the Project Areas based on Fiscal Year 2023-24 roll data provided by the offices of the Assessor of the City (the "**Assessor**"), the City Controller and the State Board of Equalization is set forth in Table 4 below. Based on such roll, the total assessed valuation for Fiscal Year 2023-24 in the Project Areas, after deducting all exemptions, except the homeowner's exemption which is reimbursed by the State, is approximately \$36.0 billion. Deducting the base year valuation for the Project Areas of approximately \$2.4 billion produces an incremental assessed valuation amount of approximately \$33.6 billion. The largest contributor to incremental assessed valuation, at 32.7%, is the Transbay Project Area, followed by the Yerba Buena Center Approved Project Area D-1 at 17.7% and the Western Addition Project Area A-2 at 11.4%. Gross tax increment, calculated by applying a one percent tax rate to the incremental assessed valuation, is \$336.0 million for Fiscal Year 2023-24, prior to deductions for the Excluded Project Areas and senior obligations.

Table 4
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Tax Increment Estimates by Project Areas, Fiscal Year 2023-24

Project Area	Number of Acres	Total Assessed Valuation	Less Base Year Assessed Valuation	Incremental Valuation	% of Incremental Valuation	Gross Tax Increment
Bayview Hunters Point Project Area B ⁽¹⁾	1,361	\$3,810,313,173	\$1,165,228,645	\$2,645,084,528	7.9%	\$26,450,845
Embarcadero-Lower Market (“Golden Gateway”) Project Area ⁽¹⁾	51	3,485,031,819	21,172,000	3,463,859,819	10.3%	34,638,598
Bayview Hunters Point Project Area – Project Area A	137	198,636,429	2,847,427	195,789,002	0.6%	1,957,890
Hunters Point Hill Residential District (Hunters Point Shipyard Project Area)	NA	443,142,579	6,526,793	436,615,786	1.3%	4,366,158
India Basin Industrial Park Project Area	126	194,483,861	13,691,137	180,792,724	0.5%	1,807,927
Rincon Point - South Beach Project Area	115	3,040,496,939	18,092,701	3,022,404,238	9.0%	30,224,042
South of Market Project Area ⁽¹⁾⁽²⁾						
<i>Original Area</i>	63	1,987,439,366	108,585,675	1,878,853,691	5.6%	18,788,537
<i>Western Expansion Area</i>	6	96,339,371	9,360,179	86,979,192	0.3%	869,792
Transbay Project Area ⁽¹⁾	40	11,873,937,627	880,853,389	10,993,084,238	32.7%	109,930,842
Western Addition Project Area A-2	277	3,888,450,089	61,239,180	3,827,210,909	11.4%	38,272,109
Yerba Buena Center Approved Project Area D-1 ⁽³⁾						
<i>Original Area</i>	74	6,015,545,132	52,656,706	5,962,888,426	17.7%	59,628,884
<i>Emporium Site Area</i>	13	977,853,963	69,957,924	907,896,039	2.7%	9,078,960
Total	2,263	\$36,011,670,348	\$2,410,211,756	\$33,601,458,592	100.0%	\$336,014,586

⁽¹⁾ In the Bayview Hunters Point Project Area B, project area tax increment revenue from Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B, approximately fifty-five percent of which is paid annually under an existing obligation to the developer with the remainder applied to the Successor Agency’s Statutory Pass-Through Amounts, City Controller Administration Fee and housing and infrastructure obligations. The excluded tax increment revenue totaled \$1.0 million in Fiscal Year 2023-24, which is not available to pay debt service on the Second Lien Debt or the Third Lien Debt, including the 2023A/B Bonds. In the Transbay Project Area, approximately \$28.4 million of the State-Owned Parcel Not Tax Increment in Fiscal Year 2023-24 is not available to pay debt service on the Senior Obligations or the Third Lien Debt, including the 2023A/B Bonds. Tax increment revenue from the South of Market and Embarcadero-Lower Market (“Golden Gateway”) Project Areas is offset by negative revenue of approximately \$48,000 from the Federal Office Building Redevelopment Project Area through a fiscal merger of these project areas.

⁽²⁾ In the South of Market Project Area, a portion of revenue is potentially allocable to school districts under Section 33676 and the Santa Ana Section 33676 Decision.

⁽³⁾ In the Yerba Buena Center Approved Project Area D-1, a portion of the base-year value increases each year pursuant to that project area’s redevelopment plan. This is calculated as a two percent (2%) increase per annum on the base year assessed value of the Westfield multi-use commercial development in the Emporium Site Area added to the Yerba Buena Center Redevelopment Project Area pursuant to a plan amendment dated August 3, 2000.

Sources: Assessor, Successor Agency, and Urban Analytics,

The following Table 5 shows the historic and current assessed valuation for the Project Areas. Assessed valuation grew by 4.5% in Fiscal Year 2023-24, following increases of 5.3% in Fiscal Year 2022-23, 0.8% in Fiscal Year 2021-22, 13.0% in Fiscal Year 2020-21, and 13.2% in Fiscal Year 2019-20.

Fiscal Year 2023-24 assessed valuation increased by \$1.6 billion over Fiscal Year 2022-23. The Bayview Hunters Point Project Area – Zone 2 of Project Area B increased by \$404.8 million, including a gain of \$172.5 million from four properties owned by GIC San Francisco LLC located on Napoleon Street. The Yerba Buena Center Approved Project Area D-1 increased by \$320.4 million from gains posted across a number of properties as well as the removal of a \$59.2 million exemption on a parcel owned by Emporium Mall LLC. The Transbay Project Area assessed valuation increased by \$250.3 million, including an \$88.5 million valuation gain on properties owned by T8 Urban Housing Associates LLC. The Western Addition Project Area A-2 increased in valuation by \$248.4 million due in part to an \$85.3 million gain on properties

owned by Sutter Health and a \$42.0 million gain on a property owned by 830 Eddy Street LLC. The remaining six Project Areas grew by \$339.2 million for Fiscal Year 2023-24.

Net Available Tax Increment Revenue is determined by deducting from gross tax increment: the portion of tax increment attributable to Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B, the State-Owned Parcel Net Tax Increment, the 2% Section 33676 Allocation, the 2% Emporium Amount, the Federal Building negative tax increment and the City Controller Administration Fee. Net Available Tax Increment Revenue as shown on Table 5 is the amount available for debt service on the Senior Obligations and Third Lien Debt, including the 2023A/B Bonds, and any subordinate obligations.

In California, a property's annual assessed value is determined as of January 1 of the year preceding the fiscal year for which taxes are billed and paid. Under Article XIII A of the State Constitution, known as Proposition 13, a property's annual assessed value is the lesser of (1) its base year value (fair market value as of the date of change in ownership or completion of new construction), factored for inflation at no more than two percent per year; or (2) its fair market value as of January 1 of the year preceding the fiscal year for which property taxes are billed and paid. If a property's fair market value falls below its factored base year value, the reduced value is enrolled on a temporary basis (for one year), and is commonly referred to as a "Proposition 8" reduction, after the 1978 initiative. However, if a property's base year value is reduced, then that reduced value carries forward for factoring purposes until the next change in ownership or completion of new construction. Assessors in California have the authority to use Proposition 8 criteria to apply reductions in valuation to classes of properties affected by any factors affecting value, including but not limited to negative economic conditions. See "LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIII A of California Constitution."

COVID-19's impact on San Francisco real property values first arose with respect to assessed valuations for Fiscal Year 2021-22, with an almost 4-times increase in the total count of Proposition 8 reductions granted compared to Fiscal Year 2020-21 (up from 2,154 to 8,305) and more than 6.5-times increase in the value of the reductions (up from \$359 million to \$2.45 billion). The two most significant factors driving these changes were values of hotels and condominiums. In response to COVID-19, the Assessor's office performed proactive reviews of commercial properties, which resulted in temporary reductions City-wide of \$1.26 billion for 31 hotel properties for Fiscal Year 2021-22 and \$1.1 billion for 19 hotel properties for Fiscal Year 2022-23. Apart from these reductions for hotels, condominiums accounted for the largest share of new reductions City-wide at over 40% of the total value of reductions in both years and over 60% of the total count—with the reductions relating to condominiums increasing by roughly 10 times and 8 times for Fiscal Years 2022-23 and 2021-22, respectively. Unlike the assessed valuation for Fiscal Year 2021-22, the Assessor's office did not do proactive Proposition 8 reductions for the Fiscal Year 2022-23 and 2023-24 assessed valuations.

Declines in values of condominiums also are reflected in recent sale prices. According to data from the San Francisco Association of Realtors, as of April 2023, the median sale price of condominiums in the downtown and South of Market area of San Francisco was less than every past April since 2014.

[Remainder of Page Intentionally Left Blank.]

Table 5
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Historical and Current Assessed Valuations and Net Available Tax Increment Revenue by Project Areas

Project Area	Fiscal Year				
	2019-20	2020-21	2021-22	2022-23	2023-24
Bayview Hunters Point Project Area B	\$ 2,646,387,244	\$ 3,094,567,609	\$ 3,180,947,910	\$ 3,405,413,544	\$ 3,810,313,173
Embarcadero-Lower Market (“Golden Gateway”) Project Area	3,120,024,522	3,284,546,125	3,237,894,690	3,398,391,691	3,485,031,819
Bayview Hunters Point Project Area – Project Area A	190,503,384	174,862,380	177,908,649	188,835,268	198,636,429
Hunters Point Hill Residential District (Hunters Point Shipyard Project Area)	563,836,534	411,032,740	406,868,722	420,834,962	443,142,579
India Basin Industrial Park Project Area	142,543,978	150,361,395	163,869,889	163,930,340	194,483,861
Rincon Point - South Beach Project Area	2,776,555,071	2,895,125,534	2,915,318,545	3,007,379,931	3,040,496,939
South of Market Project Area	1,488,673,192	1,609,348,316	1,813,776,387	1,926,958,014	2,083,778,737
Transbay Project Area	8,878,757,711	10,473,093,339	10,976,063,961	11,623,662,722	11,873,937,627
Western Addition Project Area A-2	3,162,940,016	3,904,663,267	3,594,951,724	3,640,001,418	3,888,450,089
Yerba Buena Center Approved Project Area D-1	5,735,491,031	6,443,560,076	6,232,159,683	6,672,981,623	6,993,399,095
Total Value⁽¹⁾	\$ 28,705,712,683	\$ 32,441,160,781	\$ 32,699,760,160	\$ 34,448,389,513	\$ 36,011,670,348
<i>% Change</i>	<i>13.2%</i>	<i>13.0%</i>	<i>0.8%</i>	<i>5.3%</i>	<i>4.5%</i>
Less: Base Year Assessed Value	(2,410,211,756)	(2,410,211,756)	(2,410,211,756)	(2,410,211,756)	(2,410,211,756)
Total Incremental Value	\$ 26,295,500,927	\$ 30,030,949,025	\$ 30,289,548,404	\$ 32,038,177,757	\$ 33,601,458,592
<i>% Change</i>	<i>14.6%</i>	<i>14.2%</i>	<i>0.9%</i>	<i>5.8%</i>	<i>4.9%</i>
Gross Tax Increment⁽²⁾	\$ 262,955,009	\$ 300,309,490	\$ 302,895,484	\$ 320,381,778	\$ 336,014,586
Less: Excluded Sub-Areas Revenue⁽³⁾					
Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B ⁽³⁾	(973,310)	(1,010,489)	(996,417)	(1,023,091)	(1,043,130)
State-Owned Parcel Net Tax Increment ⁽³⁾	(18,602,921)	(23,194,947)	(25,104,488)	(26,648,847)	(28,446,762)
Less: Negative Federal Office Building Revenue⁽⁴⁾	(47,177)	(47,380)	(48,059)	(48,059)	(48,059)
Less: Senior Obligations⁽⁵⁾	(425,397)	(454,234)	(478,477)	(505,367)	(532,474)
Net Available Tax Increment Revenue	\$ 242,906,204	\$ 275,602,441	\$ 276,268,042	\$ 292,156,412	\$ 305,944,161

Note: Columns may not add due to rounding

(1) Assessed valuations shown are “full cash value” and exclude homeowner subventions.

(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(3) Revenue from Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B and from the State-Owned Parcel Net Tax Increment is not available to pay debt service on the Senior Obligations or the Third Lien Debt, including the 2023A/B Bonds.

(4) Revenue from the South of Market and Embarcadero-Lower Market (“Golden Gateway”) Project Areas is offset by negative revenue from the Federal Office Building Redevelopment Project Area through a fiscal merger of these project areas.

(5) In the Yerba Buena Center Approved Project Area D-1, a portion of the base-year value increases each year pursuant to that Project Area’s redevelopment plan. This (the 2% Emporium Amount) is calculated as a two percent (2%) increase per annum on the base year assessed value of the Westfield multi-use commercial development in the Emporium Site Area added to the Yerba Buena Center Redevelopment Project Area pursuant to a plan amendment dated August 3, 2000. In the South of Market Project Area, a portion of revenue is potentially allocable to school districts under Section 33676 of the Redevelopment Law and the Santa Ana Section 33676 Decision. The City Controller charges the City Controller Administration Fee pursuant to the Redevelopment Dissolution Act, of approximately 0.015% of tax increment. Amount does not reflect the bonds or loans (including the Existing Senior Loans and the Second Lien Debt) payable from tax increment revenues on a senior basis to the 2023A/B Bonds.

Source: Urban Analytics.

Projected Pledged Tax Revenues and Debt Service Coverage

Set forth below are tables showing net available tax increment revenues from the Project Areas on an aggregate basis, projected Pledged Tax Revenues and estimated debt service coverage for all Existing Senior Loan Agreements, Second Lien Debt, the 2017A/B Bonds, the 2021A Bonds and the 2023A/B Bonds. The below projections assume, with the exception of Table 7, approximately two percent (2%) annual growth in gross tax increment revenues beginning in Fiscal Year 2023-24 through the maturity of the 2023A/B Bonds. The projections do not take into consideration any changes in assessed valuation due to new construction, property sales, Proposition 8 reductions (other than those initiated by the Assessor for Fiscal Year 2022-23), assessment appeals or other factors. The actual growth rate in the Project Areas may differ from that which is projected.

The Successor Agency believes that the assumptions (including those in APPENDIX B – “FISCAL CONSULTANT REPORT”) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur.

[Remainder of Page Intentionally Left Blank.]

Table 6
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Projected Net Available Tax Increment
(The Project Areas)
(in thousands)

Fiscal Year	Assessed Valuation ⁽¹⁾	Base Year Valuation	Incremental Valuation	Gross Tax Increment Revenues ⁽²⁾	Excluded Revenue ⁽³⁾	City Controller Admin Fee ⁽⁴⁾	Prior Obligations ⁽⁵⁾	Net Available Tax Increment Revenues
2023/24	\$36,011,670	\$2,410,212	\$33,601,459	\$336,015	\$(29,538)	\$(49)	\$(484)	\$305,944
2024/25	36,642,915	2,410,212	34,232,704	342,327	(30,113)	(50)	(509)	311,656
2025/26	37,286,785	2,410,212	34,876,573	348,766	(30,699)	(51)	(535)	317,481
2026/27	37,943,532	2,410,212	35,533,321	355,333	(31,297)	(52)	(561)	323,423
2027/28	38,613,414	2,410,212	36,203,203	362,032	(31,907)	(53)	(588)	329,484
2028/29	39,296,694	2,410,212	36,886,482	368,865	(32,529)	(54)	(615)	335,666
2029/30	39,993,640	2,410,212	37,583,428	375,834	(33,164)	(55)	(643)	341,972
2030/31	40,704,524	2,410,212	38,294,312	382,943	(33,811)	(56)	(672)	348,404
2031/32	41,429,626	2,410,212	39,019,414	390,194	(34,472)	(57)	(701)	354,965
2032/33	42,169,230	2,410,212	39,759,018	397,590	(35,145)	(58)	(731)	361,657
2033/34	42,923,626	2,410,212	40,513,414	405,134	(35,832)	(59)	(761)	368,482
2034/35	43,693,110	2,410,212	41,282,898	412,829	(36,533)	(60)	(792)	375,444
2035/36	44,477,984	2,410,212	42,067,772	420,678	(37,247)	(61)	(823)	382,546
2036/37	45,278,555	2,410,212	42,868,343	428,683	(37,926)	(62)	(855)	389,839
2037/38	46,095,138	2,410,212	43,684,926	436,849	(38,616)	(64)	(888)	397,281
2038/39	46,928,052	2,410,212	44,517,840	445,178	(39,320)	(65)	(922)	404,872
2039/40	47,777,624	2,410,212	45,367,413	453,674	(40,038)	(66)	(956)	412,614
2040/41	48,644,188	2,410,212	46,233,977	462,340	(40,770)	(67)	(990)	420,512
2041/42	49,528,084	2,410,212	47,117,872	471,179	(41,517)	(69)	(1,026)	428,567
2042/43	50,429,657	2,410,212	48,019,445	480,194	(42,279)	(70)	(1,062)	436,784
2043/44	51,349,261	2,410,212	48,939,050	489,390	(43,055)	(71)	(1,099)	445,165
2044/45	52,287,258	2,410,212	49,877,046	498,770	(43,848)	(73)	(1,137)	453,713
2045/46	53,244,015	2,410,212	50,833,803	508,338	(44,656)	(74)	(1,175)	462,433
2046/47	54,219,907	2,410,212	51,809,695	518,097	(45,480)	(75)	(1,214)	471,327
2047/48	55,215,316	2,410,212	52,805,105	528,051	(46,321)	(77)	(1,254)	480,399
2048/49	56,230,634	2,410,212	53,820,422	538,204	(47,178)	(78)	(1,295)	489,653
2049/50	57,266,258	2,410,212	54,856,047	548,560	(48,053)	(80)	(1,336)	499,091
2050/51	58,322,595	2,410,212	55,912,383	559,124	(48,945)	(81)	(1,379)	508,719
2051/52	59,400,058	2,410,212	56,989,847	569,898	(49,855)	(83)	(1,422)	518,539
2052/53	60,499,071	2,410,212	58,088,859	580,889	(50,783)	(85)	(1,466)	528,555
2053/54	61,620,064	2,410,212	59,209,852	592,099	(51,729)	(86)	(1,511)	538,772
Total	\$1,475,522,486	\$74,716,564	\$1,400,805,922	\$14,008,059	\$(1,232,659)	\$(2,039)	\$(29,401)	\$12,743,960

Note: Columns may not add due to rounding.

⁽¹⁾ Assessed valuation includes a growth factor of 2% per year. Assessed valuation for Fiscal Year 2023-24 is as of July 1, 2023, and includes the Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area A, the Hunters Point Shipyard Project Area other than the Hunters Point Hill Residential District, and the State-Owned Parcels. No reduction in assessed values from assessment appeals is assumed. See “PLEDGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals” and “CERTAIN RISK FACTORS – Reduction in Tax Base and Assessed Values” and “ – Appeals to Assessed Values.”

⁽²⁾ Gross tax increment equals the tax rate times the increase over base year value and does not necessarily equal amounts collected.

⁽³⁾ In the Bayview Hunters Point Redevelopment Project Area B, revenue from the Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B, estimated to be \$1.0 million in Fiscal Year 2023-24, is not available to pay debt service on the Second Lien Debt or the Third Lien Debt, including the 2023A/B Bonds. In the Transbay Project Area, approximately \$28.4 million of State-Owned Parcel Net Tax Increment in Fiscal Year 2023-24 is not available to pay debt service on the Senior Obligations or the Third Lien Debt, including the 2023A/B Bonds. Revenue from the South of Market and Embarcadero-Lower Market (“Golden Gateway”) Project Areas is offset by negative revenue of approximately \$48,000 from the Federal Office Building Redevelopment Project Area through a fiscal merger.

⁽⁴⁾ The City Controller charges the City Controller Administration Fee pursuant to the Redevelopment Dissolution Act, of approximately 0.015% of tax increment.

⁽⁵⁾ Consists of Project Area-specific prior obligations senior to the 2023A/B Bonds. In the Yerba Buena Center Approved Project Area D-1, a portion of the base-year value increases each year pursuant to that project area’s redevelopment plan. This is calculated as a two percent (2%) increase per annum on the base year assessed value of the Westfield multi-use commercial development in the Emporium Site Area added to the Yerba Buena Center Redevelopment Project Area pursuant to a plan amendment dated August 3, 2000. The amount excluded from Fiscal Year 2023-24 in this manner is approximately \$404,000 in tax increment. In the South of Market Project Area, a portion of tax increment revenue, estimated to be \$80,000, is potentially allocable to school districts under Section 33676 and the Santa Ana Section 33676 Decision. Projections in this column do not include debt service for Existing Senior Loans or Second Lien Debt, which are payable from tax increment on a basis senior to the 2023A/B Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Senior Obligations – Project Area-Specific Prior Obligations.”

Source: Urban Analytics.

Table 7
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Estimated All-In Debt Service Coverage – No Growth
(The Project Areas)
(dollar amounts in thousands)

Bond Year ending August 1	Net Available Tax Increment Revenues	Less: Existing Senior Loan Agreements and Second Lien Debt⁽¹⁾	Pledged Tax Revenues	2017A/B Bonds and 2021A Bonds⁽²⁾	2023A/B Bonds⁽²⁾	Total Payments for All-In Debt Service Coverage Calculation⁽³⁾	All-In Debt Service Coverage⁽⁴⁾
2024	\$305,944	\$48,361	\$257,583	\$8,750	\$3,996	\$61,107	5.0x
2025	305,944	32,523	273,421	19,261	3,997	55,781	5.5x
2026	305,944	31,862	274,082	18,727	3,995	54,584	5.6x
2027	305,944	31,873	274,071	18,431	3,997	54,301	5.6x
2028	305,944	31,848	274,097	18,568	3,996	54,412	5.6x
2029	305,944	31,828	274,116	18,754	3,997	54,579	5.6x
2030	305,944	31,348	274,596	18,948	3,995	54,291	5.6x
2031	305,944	28,501	277,443	22,600	4,000	55,101	5.6x
2032	305,944	28,479	277,465	23,429	3,995	55,903	5.5x
2033	305,944	28,473	277,471	1,802	3,996	34,271	8.9x
2034	305,944	28,440	277,505	1,802	3,998	34,240	8.9x
2035	305,944	24,262	281,682	1,802	3,999	30,063	10.2x
2036	305,944	23,176	282,768	1,802	3,999	28,977	10.6x
2037	305,944	17,792	288,153	1,802	3,996	23,590	13.0x
2038	305,944	7,741	298,203	1,802	3,999	13,542	22.6x
2039	305,944	7,727	298,218	1,802	3,995	13,524	22.6x
2040	305,944	5,760	300,184	1,802	3,996	11,558	26.5x
2041	305,944	3,258	302,686	2,342	3,995	9,595	31.9x
2042	305,944		305,944	8,468	3,998	12,466	24.5x
2043	305,944		305,944	8,491	3,998	12,489	24.5x
2044	305,944		305,944	8,514	3,997	12,511	24.5x
2045	305,944		305,944	9,024	3,996	13,020	23.5x
2046	305,944		305,944	9,025	3,999	13,024	23.5x
2047	305,944		305,944	0	3,995	3,995	76.6x
2048	305,944		305,944	0	3,995	3,995	76.6x
2049	305,944		305,944	0	3,997	3,997	76.5x
2050	305,944		305,944	0	3,995	3,995	76.6x
2051	305,944		305,944	0	3,999	3,999	76.5x
2052	305,944		305,944	0	3,999	3,999	76.5x
2053	305,944		305,944	0	4,000	4,000	76.5x

⁽¹⁾ Second Lien Debt consists of the 2014 Bonds and the 2017D/E Bonds.

⁽²⁾ Third Lien Debt.

⁽³⁾ Consists of debt service on all Existing Senior Loan Agreements, Second Lien Debt and Third Lien Debt, including the 2023A/B Bonds.

⁽⁴⁾ Net available tax increment revenues divided by total debt service on all Existing Senior Loan Agreements, Second Lien Debt and Third Lien Debt, including the 2023A/B Bonds.

Source: Stifel, Nicolaus & Company, Incorporated, as to debt service and debt service coverage data and Urban Analytics, LLC, as to Net Available Tax Increment Revenues.

Table 8
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Estimated All-In Debt Service Coverage – 2% Growth
(The Project Areas)
(dollar amounts in thousands)

Bond Year ending August 1	Net Available Tax Increment Revenues	Less: Existing Senior Loan Agreements and Second Lien Debt⁽¹⁾	Pledged Tax Revenues	2017A/B Bonds and 2021A Bonds⁽²⁾	2023A/B Bonds⁽²⁾	Total Payments for All-In Debt Service Coverage Calculation⁽³⁾	All-In Debt Service Coverage⁽⁴⁾
2024	\$305,944	\$48,361	\$257,583	\$8,750	\$3,996	\$61,107	5.0x
2025	311,656	32,523	279,133	19,261	3,997	55,781	5.6x
2026	317,481	31,862	285,619	18,727	3,995	54,584	5.8x
2027	323,423	31,873	291,550	18,431	3,997	54,301	6.0x
2028	329,484	31,848	297,636	18,568	3,996	54,412	6.1x
2029	335,666	31,828	303,838	18,754	3,997	54,579	6.2x
2030	341,972	31,348	310,624	18,948	3,995	54,291	6.3x
2031	348,404	28,501	319,903	22,600	4,000	55,101	6.3x
2032	354,965	28,479	326,486	23,429	3,995	55,903	6.3x
2033	361,657	28,473	333,184	1,802	3,996	34,271	10.6x
2034	368,482	28,440	340,042	1,802	3,998	34,240	10.8x
2035	375,444	24,262	351,182	1,802	3,999	30,063	12.5x
2036	382,546	23,176	359,370	1,802	3,999	28,977	13.2x
2037	389,839	17,792	372,047	1,802	3,996	23,590	16.5x
2038	397,281	7,741	389,540	1,802	3,999	13,542	29.3x
2039	404,872	7,727	397,145	1,802	3,995	13,524	29.9x
2040	412,614	5,760	406,854	1,802	3,996	11,558	35.7x
2041	420,512	3,258	417,254	2,342	3,995	9,595	43.8x
2042	428,567		428,567	8,468	3,998	12,466	34.4x
2043	436,784		436,784	8,491	3,998	12,489	35.0x
2044	445,165		445,165	8,514	3,997	12,511	35.6x
2045	453,713		453,713	9,024	3,996	13,020	34.8x
2046	462,433		462,433	9,025	3,999	13,024	35.5x
2047	471,327		471,327	0	3,995	3,995	118.0x
2048	480,399		480,399	0	3,995	3,995	120.3x
2049	489,653		489,653	0	3,997	3,997	122.5x
2050	499,091		499,091	0	3,995	3,995	124.9x
2051	508,719		508,719	0	3,999	3,999	127.2x
2052	518,539		518,539	0	3,999	3,999	129.7x
2053	528,555		528,555	0	4,000	4,000	132.1x

⁽¹⁾ Second Lien Debt consists of the 2014 Bonds and the 2017D/E Bonds.

⁽²⁾ Third Lien Debt.

⁽³⁾ Consists of debt service on all Existing Senior Loan Agreements, Second Lien Debt and Third Lien Debt, including the 2023A/B Bonds.

⁽⁴⁾ Net available tax increment revenues divided by total debt service on all Existing Senior Loan Agreements, Second Lien Debt and Third Lien Debt, including the 2023A/B Bonds.

Source: Stifel, Nicolaus & Company Incorporated, as to debt service and debt service coverage data and Urban Analytics, LLC, as to Net Available Tax Increment Revenues.

Assessment Appeals

Appeals of assessments by property owners in the Project Areas can result in future reductions in assessed valuations that can affect the amount of Tax Revenues. It has been the practice of the City Controller to not deduct appeal-related tax refunds from the Successor Agency's tax increment. Instead, these refunds are apportioned to other Taxing Entities using the normal apportionment mechanism. While this practice is expected to continue indefinitely, the City Controller may choose to alter or eliminate it.

The most common type of appeal filed is known as a Proposition 8 appeal, in which the property owner seeks a reduction in a particular year's secured assessment based on the current economic value of the property. The Assessor may also adjust valuations based on Proposition 8 criteria. In past years, assessment reductions under Proposition 8 have been generally temporary in nature and were usually restored to their previous levels, as adjusted for inflation, as economic conditions improved. The Assessor's office has not indicated how many parcels are currently subject to Proposition 8 reductions in the Project Areas.

Property owners may also appeal the Proposition 13 base assessment of a property. Although less frequently filed, such appeals, if successful, can permanently reduce the enrolled valuation of a property and consequently affect the Successor Agency's annual revenue. The annual filing period for all appeals extends from July 2 to September 15. See "CERTAIN RISK FACTORS – Appeals to Assessed Values" and "LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIII A of California Constitution."

Appeal filings in the Project Areas for the past ten (10) years as of May 24, 2023, are shown in the table below for the secured and unsecured rolls. The table compares the Assessor's valuation with the applicant's opinion of the value of a property and show the resulting valuation for resolved appeals. Appeals are considered resolved when they are withdrawn by the applicant, denied a hearing by the City's Assessment Appeals Board ("**Assessment Appeals Board**"), granted a hearing but denied an adjustment in valuation, or granted an adjustment in valuation.

[Remainder of Page Intentionally Left Blank.]

Table 9
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Assessment Appeals in the Project Areas
as of May 24, 2023

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate*
2022-23	Resolved	121	\$601,295,756	\$362,673,194	\$599,182,066	99.6%
2022-23	Pending	104	6,769,261,379	4,201,185,127	TBD	TBD
2021-22	Resolved	192	1,886,126,957	1,297,510,728	1,878,393,849	99.6%
2021-22	Pending	74	4,566,396,545	2,770,363,102	TBD	TBD
2020-21	Resolved	189	1,618,693,604	1,063,739,545	1,610,527,675	99.5%
2020-21	Pending	44	3,340,161,600	2,032,956,105	TBD	TBD
2019-20	Resolved	66	1,533,435,296	902,484,996	1,530,511,973	99.8%
2019-20	Pending	14	920,542,478	666,884,639	TBD	TBD
2018-19	Resolved	64	2,795,062,526	2,026,538,468	2,745,373,273	98.2%
2018-19	Pending	8	654,135,086	448,354,774	TBD	TBD
2017-18	Resolved	214	2,571,608,460	1,723,558,036	2,546,485,190	99.0%
2017-18	Pending	6	356,260,361	257,087,605	TBD	TBD
2016-17	Resolved	209	1,822,114,232	865,834,954	1,794,131,367	98.5%
2016-17	Pending	1	2,808,636	500,000	TBD	TBD
2015-16	Resolved	56	2,294,449,168	1,313,463,151	2,263,373,746	98.6%
2015-16	Pending	-	-	-	-	NA
2014-15	Resolved	113	3,554,601,518	2,421,450,703	3,509,619,762	98.7%
2014-15	Pending	-	-	-	-	NA
2013-14	Resolved	172	3,703,538,935	2,205,517,104	3,697,619,615	99.8%
2013-14	Pending	-	-	-	-	NA
All Years	Resolved	1,396	\$22,380,926,452	\$14,182,770,879	\$22,175,218,516	99.1%
All Years	Pending	251	\$16,609,566,085	\$10,377,331,352	TBD	TBD

* Retention Rate is the proportion of value retained after resolution of an appeal. The rate is calculated by dividing the "Valuation After Appeal" into the "County Valuation." For withdrawn and denied appeals, the "Valuation After Appeal" is the original County Valuation.

Source: San Francisco County Assessment Appeals Board. Data as of 5/24/2023.

Additionally, in the Transbay Project Area, a residential tower at 301 Mission Street (the "**Millennium Tower**") is reported to have experienced greater settling than anticipated as well as tilting of the building. Such building has been undergoing repairs to address the settling and tilting after the settlement of multiple lawsuits related to such problems. The property consists of 419 residential condominiums and 2 commercial condominiums with a combined Fiscal Year 2023-24 assessed valuation of \$668.9 million, which represents approximately 1.9% of the aggregate assessed valuation of the properties in the Project Areas shown in Table 4. Of these condominium owners in Millennium Tower, 167 filed appeals in Fiscal Year 2016-17 on \$392.1 million in assessed valuation resulting in reductions of \$10.9 million and 169 filed appeals in Fiscal Year 2017-18 on \$374.4 million assessed valuation resulting in reductions of \$23.2 million. Fewer appeals were filed in subsequent years: 20 appeals in Fiscal Year 2018-19 resulting in \$1.6 million in reduced valuations with 4 still pending, 13 in Fiscal Year 2019-20 resulting in \$1.7 million in reduced valuations with 4 still pending, 7 in Fiscal Year 2020-21 resulting in no reductions in valuation with 2 still pending, and 8 in Fiscal Year 2021-22 resulting in \$0.5 million in reduced valuations with 4 still pending.

The potential exposure of the Successor Agency's tax increment revenue to appeals were the Assessor to extend Proposition 8 reductions to future rolls for properties granted prior-year reductions may be seen by applying the overall retention rate for all years in the Project Areas to the amount of roll valuation in pending appeals for the Project Areas. Applying the retention rate of 99.1% set forth in Table 9 to the aggregate valuation subject to pending appeals in the Project Areas as of May 24, 2023, the Fiscal Consultant estimates a reduction in assessed valuation of approximately \$152.6 million or approximately \$1.5 million in gross tax increment revenues, which is 0.5% of the Project Areas' gross tax increment revenues in Fiscal Year 2023-24. As this includes properties with appeals in multiple years, it does not necessarily indicate an equivalent reduction in future revenue.

If the full amount of disputed valuations were to be granted by the Assessment Appeals Board across the Project Areas, and if the City Controller were to deduct the resulting tax refunds from the tax increment allocated to the Successor Agency, the Fiscal Consultant estimates a reduction in assessed valuation of approximately \$6.2 billion and a reduction in the gross tax increment revenue for the Project Areas of approximately \$62.3 million or 18.6% of gross tax increment in Fiscal Year 2023-24. Any such reductions in taxable values could cause a reduction in the Pledged Tax Revenues securing the 2023A/B Bonds. However, based on projected debt service coverage shown on Table 7, the Successor Agency does not expect Fiscal Year 2022-23 assessment appeals to impact its ability to pay debt service on the 2023A/B Bonds when due. See "PLEDGED TAX REVENUES AND DEBT SERVICE – Projected Pledged Tax Revenues and Debt Service Coverage."

CERTAIN RISK FACTORS

In addition to the information set forth elsewhere in this Official Statement, potential investors should consider the following matters in evaluating an investment in the 2023A/B Bonds. The following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the 2023A/B Bonds. No assurance can be given that additional risk factors will not become evident at any future time. The order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Recognized Obligation Payment Schedule

As described in greater detail above under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Recognized Obligation Payment Schedule," the Redevelopment Dissolution Act provides that only those payments listed in the ROPS may be made by the Successor Agency from the funds specified in the ROPS. Tax Revenues will not be distributed from the RPTTF by the City Controller to the Retirement Fund without a duly approved and effective ROPS obtained in sufficient time prior to the distribution date, unless a Last and Final ROPS is filed in which event no periodic filing requirements apply. In instances where a Last and Final ROPS is not filed, if the Successor Agency were to fail to submit an approved ROPS by the applicable date and the California Department of Finance does not provide a notice to the City Controller to withhold funds from distribution to Taxing Entities, amounts in the RPTTF for such period would be distributed to Taxing Entities and the availability of Pledged Tax Revenues for the Successor Agency to pay debt service on the 2023A/B Bonds could be adversely affected for such period. The Successor Agency does not currently plan to file a Last and Final ROPS. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Recognized Obligation Payment Schedule."

Certain Uncertainties Regarding the Redevelopment Dissolution Act

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Redevelopment Dissolution Act does not require funds derived from separate project areas of a former redevelopment

agency to be used only in the project areas from which the revenue was generated. Instead, the Redevelopment Dissolution Act requires that the county auditor-controller establish a single RPTTF with respect to each former redevelopment agency within the respective county and that the county auditor-controller deposit into the RPTTF all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency. In effect, the Redevelopment Dissolution Act combines the property tax revenues derived from all project areas of a former redevelopment agency into a single trust fund, the RPTTF, to repay indebtedness of the successor agency. The only exception to this aggregation of property tax revenues is for those property tax revenues of a particular project area that have been contractually committed for certain enforceable obligations of a former redevelopment agency. To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Redevelopment Dissolution Act does not impair that pledge. Section 34175(a) of the California Health and Safety Code states, *“it is the intent... that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.”* Accordingly, the Pledged Tax Revenues securing the 2023A/B Bonds will be used for purposes consistent with the applicable bond covenants prior to being used for any other purpose, including payment of any other indebtedness of the Former Agency now being paid by the Successor Agency (excluding Senior Obligations).

Estimates of Tax Revenues

To estimate the Pledged Tax Revenues ultimately available to pay debt service on the 2017A/B Bonds, the 2021A Bonds and the 2023A/B Bonds, the Successor Agency has made certain assumptions with regard to the present and future assessed valuation of taxable property in the Project Areas, future tax rates, growth in tax revenues over time, percentage of taxes collected and other senior obligations. See APPENDIX B – “FISCAL CONSULTANT REPORT.” The Successor Agency believes these assumptions to be reasonable, but there is no assurance that these assumptions will be realized. To the extent that actual assessed valuation, tax rates or percentages collected are less than the Successor Agency’s assumptions, the Pledged Tax Revenues would be less than those projected and may be insufficient to pay debt service on the 2023A/B Bonds.

Concentration of Property Ownership

The risk of reduction in assessed value as a result of factors described herein may increase where the assessed value within the Project Areas is concentrated among a relatively few number of property owners. Ownership of property in the Project Areas is significantly concentrated, with the ten largest property owners by assessed valuation accounting for 24.5% of the Fiscal Year 2023-24 assessed valuation and 26.2% of the Project Areas’ incremental assessed value. Significant reduction in the assessed values of these properties could, by itself or in combination with other factors, have a material adverse effect on the Successor Agency’s ability to pay debt service on the 2023A/B Bonds as such payments become due and payable. See “THE PROJECT AREAS – Assessed Valuation and Other Information Regarding the Project Areas – Table 1, Assessed Value by Land Use in the Project Areas” and “– Table 3, Top Ten Taxpayers by Assessed Valuation in the Project Areas” and discussion thereafter about three residential condominium buildings, each of whose constituent condominium assessments would, if taken in the aggregate, be among the top ten taxpayers for Fiscal Year 2023-24.

Subordination of ERAF

The AB 1290 Statutory Pass-Through Amounts are, or are assumed to be, subordinate to the payment of debt service on the 2023A/B Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Allocation of Taxes Pursuant to the Redevelopment Dissolution Act – *Assembly Bill*

1290; Statutory Pass-Throughs” and “ – Statutory Pass-Through Amounts are Subordinated to Payment of Debt Service on the 2023A/B Bonds.” As ERAF is not an entity, but a fund, there is not a mechanism to seek affirmative approval of the subordination of monies payable to ERAF. The Successor Agency believes that the Statutory Pass-Through Amounts to be deposited in ERAF are subordinated if the Taxing Entities, to whom the amounts deposited in ERAF will be distributed, have approved, or are deemed to have approved, the subordination of the Statutory Pass-Through Amounts directly payable to them. Should a Taxing Entity or the State disagree with the Successor Agency’s position with regards to the subordination of the ERAF and determine that the Statutory Pass-Through Amounts due to ERAF cannot be subordinated, such amounts would be a senior obligation and payment thereof would have to be made prior to payment of debt service on the 2023A/B Bonds. The Statutory Pass-Through Amount for ERAF for Fiscal Year 2022-23 is approximately 25.3% of the total Statutory Pass-Through Amounts. The Successor Agency does not believe that an obligation to pay the ERAF amounts on a basis senior to the payment of debt service on the 2023A/B Bonds will have a materially adverse effect on its ability to pay debt service on the 2023A/B Bonds.

Reduction in Tax Base and Assessed Values

Pledged Tax Revenues constitute the ultimate source of payment for the 2017A/B Bonds, the 2021A Bonds, the 2023A/B Bonds and any other Third Lien Parity Debt issued in the future. Such tax revenues are determined by the amount of the incremental taxable value of property in the Project Areas, the current rate or rates at which property in the Project Areas is taxed and the percentage of taxes collected in the Project Areas. A reduction of the taxable values of property in the Project Areas could occur as a result of numerous factors beyond the Successor Agency’s control, including but not limited to, a general economic downturn, political and economic obstacles to additional development and redevelopment activities in the Project Areas, relocation out of the Project Areas by one or more major property owners or tenants, property becoming exempt from property taxes through condemnation or acquisition by certain entities such as nonprofit corporations, or the complete or partial destruction of property caused by, among other calamities, earthquake, fire, flood or other natural disaster. In addition, taxable values may be reduced pursuant to successful appeals of assessed valuations or by widespread temporary reduction in assessed valuation under Proposition 8. See also “PLEDGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals” above.

Were the Assessor to extend Proposition 8 reductions to future rolls for properties granted prior-year reductions, applying the overall retention rate of 99.1% set forth in Table 9 to the valuation subject to pending appeals as of May 24, 2023, the estimated reduction in prior-year assessed valuation would be approximately \$152.6 million, or approximately \$1.5 million in gross tax increment revenues in Fiscal Year 2023-24. If the full amount of such disputed valuation were to be granted by the Assessment Appeals Board across the Project Areas, and if the City Controller were to deduct the resulting tax refunds from the Successor Agency’s tax increment, the estimated reduction in prior-year assessed valuation would be approximately \$6.2 billion for the Project Areas and in gross tax increment revenues would be approximately \$62.3 million or 18% of gross tax increment in Fiscal Year 2023-24; this includes multi-year appeals and does not necessarily indicate an equivalent reduction in future revenue. See “PLEDGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals.”

The COVID-19 pandemic has had an adverse impact on property valuations in the Project Areas. As set forth in Table 5, the assessed valuations for Fiscal Year 2021-22 in the Embarcadero-Lower Market (“Golden Gateway”) Project Area, the Hunters Point Hill Residential District (Hunters Point Shipyard Project Area), the Western Addition Project Area A-2 and the Yerba Buena Center Approved Project Area D-1 declined from the respective assessed valuations for the previous fiscal year. However, such assessed valuations increased in Fiscal Years 2022-23 and 2023-24. While the State of California, the San Francisco Department of Public Health, the WHO and HHS have ended their respective COVID-19 public health emergency declarations, the impact of COVID-19 is ongoing and the economic effects are uncertain

in many respects. See “– Public Health Emergencies” and “PLEDGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals.”

In general, because property on the unsecured tax roll includes personal property and leasehold interests, the values of property on the unsecured roll are more likely to fluctuate and are more susceptible to reduction due to adverse economic circumstances affecting the owners of the properties. Accordingly, unsecured assessed valuation may present special risks and may be more susceptible to fluctuation from year to year than valuation reflected on the secured roll. According to the Fiscal Consultant, the unsecured roll represents approximately 11.8% of the overall assessed value in the Project Areas for Fiscal Year 2023-24.

Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a two percent (2%) increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such adjustments are computed on a calendar year basis. In projecting future Pledged Tax Revenues to be available to it to make payments with respect to the 2023A/B Bonds, the Successor Agency has assumed an annual two percent (2%) inflationary increase. The projected Pledged Tax Revenues are based on the latest actual amounts received by the Successor Agency. However, future deflation could cause decreases in property values, a reduction in tax revenues received by the Successor Agency and reduced Pledged Tax Revenues. See “– Reduction in Inflation Rate,” “PLEDGED TAX REVENUES AND DEBT SERVICE” and “LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIII A of California Constitution” herein.

In addition to the other limitations on and the required application under the Redevelopment Dissolution Act of tax revenues on deposit in the RPTTF, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing tax revenues allocated to the RPTTF and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature’s impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce Pledged Tax Revenues and adversely affect the source of repayment and security of the 2023A/B Bonds.

Appeals to Assessed Values

There are two basic types of assessment appeals provided for under California law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the Assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the Assessor is reduced, the valuation of the property cannot increase in subsequent years more than two percent (2%) annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property’s then current taxable value (escalated base year value). Pursuant to California law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner’s property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the City, a property owner desiring a Proposition 8 reduction of the assessed value of such owner’s property in any one (1) year period must submit an application to the City’s Assessment Appeals Board. Applications for any tax year must be submitted, or postmarked if mailed, by September 15 of such tax year. Following a review of the application by the Assessor, the Assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Assessment

Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Assessment Appeals Board generally is required to determine the outcome of appeals within two (2) years of each appeal's filing date unless waived by the applicant. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than two percent (2%)) following the year for which the reduction application is filed. However, the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted. See "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure" and "PLEDGED TAX REVENUES AND DEBT SERVICE."

An appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in present or future taxable values within the Project Areas, which may arise out of successful appeals by property owners, will affect the amount of present or future Pledged Tax Revenues.

Two of the ten (10) largest property taxpayers in the Project Areas and the Millennium Tower, a condominium property in the Transbay Project Area, whose constituent condominium assessments would, if taken in the aggregate, be included among the ten (10) largest property taxpayers in the Project Areas for Fiscal Year 2023-24, have pending property tax appeals. See "THE PROJECT AREAS – Assessed Valuation and Other Information Regarding the Project Areas – Table 3, Top Ten Taxpayers by Assessed Valuation," and "PLEDGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals" for a description of pending appeals and the potential impact on allocable tax revenues if the appeals are granted.

Two office buildings in San Francisco, but outside of the Project Areas, reportedly were sold in June and August 2023 for prices substantially less than their assessed values. See "– Office Vacancy, Hotel Occupancy and Room Rate Declines, and Retail Vacancy and Closures in San Francisco; Impact on Property Taxes and Other Revenues – *Office Vacancy*." The Successor Agency cannot predict what effect, if any, such sales will have on assessed values, or the number of appeals of assessed values, in the Project Areas. The deadline to file appeals of the Fiscal Year 2023-24 assessed values is September 15, 2023.

Property Foreclosures

Foreclosures primarily affect assessed valuations at the point at which the property foreclosed upon is sold to a third party, with the often significantly lower sale price determining the property's new assessed value. As available foreclosure data do not track properties through to the point of sale to third parties, the actual impact on assessed valuation cannot be reasonably determined.

State Budget Issues; Changes in State Law

In general terms, the Redevelopment Dissolution Act implemented a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of \$1.5 billion). Subsequently, SB 107 was enacted, making additional changes to the Redevelopment Dissolution Act.

There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Pledged Tax Revenues. There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Redevelopment Law, the Redevelopment Dissolution Act or other laws or the Constitution

of the State resulting in a reduction of Pledged Tax Revenues, or that otherwise have an adverse effect on the Successor Agency's ability to pay debt service on the 2023A/B Bonds.

The Redevelopment Dissolution Act and implementation of its provisions have been and may continue to be subject to differing interpretations by different stakeholders, including the California Department of Finance, the State Controller, oversight boards, successor agencies, auditor-controllers, and others. Certain litigation is challenging some of the terms of the Redevelopment Dissolution Act and the Redevelopment Dissolution Act could be subject to further legislative or judicial review. The Successor Agency cannot predict the outcome or impact of any such litigation, interpretations or reviews on the availability of Pledged Tax Revenues to pay the 2023A/B Bonds.

Development Risks

Only a few undeveloped areas remain within the Project Areas, as the Project Areas are substantially developed. According to the Fiscal Consultant, of the 936 properties classified as vacant in Table 1, 170 are located in the Excluded Project Areas, of which 79 are in Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B, 1 is in the Hunters Point Shipyard Project Area other than the Hunters Point Hill Residential District and 90 are in the State-Owned Parcels. Any future property tax revenue from properties in the Excluded Project Areas will not be pledged revenue, except that tax increment revenues from the State-Owned Parcels in an amount equal to the former State-Owned Parcels Housing Set-Aside and the amount equal to the Statutory Pass-Through Amounts payable to taxing entities with respect to the State-Owned Parcels, to the extent subordinated, is anticipated to be available for payment of debt service on the Senior Obligations and the Third Lien Bonds, including the 2023A/B Bonds, as described in this Official Statement. See "INTRODUCTION – Excluded Project Areas – *Excluded Tax Increment from State-Owned Parcels*." Of the remaining 776 properties, 401 are within the Bayview Hunters Point Project Area – Zone 2 of Project Area B, 105 are within the Hunters Point Hill Residential District (Hunters Point Shipyard Project Area), 95 are within the Transbay Project Area and the remainder are distributed across the other seven Project Areas.

The developments within the Project Areas will be subject to all the risks generally associated with real estate development. Projected development within the Project Areas may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the Project Areas could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Areas is delayed or halted, the economy of the Project Areas could be affected. If such events lead to a decline in assessed values, they could cause a reduction in Pledged Tax Revenues. In addition, if there is a decline in the general economy of the Project Areas, the owners of property within the Project Areas may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of the tax revenues received by the Successor Agency from the Project Areas. In addition, the insolvency or bankruptcy of one or more large owners of property within the Project Areas could delay or impair the receipt of tax revenues by the Successor Agency.

Natural Disasters

Real estate values can be adversely affected by a variety of natural events and conditions, including earthquakes, tsunamis, sea level rise and floods. The Successor Agency expects that one or more of these conditions may occur from time to time, and such conditions may result in delays in development or damage to property improvements. Any damage resulting from a natural disaster may entail significant repair or replacement costs, and repair or replacement may never occur. Under any of these circumstances, the value

of real estate within the Project Areas could depreciate substantially and owners of property may be less willing or able to pay property taxes.

Earthquake. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area, including the San Andreas Fault, which passes about three miles to the southeast of the City's border, the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away, and a number of other significant faults in the region. Significant seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and surrounding areas. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed. On August 24, 2014, the San Francisco Bay Area experienced a 6.0 earthquake centered near Napa along the West Napa Fault. The City did not suffer any material damage as a result of this earthquake.

In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more quakes of about magnitude 6.7 or larger will occur in the San Francisco Bay Area before the year 2045. Such earthquakes may be very destructive. In addition to the potential damage to City-owned buildings and facilities (on which the City does not generally carry earthquake insurance), due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly long-term harm to the City's economy, tax receipts, and residential and business real property values, including those located in the Project Areas.

In early 2016, the Port Commission of the City (the "**Port Commission**") commissioned an earthquake vulnerability study of the Northern Waterfront Seawall. The three-mile Seawall was constructed over 100 years ago and sits on reclaimed land, rendering it vulnerable to seismic risk. The Seawall provides flood and wave protection to downtown San Francisco, and stabilizes hundreds of acres of filled land. Preliminary findings of the study indicate that a strong earthquake may cause most of the Seawall to settle and move outward toward the Bay, which would significantly increase earthquake damage and disruption along the waterfront. The Successor Agency is unable to predict the impact, if any, on property tax revenues from the Project Areas if the Seawall were to be damaged. See "*– Climate Change and Flooding*" below.

In September 2022, Port staff delivered a report on key findings from an initial assessment of seismic hazards and vulnerabilities to the City's southern waterfront facilities. It reported that the assessment identified several key earthquake hazards and vulnerabilities at facilities that were essential to the Port's maritime business line as well as critical for the City's emergency response and recovery operations that would cost over \$300 million to mitigate. It also reported that Port staff was actively pursuing next steps to further analyze, fund and mitigate the hazards and vulnerabilities identified.

Climate Change and Flooding. It is expected that sea levels will rise given the rising temperature of the oceans and an increase in ocean volume as land ice melts and runs off into the ocean. Over the past century, sea level has risen nearly eight inches along the California coast, and substantial increases in sea level rise are projected due to climate change over the coming century. In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is "The Impacts of Sea-Level Rise on the California Coast." The paper posited that increases in sea level will be a significant consequence of climate change over the next century. The paper

evaluated the population, infrastructure, and property at risk from projected sea-level rise along the Pacific Coast and along the San Francisco Bay if no action is taken to protect the coasts. The paper estimated that if the sea level were to rise 1.4 meters, a 100-year flood along the Pacific Coast would increase the vulnerable population in the City from 4,800 under then-current sea level to 6,500 (all population numbers based on 2000 census) and the replacement value of buildings and contents at risk in the City would increase from \$670 million to \$890 million (all dollar amounts in year 2000 dollars). In addition, the paper estimated that a 100-year flood along the San Francisco Bay with sea level rises of 0.5 meter, 1.0 meter or 1.4 meters, would increase the vulnerable population in the City from 190, at then-current sea level, to 600, 1,600 or 3,800, respectively, and increase the replacement value of buildings and contents at risk in the City from \$110 million, at then-current sea level, to \$370 million, \$1.4 billion or \$4.0 billion, respectively. The paper further stated that the San Francisco Bay is particularly vulnerable to impacts associated with sea-level rise due to extensive development on the margins of the Bay. A wide range of critical infrastructure along the California Coast and in communities along the San Francisco Bay, such as roads, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

Sea level rise can lead not only to permanent inundation of land but it can also expand the 100-year floodplain. Land composed of fill near San Francisco Bay is at risk for inundation because of low elevation and subsidence over time due to compaction from buildings and soil desiccation.

In March 2016, the City released a report entitled “Sea Level Rise Action Plan,” which identified geographic zones at risk of sea level rise and provided a framework for devising adaption strategies to confront such risks. To implement such Plan, the Mayor’s Sea Level Rise Coordinating Committee, co-chaired by the Planning Department and Office of Resilience and Capital Planning, joined the Port, the Public Utilities Commission and other public agencies in moving several initiatives forward. This included a Citywide Sea Level Rise Vulnerability and Consequences Assessment to identify and evaluate sea level rise impacts across the City and in various neighborhoods that was released in February 2020.

In March 2020, a consortium of State and local agencies, led by the Bay Area Conservation and Development Commission, released a detailed study entitled, “Adapting to Rising Tides Bay Area: Regional Sea Level Rise Vulnerability and Adaptation Study,” on how sea level rise could alter the Bay Area. The study stated that a 48-inch increase in the bay’s water level in coming decades could cause more than 100,000 Bay Area jobs to be relocated, nearly 30,000 lower-income residents to be displaced, and 68,000 acres of ecologically valuable shoreline habitat to be lost. The study further argued that without a far-sighted, nine county response, the region’s economic and transportation systems could be undermined along with the environment. Runways at San Francisco International Airport could largely be under water.

The City has already incorporated site specific adaption plans in the conditions of approval for certain large waterfront development projects, such as the Candlestick/Hunters Point Shipyard, Treasure Island, Pier 70 and Mission Rock projects. Also, the City is in the process of planning to fortify the Port’s Bay shoreline against earthquakes, flooding, and sea level rise. In November 2018, voters of the City approved Proposition A, authorizing the issuance of up to \$425 million in general obligation bonds for seismic safety and disaster response improvements along the Seawall. The City has expended \$16.2 million through Fiscal Year 2020-21 and expects short-term upgrades to cost over \$500 million and long-term upgrades to cost more than \$5 billion. In August 2020, the Port released a multi-hazard seismic and flood risk assessment of Port and City infrastructure along the Embarcadero Seawall, which is being used as a guide to inform project planning. The Port and the United States Army Corps of Engineers have also partnered to study and develop coastal flood defenses to address the flooding and sea level rise along the Port’s Bay waterfront, which will yield a recommendation to Congress as to the federal interest in funding coastal flood defenses.

Portions of the San Francisco Bay Area, including the City, are built on fill that was placed over saturated silty clay known as “**Bay Mud.**” This Bay Mud is soft and compressible, and the consolidation of the Bay Mud under the weight of the existing fill is ongoing. A report issued in March 2018 by researchers at UC Berkeley and the University of Arizona suggested that flooding risk from climate change could be exacerbated in the San Francisco Bay Area due to the sinking or settling of the ground surface, known as subsidence. The study claimed that the risk of subsidence was more significant for certain parts of the City built on fill. The Transbay Project Area has property built on Bay Mud. The Successor Agency has not conducted any investigation as to whether any property in other Project Areas is on Bay Mud.

In October 2022, the Port announced that it, in partnership with the U.S. Army Corps of Engineers and City agencies, had developed seven Waterfront Adaptation Strategies, which are different ways for the City to create a resilient, sustainable, and equitable waterfront for the next 100 years. It indicated the intent was not to choose one of the strategies, but to use the best ideas from all of them to create a plan or approach to reduce flood risks from sea level rise and extreme storms and provide an opportunity to invest in and bring public benefits to the City’s waterfront.

Projections of the effects of global climate change on the City and the Successor Agency are complex and depend on many factors that are outside the control of the City or the Successor Agency. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the Successor Agency is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. In particular, the Successor Agency cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the Successor Agency or the Project Areas or the local economy during the term of the 2023A/B Bonds. While the effects of climate change may be mitigated by past and future investment in adaptation strategies, the Successor Agency can give no assurance about the net effects of those strategies and whether additional adaptive mitigation measures will be required. If necessary, such additional measures could require significant capital resources.

Tsunamis. Tsunamis are large waves in the ocean generated by earthquakes, coastal or submarine landslides, or volcanoes. Damaging tsunamis are not common on the California coast. Most California tsunami are associated with distant earthquakes (most likely those in Alaska or South America, and recently in Japan), not with local earthquakes. Devastating tsunamis have not occurred in historic times in the San Francisco Bay Area. The Community Safety Element states that, because of the lack of reliable information about the kind of tsunami run-ups that have occurred in the prehistoric past, there is considerable uncertainty over the extent of tsunami run-up that could occur.

It should be assumed, therefore, that an earthquake or other natural event or man-made activity may occur and may cause damage to improvements on parcels in the Project Areas of varying degrees of severity, that such damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate usability or because other considerations may preclude such repair or replacement. Consequently, the occurrence of any of these conditions could result in a significant decrease in the assessed value of taxable values of property in the Project Areas and could result in a significant reduction in Pledged Tax Revenues. Such reduction of Pledged Tax Revenues could have an adverse effect on the Successor Agency’s payment of debt service on the 2023A/B Bonds.

Cybersecurity

The Successor Agency, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, “**Systems Technology**”).

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Successor Agency’s Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. The Successor Agency participates in the City’s cybersecurity program, which invests in multiple forms of cybersecurity and operational safeguards to protect against such events and attacks.

While the Successor Agency’s cybersecurity and operational safeguards are periodically tested, no assurance can be given by the Successor Agency that such measures will ensure against cybersecurity threats and attacks. Cybersecurity breaches could damage the Successor Agency’s Systems Technology and cause material disruption to the Successor Agency’s operations. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Successor Agency to material litigation and other legal risks, which could cause the Successor Agency to incur material costs related to such legal claims or proceedings.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. In February 2020, the WHO announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 spread across the globe and has had significant adverse health and financial impacts throughout the world, including the City. States of emergency declared by the Mayor of the City and the Governor of the State were ended in February 2023 and the States of emergency declared by the WHO and the President of the United States were ended in May 2023.

While COVID-19 case rates have significantly declined, vaccination rates have increased, and the national and local economies have been improving, COVID-19 is an established and ongoing health issue according to the WHO, and its duration and severity and economic effects are uncertain in many respects. The ultimate impact of COVID-19 on the Successor Agency’s operations and finances and the economy, real estate market and development within the Project Areas, is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known.

Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the Successor Agency’s operations and finances and on the economy, real estate market and development within the Project Areas.

Office Vacancy, Hotel Occupancy and Room Rate Declines, and Retail Vacancy and Closures in San Francisco; Impact on Property Taxes and Other Revenues

Office Vacancy. On October 19, 2022, the Chief Economist of the City Controller’s office released a memorandum (the “**Controller’s Memorandum**”) regarding the impact of remote work on commercial property and tax revenue in the City. The following summarizes certain portions of such memorandum.

According to the Controller’s Memorandum, the City has experienced the largest increase in office vacancy among major urban office markets in the United States, estimated at 24% in the 3rd quarter of 2022, from around 5% before the COVID-19 pandemic. Because of the prevalence of long-term leases in the commercial real estate industry, sudden reductions in demand often result in increases in sublease

vacancy, instead of direct vacancy. Sublease vacancy occurs when existing tenants vacate their space and seek to find sub-lessees, but continue to pay rent under the original lease. A direct vacancy occurs when the original lease has been broken, or has expired and not been renewed. In this case, the property's income declines until a new lease is signed. In San Francisco, sublease vacancies were a very high percentage (80-90%) of office vacancies during 2020 and 2021. In 2022, the sublease vacancy rate declined, while the direct vacancy rate continued to rise.

The Controller's Memorandum further reported that by mid-2022, direct vacancies accounted for most of the vacant office space in San Francisco, according to Jones Lang LaSalle IP, Inc. ("JLL"), and that JLL had developed a series of office vacancy rate forecasts for the City, through the year 2026. According to the Controller's Memorandum, JLL generally showed historically high office vacancy rates persisting throughout the forecast period and forecasted office vacancy in the City to remain between 19.5% and 25.3% by 2026, a range which would be as high as or higher than any previous peak in office vacancy dating back to the 1990s, and rents to rise again by the end of the forecast period, but at a slower rate than was seen in the 2010s. If vacancy rates remain at this elevated level, and a large share of these are direct vacancies, then the income, and market value, of office buildings in the City are likely to be negatively affected.

Since the release of the Controller's Memorandum, JLL and CBRE, Inc., have issued reports indicating the office vacancy rate in San Francisco in the second quarter of 2023 was 28.3% and 31.6%, respectively. In addition, local news outlets have reported recent sales of office buildings in downtown San Francisco at prices that were below the prices at which such properties were offered or purchased or below their assessed values. In May 2023, it was reported that a 22-story 300,000 square foot office building at 350 California Street, which previously was occupied by Union Bank and which had become vacant, sold for roughly 75% less than what it had been offered for in 2020. Such sale price was slightly less than the building's current assessed value, which was based on the building's last sale occurring around 2007. In June 2023, a 13-story office building at 550 California Street reportedly was sold by its owner, Wells Fargo Bank, for a price that was more than 70% less than its most recent assessed value and more than 70% less than the price for which it initially was offered a year earlier. The price also was less than half of what the owner paid for the building in 2005. In August 2023, an 11-story 157,000 square foot office building at 60 Spear Street that was 30% occupied, but was expected to be vacant by summer 2025, reportedly was sold for 66% less than its most recent assessed value. According to such report, 60 Spear Street was last purchased in 2014. None of such buildings is located in any of the Project Areas. However, 60 Spear Street is located next to the Transbay Project Area and the sales of such three buildings may be reflective of the current market values of certain of the office buildings in San Francisco, including those in Project Areas.

The Controller's Memorandum noted that "the prevalence of long-term leases, and the cushioning effect that Proposition 13 has provided San Francisco's property tax base, will be mitigating factors in the short term" with respect to reductions in property taxes from office buildings. However, as set forth above, in some cases where office buildings are sold, sale prices may be substantially less than current assessed values. The Successor Agency cannot predict the degree to which the sale prices of the office buildings set forth above are reflective of the value of the office buildings in the Project Areas, the impact such sale prices may have on the assessed values of office buildings in the Project Areas or whether assessed values of office buildings in the Project Areas will be lowered by the Assessor or through assessment appeals by property owners. In the City, a property owner desiring a reduction of the assessed value of such owner's property in any one (1) year period must submit an application to the City's Assessment Appeals Board by September 15 of such tax year, or if the application is mailed, it must be postmarked by such date. See "– Reductions in Tax Base and Assessed Values" and "– Appeals to Assessed Values."

Declines in Hotel Occupancy and Room Rates. On June 5, 2023, the owner of two major downtown San Francisco hotels, the 1,921-room Hilton San Francisco Union Square and the 1,024-room Parc 55 San Francisco, announced that it had ceased making payments toward a \$725 million non-recourse

loan secured by the two hotels that was scheduled to mature in November 2023. The owner's chairman and chief executive officer stated that they believed San Francisco's path to recovery remained clouded and elongated by major challenges, which included record high office vacancy, concerns over street conditions, lower return to office than peer cities and a weaker than expected citywide convention calendar through 2027 that will negatively impact business and leisure demand. He also indicated that the continued burden on the company's operating results and balance sheet was too significant to warrant continuing to subsidize and own such assets. Such hotels are not located in any of the Project Areas and thus their loan default does not have a direct impact on the assessed value of properties in the Project Areas. The Successor Agency cannot predict what, if any, indirect impact such loan default may have.

According to data posted by the City on its website, the seasonally adjusted hotel occupancy rate in June 2023 was 65.13%, down from 83.26% in June 2019 prior to the pandemic and 70.98% in June 2022 and the seasonally adjusted average daily rate in June 2023 was \$228.05, down from \$272.85 in June 2019 and \$275.58 in June 2022. The Successor Agency cannot predict what impact the decline in the hotel occupancy rate and average daily rate will have on the assessed value of properties in the Project Areas.

Retail Vacancy and Closures. Since the COVID-19 pandemic, some retail stores in San Francisco have closed, or have announced plans to close, after experiencing significant declines in foot traffic and sales. The real estate companies Cushman & Wakefield and Kidder Mathews reported in separate publications regarding the San Francisco retail industry that the overall retail vacancy rate in San Francisco in the second quarter of 2023 was recorded at 6.0% and 5.8%, respectively, up from 5.5% and 4.8%, respectively, a year ago. Cushman & Wakefield reported that the vacancy rate it cited for the second quarter of 2023, which was the same as that for the first quarter of 2023, was the highest vacancy rate in the City since 2006. It reported that downtown San Francisco continued to struggle with post-pandemic recovery: low foot traffic due to slow return of office employees and tourists, in addition to the lingering issues, such as homelessness, crime, high cost and changes in consumers' shopping habits. It also reported that the direct retail vacancy rate in the Union Square area was 13.8% in the second quarter of 2023, up from 13.5% in the first quarter of 2023, but down from 14.4% a year ago, and the overall vacancy rate, including sublease, was 16.2%, up from 15.5% the previous quarter. However, it also reported that Union Square had 920,400 visitors in the second quarter of 2023, a 7.2% increase from the previous quarter's figure of 858,300 and 5.3% higher than the year ago count of 873,800.

In June 2023, the owners of the Westfield San Francisco Centre, a shopping mall generally considered to be part of the Union Square area and located in the Yerba Buena Center Approved Project Area D-1, announced that they had decided to surrender the shopping mall to their lender. Such shopping mall, which is near the Hilton San Francisco Union Square and Parc 55 San Francisco hotels, is listed in Table 3, above, as being the fourth top taxpayer by assessed valuation in the Project Areas. The shopping mall includes 1.2 million square feet of retail space and 300,000 square feet of offices. Nordstrom, which occupied 312,000 square feet in the mall, closed its store in the mall on or about August 27, 2023. It previously was reported that after Nordstrom's departure, the mall will be only 55% leased. In addition, a movie theater that reportedly had a 52,000 square foot lease set to expire in September 2023 ceased operations in June 2023 and a lease for 25,289 square feet of retail space will expire in January 2024. See "The Project Areas – Assessed Valuation and Other Information Regarding the Project Areas." The Successor Agency cannot predict what impact the foregoing events will have on the mall's assessed value or the assessed values of other properties in the Project Areas.

Declines in Median Home Values and Sale Prices. Also posted on the City's website is information on San Francisco median home values based on data from Zillow, which includes single family residences and condominiums regardless of bedroom count. According to such data, the median home value in June 2023 was \$1,285,188, up from \$1,274,379 in May 2023, but, down from \$1,474,710 in June 2022 and \$1,379,710 in June 2021. In addition, according to Compass in its San Francisco Real Estate August 2023 Report, which provided data on house, condominium, co-op, tenancy-in-common and

townhouse sales, the 3-month rolling median house sales price in July 2023 was \$1,550,000, a decline of 16% from the same period in 2022 and the 3-month rolling median condominium price in July 2023 was \$1,150,000, down 7% from the same period in 2022. Compass's report did not define what was considered to be within the category of "house" for purpose of such report.

The market value of a property is important for property tax revenue, because a property's assessed value – the basis of its property tax liability – may not exceed its market value. If a property owner believes a property is assessed above its market value, they may request a temporary reduction in assessment from the Assessor, and/or appeal an assessment to the Assessment Appeals Board. See " – Reductions in Tax Base and Assessed Values" and "PLEDGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals," above.

Neither the City's website nor any of the reports or publications referred to above is incorporated herein by reference.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the 2023A/B Bonds when all or some becomes due, any owner of such 2023A/B Bonds will have a claim under the Insurance Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Insurance Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the 2023A/B Bonds by the Successor Agency, which is recovered by the Successor Agency from the bond owner as a voidable preference under applicable bankruptcy law, is covered by the Insurance Policy. However, such payments will be made by AGM at such time and in such amounts as would have been due absent such prepayment by the Successor Agency, unless AGM chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of AGM without appropriate consent. AGM may direct, and must consent to, any remedies and AGM's consent may be required in connection with amendments to any applicable bond documents.

In the event AGM is unable to make payment of principal or interest under the Insurance Policy, as such payments become due, the 2023A/B Bonds will be payable solely from the moneys received pursuant to the Indenture. In the event AGM becomes obligated to make payments with respect to any of the 2023A/B Bonds, no assurance is given that such event will not adversely affect the market price of the 2023A/B Bonds or the marketability (liquidity) of the 2023A/B Bonds.

The long-term ratings on the 2023A/B Bonds are dependent in part on the financial strength of AGM and its claim paying ability. AGM's financial strength and claims paying ability are predicated upon a number of factors, which could change over time. No assurance is given that the long-term ratings of AGM and of the ratings on the 2023A/B Bonds will not be subject to downgrade and such event could adversely affect the market price of the 2023A/B Bonds or the marketability (liquidity) of the 2023A/B Bonds. See "RATINGS."

The obligations of AGM are general obligations of AGM and in an event of default by AGM, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the Successor Agency nor the Underwriters have made independent investigation into the claims paying ability of AGM and no assurance or representation regarding the financial strength or projected financial strength of AGM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to pay principal and interest on the 2023A/B Bonds and the claims paying ability of AGM, particularly over the life of the investment. See “INTRODUCTION – Bond Insurance” and “BOND INSURANCE” herein for further information provided by AGM and about the Insurance Policy, which includes further instructions for obtaining current financial information concerning AGM.

Reserve Policy Risk Factors

In the event of insufficient Pledged Tax Revenues to pay the scheduled principal of or interest on the 2023 Series A Taxable Bonds or the 2023 Series B Bonds when due, the Trustee will draw upon the applicable Reserve Policy for all or a portion of such payments. The obligations of AGM are unsecured contractual obligations and in an event of default by AGM, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

The long-term ratings on the 2023A/B Bonds are dependent in part on the financial strength of AGM and its claim paying ability. AGM’s financial strength and claims paying ability are predicated upon a number of factors, which could change over time. No assurance is given that the long-term ratings of AGM and of the ratings on the 2023A/B Bonds will not be subject to downgrade and such event could adversely affect the market price of the 2023A/B Bonds or the marketability (liquidity) of the 2023A/B Bonds. See “RATINGS.”

Neither the Successor Agency nor the Underwriters have made independent investigation into the claims paying ability of AGM and no assurance or representation regarding the financial strength or projected financial strength of AGM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to pay principal of and interest on the 2023A/B Bonds and the claims paying ability of AGM, particularly over the life of the investment.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within any of the Project Areas. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Areas be affected by a hazardous substance, could be to reduce the marketability (liquidity) and value of the property by the costs of remedying the condition.

In 1995, the United States Navy (the “Navy”) determined, and the United States Environmental Protection Agency (the “US EPA”), the State of California and the San Francisco Department of Public Health agreed, that the lands making up the Hunters Point Hill Residential District (Hunters Point Shipyard Project Area), which is part of the Project Areas, also referred to as “Parcel A” or “Shipyard Phase 1,” (which consisted of soldiers’ barracks and which was the site of accessory activities during its use as a military base) posed no threat to human health or the environment and required no further action. In 1999, the US EPA removed Parcel A from the National Priorities (Superfund) List and confirmed that the site was safe for its intended use as a residential community.

In 2004, the Navy conveyed Parcel A to the Former Agency after determinations by the Navy, the US EPA, the California Environmental Protection Agency and the San Francisco Department of Public Health that all necessary investigation and remediation of potential contamination had been completed for Parcel A, and that Parcel A was suitable for residential reuse. Thereafter, the Former Agency transferred Parcel A (with the exception of certain affordable housing sites, parks and roadway parcels retained by the Former Agency) to the master developer, who has commenced development. The master developer (or its assignees) has completed approximately 505 residential units within Parcel A-1 and broken ground on infrastructure or homesites for the remainder of its development on Parcel A, and continues to sell homes within Parcel A-1. The Successor Agency expects to use a portion of the proceeds from the sale of the 2023A/B Bonds to finance the development of affordable housing in Parcel A-1.

The Navy and its contractors have performed environmental remediation on other parcels making up the remainder of the Hunters Point Shipyard Project Area, referred to as “**Shipyard Phase 2**,” which are part of the Excluded Project Areas. Allegations of fraudulent testing have delayed the completion of such testing, and the Navy, with the oversight of federal, state and local environmental regulators, is currently implementing a review and focused retesting of previously remediated areas in Shipyard Phase 2. Under its agreement with the City and the Successor Agency, the Navy remains responsible for completing remediation activities on Shipyard Phase 2 lands prior to their transfer to the Successor Agency for use for their intended redevelopment purposes.

The allegations of fraud at Shipyard Phase 2 have resulted in litigation. A class action lawsuit¹ seeks damages against Navy contractors Tetra Tech EC, Inc. and Tetra Tech, Inc. (collectively, “**Tetra Tech**”) for, among other things, fraudulent performance of Tetra Tech’s environmental remediation work in the Hunters Point Shipyard Project Area and also names certain developers of property in the Hunters Point Shipyard Project Area as co-defendants. The case remains pending. Such lawsuit does not name the Successor Agency or the City as defendants. On August 10, 2023, the plaintiffs filed their Sixth Amended Complaint against Tetra Tech and the developers in which the plaintiffs, among other things, seek monetary damages and a preliminary injunction against development at the Hunters Point Shipyard Project Area, which could include remaining development at Parcel A, until independent verified reports can be obtained showing complete and total remediation of all alleged toxic substances. The Successor Agency cannot predict the outcome of such litigation.

In response to the allegations against Tetra Tech for its work in Shipyard Phase 2, the California Department of Public Health (“**CDPH**”) conducted a radiological survey of Parcel A at the behest of the City and federal and state representatives. CDPH performed a phased-approach radiological survey to assess the health and safety of the public and the environment at Parcel A. In its final report dated February 5, 2019, CDPH declared the first subphase of Parcel A (known as “**Parcel A-1**” or the “**Hilltop**”) to be free from radiological health and safety hazards. In its final report dated April 24, 2019, CDPH similarly declared the remainder of Parcel A (known as “**Parcel A-2**” or the “**Hillside**”) to be free from radiological health and safety hazards.

To address continued concerns and questions from the community regarding the testing conducted on Parcel A, experts from UC San Francisco and UC Berkeley conducted an impartial analysis of CDPH’s procedures for Parcel A. The report, released in December 2019, concluded that CDPH’s health and safety scan on Parcel A was appropriate as a health and safety survey. The panel of experts supported CDPH’s conclusion that no radiological health and safety hazards to the current residents of Parcel A were observed.

Lastly, at the request of community members and local representatives and out of abundance of caution, affordable housing developers’ environmental consultant collected soil samples and performed additional radiological soil testing at the Successor Agency’s three affordable housing parcels within Parcel

¹Summaries of the class action lawsuit included herein are based on publicly available information not confirmed for accuracy.

A-1 in advance of commencing construction thereon. Radiological testing results indicated no contamination and no risk to construction workers, the public or future residents.

Reduction in Inflation Rate

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent (2%) increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the 2023A/B Bonds could reduce Pledged Tax Revenues. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The State Board of Equalization directed county assessors to use 1.036% as the inflation factor for purposes of preparing the 2021-22 tax roll and 2% as the inflation factor for purposes of preparing the 2022-23 tax roll and the 2023-24 tax roll. The Successor Agency is unable to predict future adjustments to the full cash value of real property within any of the Project Areas, whether an increase or a reduction. See “LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIII A of California Constitution.”

Delinquencies

The Successor Agency does not have any independent power to levy and collect property taxes. Delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency’s ability to make timely debt service payments. However, the City has adopted the Teeter Plan and provides one hundred percent (100%) of tax revenues to the Successor Agency regardless of delinquencies. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Allocation of Taxes Pursuant to the Redevelopment Dissolution Act – *Teeter Plan*.” Such plan may be discontinued at any time.

Investment Risk

As provided in the Indenture, moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account and the Redemption Account are required to be invested in Permitted Investments and moneys in the Special Fund into which Pledged Tax Revenues are initially deposited may be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest its funds. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Indenture or the Special Fund could have a material adverse effect on the security for the 2023A/B Bonds.

Bankruptcy and Foreclosure

The payment of the property tax revenue from which Pledged Tax Revenues are derived and the ability of the City to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights (such as the Soldiers’ and Sailors’ Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure.

The rights of the Owners of the 2023A/B Bonds and the enforceability of the obligation to make payments on the 2023A/B Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The various legal

opinions to be delivered concurrently with the delivery of the 2023A/B Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases. See APPENDIX E – "FORM OF BOND COUNSEL FINAL OPINION."

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2023A/B Bonds and the possibility of delinquent tax installments not being paid in full. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

In addition, the United States Bankruptcy Code might prevent moneys on deposit in the Retirement Fund from being applied to pay principal of, or interest on, the 2023A/B Bonds and/or to redeem the 2023A/B Bonds, if bankruptcy proceedings were brought by or against a landowner and if the court found that any of such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of property taxes or the timing of enforcement thereof. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

As discussed under "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Allocation of Taxes Pursuant to the Redevelopment Dissolution Act – *Teeter Plan*," under its current policies, the City Controller distributes one hundred percent (100%) of tax increment revenues allocated to the Successor Agency without regard to delinquencies in the payment of property taxes. However, there can be no assurance that such policies will not be changed in the future.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy and collect property taxes. As discussed herein, the Successor Agency only receives, on an annual basis, that amount of tax increment revenue required for it to pay debt service, enforceable obligations and administrative expenses. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the ability of the Successor Agency to pay debt service on the 2023A/B Bonds. Likewise, delinquencies in the payment of property taxes and the impact of bankruptcy proceedings on the legal ability of taxing agencies to collect property taxes could have an adverse effect on the Successor Agency's ability to make timely payments on the 2023A/B Bonds. The City allocates property taxes to the Successor Agency based on one hundred percent (100%) of the tax levy, notwithstanding any delinquencies. However, the City may discontinue such practice at any time. If there is a decline in the general economy of the Project Areas, the owners of property within the Project Areas may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of Pledged Tax Revenues received by the Successor Agency from the Project Areas.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2023 Series B Bonds, the Successor Agency has covenanted in the Indenture to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”). The interest on the 2023 Series B Bonds could become includable gross income for purposes of federal income taxation retroactive to the date of issuance of the 2023 Series B Bonds as a result of acts or omissions of the Successor Agency in violation of these or other covenants in the Indenture applicable to the 2023 Series B Bonds. The 2023 Series B Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Indenture. See “TAX MATTERS.”

Risk of Tax Audit

In December 1999, as a part of a larger reorganization of the Internal Revenue Service (the “**IRS**”), the IRS commenced operation of its Tax Exempt and Government Entities Division (the “**TE/GE Division**”), as the successor to its Employee Plans and Exempt Organizations division. The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. There is no assurance that if an IRS examination of the 2023 Series B Bonds was undertaken it would not adversely affect the market value of the 2023 Series B Bonds. See “TAX MATTERS.”

Secondary Market

There can be no guarantee that there will be a secondary market for the 2023A/B Bonds, or if a secondary market exists, that the 2023A/B Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the marketability, liquidity or market price for the 2023A/B Bonds will not be affected by the introduction or enactment of any future legislation or executive order (including, without limitation, amendments to or repeal of any portions of the Tax Code), or by any state constitutional amendments, court decisions, changes in interpretation of the Tax Code, or actions of the IRS, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2023 Series B Bonds for audit examination, or the course or result of any IRS audit or examination of the 2023 Series B Bonds or obligations that present similar tax issues as the 2023 Series B Bonds.

Senior Obligations

As discussed above, certain Project Areas have prior obligations to which tax increment from such Project Areas is committed on a basis senior to debt service on the 2023A/B Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Existing Senior Obligations – *Project Area-Specific Prior Obligations*.” In addition, the payment of debt service on the 2023A/B Bonds from tax increment revenues from the Project Areas is subordinate to the Successor Agency’s obligations to pay debt service on the Existing Senior Loan Agreements and the Second Lien Debt. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Existing Senior Obligations.”

However, the Successor Agency has covenanted that, so long as Third Lien Bonds are Outstanding, the Successor Agency will not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues (as defined in the Existing Senior Loan Agreements) or Pledged Tax Revenues on a basis senior to the

payment of debt service on the Third Lien Bonds, including the 2023A/B Bonds, except for obligations issued to refund any of the Existing Senior Loan Agreements or Second Lien Debt, but only if the debt service in any Bond Year does not increase as a result of such refunding. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Limitations on Additional Indebtedness – *Senior Debt*.”

Parity Obligations

As described in “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS – Limitations on Additional Indebtedness – *Third Lien Parity Debt*,” the Successor Agency may issue or incur additional obligations secured by a lien on Pledged Tax Revenues on a parity with its pledge of the lien on Pledged Tax Revenues in favor of the 2023A/B Bonds subject to the satisfaction of certain conditions set forth in the Indenture. The existence of and the potential for additional Third Lien Parity Debt increases the risks associated with the Successor Agency’s payment of debt service on the 2023A/B Bonds in the event of a decrease in the Successor Agency’s collection of tax revenues. The Successor Agency currently anticipates needing to finance approximately \$170 million of infrastructure in the Transbay Project Area and approximately \$495 million of affordable housing by 2030 and anticipates doing so through the issuance of additional bonds on a parity with the 2023A/B Bonds. The amounts and time in the preceding sentence reflect current projections; no assurance can be given as to the exact timing or amount of any additional bond issuances.

2023A/B Bonds are Limited Obligations

The 2023A/B Bonds are special, limited obligations of the Successor Agency and as such are not debt of the City, the State or any of their political subdivisions other than the Successor Agency, and none of the City, the State or any of their political subdivisions other than the Successor Agency is liable for the payment thereof. The principal of, and premium, if any, and interest on, the 2023A/B Bonds are payable solely from Pledged Tax Revenues allocated to the Successor Agency and certain other funds pledged therefor under the Indenture. The 2023A/B Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A/B BONDS.” No Owner of the 2023A/B Bonds may compel exercise of the taxing power of the State, the City or any of their political subdivisions to pay the principal of, or premium, if any, or interest due on, the 2023A/B Bonds.

Limited Recourse on Default

If the Successor Agency defaults on its obligations under the Indenture, the Trustee has the right to accelerate the 2023A/B Bonds under certain circumstances. However, in the event of a default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the 2023A/B Bonds.

LIMITATIONS ON TAX REVENUES

The 2023A/B Bonds are secured by a pledge of Pledged Tax Revenues described in this Official Statement. The Successor Agency does not have any independent power to levy and collect property taxes; accordingly, the amount of Pledged Tax Revenues available to the Successor Agency for payment of the principal of and interest on the 2023A/B Bonds is affected by several factors, including but not limited to those discussed below. See also “CERTAIN RISK FACTORS.”

Property Tax Collection Procedure

Classifications. In California, property that is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by a county becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against the unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax that becomes a lien on secured property has priority over all other liens arising pursuant to State law on the secured property, regardless of the time of creation of the other liens.

Generally, *ad valorem* taxes are collected by a county (the “**Taxing Authority**”) for the benefit of the various entities (cities, school districts and special districts) that share in the *ad valorem* tax (each, a taxing entity) and redevelopment agencies eligible to receive tax increment revenues.

Collections. Secured property and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The Taxing Authority has four (4) ways of collecting unsecured personal property taxes in the case of delinquency: (i) initiating a civil action against the taxpayer; (ii) filing a certificate in the office of the clerk of the court specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (iii) filing a certificate of delinquency for record in the county recorder’s office to obtain a lien on certain property of the taxpayer; and (iv) seizing and selling the personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes that are delinquent.

Delinquencies. The valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent after the following December 10 and April 10. Taxes on unsecured property are due March 1. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 and are subject to penalty; unsecured taxes added to the roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

Penalty. A ten percent (10%) penalty is added to delinquent taxes that have been levied with respect to property on the secured roll. In addition, on or about June 30 of the fiscal year, property on the secured roll on which taxes are delinquent is declared to be in default by operation of law and declaration of the tax collector. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of one and one-half percent (1.5%) per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county tax collector. A ten percent (10%) penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of one and one-half percent (1.5%) per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. This statute provides increased revenue to the RPTTF to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment project areas subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Areas, Tax Revenues may increase.

Property Tax Administrative Costs. In 1990, the Legislature enacted Senate Bill 2557 (Statutes of 1990, Chapter 466) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. Subsequent legislation clarified that the provisions of SB 2557 include redevelopment agencies as

a local government agency which must pay such administrative costs. In addition, Sections 34182(e) and 34183(a) of the Redevelopment Dissolution Act allow administrative costs of the county auditor-controller for the cost of administering the provisions of the Redevelopment Dissolution Act, as well as the foregoing SB 2557 amounts, to be deducted from property tax revenues before moneys are deposited into the RPTTF.

Taxation of Unitary Property

In California, certain properties are known as unitary property or operating nonunitary property. Such properties are properties of an assessee that are operated as a unit (consisting mostly of operational property owned by utility companies). Property tax revenue derived from assessed value attributable to unitary and operating nonunitary property that is assessed by the State Board of Equalization is to be allocated county-wide as follows: (i) each jurisdiction, including redevelopment project areas, will receive a percentage up to one hundred two percent (102%) of its prior year unitary and operating nonunitary revenue; (ii) if the amount of property tax revenue available for allocation is insufficient to make the allocation required by clause (i), above, the amount of revenue to be allocated to each jurisdiction will be prorated; and (iii) if county-wide revenues generated for unitary and operating nonunitary property are greater than one hundred two percent (102%) of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue based on such jurisdiction's share of the county's total ad valorem tax levies for the secured roll for the prior year.

The City Controller, following guidance from the State Board of Equalization does not share any of the City-wide unitary revenue with the Successor Agency. No tax revenue derived from unitary property or operating nonunitary property is included in the projections of Pledged Tax Revenues.

Tax Limitations – Article XIII A of California Constitution

Article XIII A of the State Constitution, known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum *ad valorem* tax on real property to one percent (1%) of "full cash value," and provides that such tax will be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIII A provides that the one percent (1%) limitation does not apply to *ad valorem* taxes levied to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, and (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975-76 Fiscal Year tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent (2%) per year, or to reflect a reduction in the consumer price index or comparable data for the taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIII A, which is \$1.00 per \$100 of assessed market value. The legislation further establishes the method for allocating the taxes collected by each county among the taxing agencies in the county.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age fifty-

five (55) and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in property tax revenues.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the no more than two percent (2%) annual adjustment (2% for Fiscal Year 2023-24) are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

The Successor Agency cannot predict whether there will be any future challenges or changes to California’s present system of property tax assessment or the effect of any such challenge or change on the Successor Agency’s receipt of Tax Revenues.

Article XIII B of California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. Article XIII B has been subsequently amended several times. The principal effect of Article XIII B is to limit certain annual appropriations of the State and any local government, which includes any city, county, special district, or other political subdivision of or within the State, to the level of appropriations for the prior fiscal year, subject to certain permitted annual adjustments. Appropriations of local government subject to Article XIII B is defined to mean generally any authorization to expend the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Permitted adjustments to the annual appropriations limit include adjustments for changes in the cost of living, population and services rendered by the government entity.

Effective September 30, 1980, the California Legislature added Section 33678 of the Redevelopment Law, which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B or any statutory provision enacted in implementation of Article XIII B. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosley* and *Brown v. Community Redevelopment Agency of the City of Santa Ana*.

Articles XIII C and XIII D of California Constitution

On November 5, 1996, California voters approved Proposition 218. Proposition 218 added Articles XIII C and XIII D to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26 amended Article XIII C of the California Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the California Constitution. The 2023A/B Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218 and are outside of the scope of taxes that are limited by Proposition 26.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the State Constitution and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures or other legislation could be adopted, further affecting the availability of tax increment revenues or the Successor Agency’s ability to expend tax increment revenue.

TAX MATTERS

2023 Series A Taxable Bonds

The interest on the 2023 Series A Taxable Bonds is not intended by the Successor Agency to be excluded from gross income for federal income tax purposes. However, in the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, interest on the 2023 Series A Taxable Bonds is exempt from California personal income taxes.

The proposed form of opinion of Bond Counsel with respect to the 2023 Series A Taxable Bonds to be delivered on the date of issuance of the 2023 Series A Taxable Bonds is set forth in APPENDIX E.

Owners of the 2023 Series A Taxable Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2023 Series A Taxable Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2023 Series A Taxable Bonds, the ownership, sale or disposition of the 2023 Series A Taxable Bonds, or the amount, accrual or receipt of interest on the 2023 Series A Taxable Bonds.

2023 Series B Bonds

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2023 Series B Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2023 Series B Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the 2023 Series B Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Successor Agency has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2023 Series B Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2023 Series B Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2023 Series B Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “bond premium” for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of the subcaption “—Federal Tax Status,” above. The original issue discount accrues over the term to maturity of the 2023 Series B Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2023 Series B Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2023 Series B Bond. The Tax

Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2023 Series B Bonds who purchase the 2023 Series B Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2023 Series B Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2023 Series B Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2023 Series B Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2023 Series B Bond (said term being the shorter of the 2023 Series B Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2023 Series B Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2023 Series B Bond is amortized each year over the term to maturity of the 2023 Series B Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium 2023 Series B Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2023 Series B Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2023 Series B Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2023 Series B Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2023 Series B Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to 2023 Series B Bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2023 Series B Bonds, or as to the consequences of owning or receiving interest on the 2023 Series B Bonds, as of any future date. Prospective purchasers of the 2023 Series B Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2023 Series B Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2023 Series B Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2023 Series B Bonds, the ownership, sale or disposition of the 2023 Series B Bonds, or the amount, accrual or receipt of interest on the 2023 Series B Bonds.

LITIGATION

There is no litigation now pending or, to the best knowledge of the Successor Agency, threatened to restrain or enjoin the execution or delivery of the 2023A/B Bonds or the Indenture or in any way questioning or affecting the validity of the foregoing or any of the proceedings for the authorization, sale, execution or delivery of the 2023A/B Bonds. In the opinion of the Successor Agency's General Counsel,

there is no lawsuit or claim now pending against the Successor Agency, which if decided adversely to the Successor Agency would materially affect the Successor Agency's finances so as to impair the ability of the Successor Agency to pay debt service on the 2023A/B Bonds as it becomes due.

A number of other lawsuits have been filed in the State that challenge the Redevelopment Dissolution Act or the application of certain of its provisions, but none of them have to date impaired the Successor Agency's ability to issue, and make payments for, the type of bonds contemplated by the offering described in this Official Statement. The Successor Agency is unable to predict the likely outcome of any remaining lawsuits or the possible impact, if any, of their outcomes on the distribution of property tax revenues or other moneys to the Successor Agency under the Redevelopment Dissolution Act or on the Successor Agency's ability to make payments of principal of and interest on the 2023A/B Bonds.

CONTINUING DISCLOSURE

The Successor Agency has covenanted for the benefit of the Owners of the 2023A/B Bonds to provide certain financial information and operating data relating to the Successor Agency by not later than six (6) months after the end of the Successor Agency's Fiscal Year (presently June 30) in each year commencing with its Annual Report for the 2022-23 fiscal year and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of events will be filed by the Successor Agency, or the Dissemination Agent, if any, on behalf of the Successor Agency, with the MSRB. The specific nature of the information to be contained in the Annual Report and the notices of events is summarized in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

LEGAL MATTERS

Jones Hall, A Professional Law Corporation, Bond Counsel to the Successor Agency, will render an opinion with respect to the validity and enforceability of the Indenture and as to the validity of the 2023A/B Bonds. A copy of the form of such approving opinion is attached hereto as Appendix E. Certain legal matters incident to the issuance of the 2023A/B Bonds will be passed upon for the Successor Agency by its General Counsel. Alexis S. M. Chiu, Esq., is acting as Disclosure Counsel to the Successor Agency. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California.

Bond Counsel's engagement is limited to a review of the legal procedures required for the authorization, issuance and sale of the 2023A/B Bonds, the exemption of interest on the 2023 Series B Bonds from federal income taxation, and the exemption of interest on the 2023A/B Bonds from California personal income taxes. See "TAX MATTERS" herein and APPENDIX E – "FORM OF BOND COUNSEL FINAL OPINION." Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the 2023A/B Bonds and expresses no opinion relating thereto.

Disclosure Counsel has served as disclosure counsel to the Successor Agency for the 2023A/B Bonds and in such capacity has advised the Successor Agency with respect to applicable federal securities laws and participated with responsible Successor Agency officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy, completeness and materiality. Disclosure Counsel is not responsible for independently verifying (through forensic audit or otherwise) the accuracy or completeness of the statements or information presented in this Official Statement. Rather, the Successor Agency is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon the issuance of the 2023A/B Bonds, Disclosure Counsel will deliver a letter to the Successor Agency, which advises the Successor Agency,

subject to the assumptions, exclusions, qualifications and limitations set forth therein, that no facts came to the attention of Disclosure Counsel, which caused him to believe that this Official Statement as of its date and as of the date of issuance of the 2023A/B Bonds contained or contains any untrue statement of a material fact, or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect. No purchaser or holder of the 2023A/B Bonds, or other person or party other than the Successor Agency, will be entitled to or may rely on the letter from Disclosure Counsel addressed to the Successor Agency.

Fees payable to Bond Counsel, Disclosure Counsel and Underwriters' Counsel are contingent upon the sale and delivery of the 2023A/B Bonds.

MUNICIPAL ADVISOR

PFM California Advisors LLC has served as municipal advisor to the Successor Agency (the "**Municipal Advisor**") and provided advice with respect to the sale of the 2023A/B Bonds. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiated instruments. The Municipal Advisor has assisted the Successor Agency in the review of this Official Statement and in other matters relating to the planning, structuring, and sale of the 2023A/B Bonds. The Municipal Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Successor Agency to determine the accuracy or completeness of this Official Statement and assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the 2023A/B Bonds.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business ("**S&P**"), has assigned an underlying rating to the 2023A/B Bonds of "A." It is anticipated that S&P will assign the 2023A/B Bonds an insured rating of "AA" based upon the issuance of the Insurance Policy by AGM at the time of delivery of the 2023A/B Bonds. Such ratings reflect only the view of such organization, and an explanation of the significance of the ratings may be obtained by contacting S&P. Such ratings are not a recommendation to buy, sell or hold the 2023A/B Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the 2023A/B Bonds. The Successor Agency undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

FINANCIAL STATEMENTS

The audited financial statements of the Successor Agency for the Fiscal Year ended June 30, 2022, are included as part of APPENDIX A – "SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022." Such financial statements have been audited by Macias Gini & O'Connell, LLP (the "**Auditor**"), independent certified public accountants, whose report also appears in Appendix A. The Auditor was not requested to consent to the inclusion of its report in Appendix A, nor has the Auditor undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

FISCAL CONSULTANT REPORT

In connection with the issuance of the 2023A/B Bonds, the Successor Agency has engaged Urban Analytics, LLC, San Francisco, California, to prepare a Fiscal Consultant Report. See APPENDIX B – “FISCAL CONSULTANT REPORT.”

UNDERWRITING

The 2023A/B Bonds will be sold to Stifel, Nicolaus & Company, Incorporated, as representative of itself and Backstrom McCarley Berry & Co., LLC (collectively, the “**Underwriters**”), pursuant to a bond purchase contract for the 2023A/B Bonds (the “**Purchase Contract**”) between the Successor Agency and the Underwriters. The Underwriters have agreed to purchase the 2023 Series A Taxable Bonds for \$24,396,281.25 (which amount represents the \$24,505,000.00 aggregate principal amount of the 2023 Series A Taxable Bonds, less an underwriters’ discount of \$108,718.75) and the 2023 Series B Bonds for \$37,637,611.85 (which amount represents the \$35,210,000.00 aggregate principal amount of the 2023 Series B Bonds, plus an original issue premium of \$2,539,811.85, less an underwriters’ discount of \$112,200.00).

The initial public offering prices of the 2023A/B Bonds may be changed from time to time by the Underwriters. The Purchase Contract for the 2023A/B Bonds provides that the Underwriters will purchase all (but not less than all) of the 2023A/B Bonds and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract including, among others, the approval of certain legal matters by counsel.

[Remainder of Page Intentionally Left Blank.]

MISCELLANEOUS

All the summaries contained herein of the Indenture, applicable legislation, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Successor Agency for further information in connection therewith. The Successor Agency will provide, upon request, annual audited financial statements when available.

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the Bondowners or Beneficial Owners.

The execution and delivery of this Official Statement have been duly authorized by the Successor Agency Commission.

SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY AND COUNTY OF
SAN FRANCISCO

By: /s/Rosa Torres
Deputy Director of Finance and Administration

APPENDIX A

**SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

[Intentionally Left Blank.]

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Annual Financial Report

For the Year Ended June 30, 2022



Certified
Public
Accountants

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

For the Year Ended June 30, 2022

Table of Contents

	<i>Page</i>
Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited)	5
Basic Financial Statements:	
Statement of Fiduciary Net Position.....	15
Statement of Changes in Fiduciary Net Position	16
Notes to Basic Financial Statements.....	17
Required Supplementary Information (Unaudited):	
Schedule of the Successor Agency’s Proportionate Share of the Net Pension Liability	41
Schedule of Contributions – Pension Plan.....	42
Schedule of the Changes in the Net OPEB Liability and Related Ratios	43
Schedule of Contributions – OPEB Plan	44
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	45



Certified
Public
Accountants

Independent Auditor's Report

Commission on Community Investment and Infrastructure
Successor Agency to the Redevelopment Agency of the
City and County of San Francisco
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the fiduciary activities of the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (Successor Agency), a component unit of the City and County of San Francisco, California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Successor Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the fiduciary activities of the Successor Agency as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Successor Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Successor Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Successor Agency's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Successor Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Successor Agency's proportionate share of the net pension liability, the schedule of contributions – pension plan, the schedule of changes in net other postemployment benefits (OPEB) liability and related ratios, and the schedule of contributions – OPEB plan, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022 on our consideration of the Successor Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Successor Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Successor Agency's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
November 10, 2022

This page left intentionally blank.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

The Management's Discussion and Analysis presents a narrative overview and analysis of the financial activities of the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (Successor Agency) for fiscal year ended June 30, 2022 (fiscal year 2021-22). We encourage readers to consider the information presented here in conjunction with the Successor Agency's financial statements, which follow this section.

As per California Redevelopment Dissolution law, the Successor Agency is the successor to the former Redevelopment Agency of the City and County of San Francisco (Redevelopment Agency). The Successor Agency has assumed the financial obligations of the former Redevelopment Agency and is tasked with completing the redevelopment activities of the former Redevelopment Agency, as they existed at the time of Dissolution and as approved as final and conclusive obligations by the California Department of Finance.

Financial Highlights

The Successor Agency's net position was a deficit of \$449.9 million at the end of fiscal year 2021-22. This is a net increase of \$0.5 million compared to a deficit of \$450.4 million in the prior fiscal year. The largest portion of the Successor Agency's liabilities is long-term obligations of \$937.7 million, which is primarily composed of tax allocation bonds issued to directly fund or reimburse private developers for construction of public infrastructure, or to directly fund construction of affordable housing. As the Successor Agency pays annual debt service with revenues, the net deficit is expected to decrease over time.

The Successor Agency's additions for fiscal year 2021-22 were \$146.2 million, an increase of \$1.5 million or one percent when compared to \$144.7 million in the prior fiscal year. The increase was mainly due to increases of \$4.9 million for Property tax revenues and \$2.9 million for Grants, offset by decreases of \$1.2 million for Developer payments and \$5.4 for Investment income. The increase in Property tax revenues was primarily due to the growth of property tax generated in the project area and pledged to the Transbay Joint Powers Authority (TJPA). The increase in Grants was due to the rehabilitation of Building 101 funded by a grant from the Economic Development Administration (EDA). The decrease in Developer payments was primarily due to a slow-down in the pace of development in Hunters Point Shipyard and Transbay project areas. The decrease in Investment income was primarily due to the impact of fair value adjustments for the Successor Agency's cash and investments upon the increase in interest rates towards the end of the year.

The Successor Agency's deductions for fiscal year 2021-22 were \$145.7 million, an increase of \$11.7 million or nine percent compared to \$133.9 million in the prior fiscal year. The increase was mainly due to increases of \$6.4 million for Salaries and benefits and \$3.9 million for Distribution of pledged revenues to TJPA. The increase in Salaries and benefits was primarily due to the recording of significant noncash pension and OPEB expenses based on actuarial valuations in accordance with the Government Accounting Standards Board (GASB) Statements No. 68 and 75 for the year. The increase in Distribution of pledged revenues to the TJPA is primarily due to the growth of property tax generated in the project area and pledged to the TJPA. Although net changes in Contracted services were not significant, changes in specific project areas were material. In Mission Bay North and South, Contracted services increased by \$13.1 million, primarily driven by higher reimbursements for completed public improvements. In Hunters Point Shipyard, Contracted services increased by \$2.3 million primarily due to rehabilitation of Building 101. These increases were offset by decreases in Contracted services of \$8.0 million in Transbay, primarily due to the completion of Folsom Street in the prior fiscal year and decreased payments for Under Ramp and Block 3 parks, and decreases of \$7.2 million in Other, due to a one-time \$7.9 million payment in the prior fiscal year to the Port of San Francisco. The payment to the Port reflected use of excess bond proceeds to fund the Ferry Terminal project in Mission Bay.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Successor Agency's basic financial statements. The Successor Agency's financial statements are comprised of two components: 1) basic financial statements including Statement of Fiduciary of Net Position and the Statement of Changes in Fiduciary Net Position, and 2) notes to the basic financial statements. The financial statements are prepared on the economic resources measurement focus and the accrual basis of accounting. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. In addition to the basic financial statements and accompanying notes, this report presents certain required supplemental information concerning the Successor Agency's pension and Other Postemployment Benefits (OPEB) plans.

Budgetary Control

The former Redevelopment Agency of the City and County of San Francisco and the Successor Agency issued bonds or incurred long-term debt pledged against future tax increment to finance redevelopment projects. The Successor Agency's assets can only be used to pay enforceable obligations in existence at the time of Dissolution, including the completion of any unfinished projects that were subject to legally enforceable contractual commitments. Some of these enforceable obligations require the Successor Agency to enter into new contracts that comply with, and are ancillary to, the pre-dissolution obligations of the Former Redevelopment Agency. California Redevelopment Dissolution Law requires that the Successor Agency transfer completed public projects to the appropriate public jurisdiction for their continued maintenance and operations. The Successor Agency will transfer completed public facilities such as parks, streets, and affordable housing to an appropriate public entity such as the City and County of San Francisco (City).

Pursuant to California Redevelopment Dissolution Law, the Successor Agency is required to adopt an annual Recognized Obligation Payments Schedule (ROPS). The ROPS lists all enforceable obligations due and payable during the fiscal year. The ROPS identifies enforceable obligations to be funded with tax increment and other sources and is the basis for the City Controller's distribution of tax increment from the Redevelopment Property Tax Trust Fund. Additionally, the ROPS contains the Successor Agency's administrative budget. The ROPS is presented to and approved by the Oversight Board, whose members are appointed by the Mayor of the City and the taxing entities. Following Oversight Board approval, the ROPS is submitted and approved by the California Department of Finance. California Redevelopment Dissolution Law also requires the Successor Agency to submit a Prior Period Adjustment form to demonstrate compliance with the ROPS. The City Controller annually reviews and confirms the accuracy of the Prior Period Adjustment form to the Department of Finance by February. In February 2022, the City Controller confirmed that the Successor Agency's fiscal year 2019-20 expenditures were compliant with the ROPS. The City Controller will evaluate fiscal year 2020-21 expenditures by February 2023.

In addition to the ROPS, the Successor Agency adopts an annual budget. The budget is consistent with the ROPS and is presented to and approved by the Successor Agency's Commission, whose members are appointed by the Mayor of the City and approved by the Board of Supervisors. Following Commission approval, the budget is submitted to and approved by the San Francisco Board of Supervisors during the City's annual budget process.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Analysis of Change Net Position

The Successor Agency's total net position, which may serve as a useful indicator of the Successor Agency's financial position, was a deficit of \$449.9 million at the end of fiscal year 2021-22. Shown below is a schedule that summarizes the Successor Agency's net position held in trust:

Condensed Statement of Fiduciary Net Position
(In thousands)

Assets	June 30, 2022	June 30, 2021	\$ Change
Restricted cash and investments with trustees	\$ 375,291	\$ 291,978	\$ 83,313
Cash and investments with City Treasury	171,460	178,730	(7,270)
Net OPEB asset	3,523	-	3,523
Other assets	8,687	7,646	1,041
Capital assets	4,152	4,152	-
Total assets	563,113	482,506	80,607
Deferred outflows of resources	43,691	47,483	(3,792)
Liabilities			
Accounts and other payables	21,072	15,173	5,899
Payable to the City	4,565	3,275	1,290
Developer payable	46,844	49,457	(2,613)
Long-term obligations	937,664	875,420	62,244
Net pension and OPEB liabilities	22,028	34,370	(12,342)
Total liabilities	1,032,173	977,695	54,478
Deferred inflows of resources	24,533	2,691	21,842
Total net position held in trust	\$ (449,902)	\$ (450,397)	\$ 495

Assets

The Successor Agency's assets at June 30, 2022 were \$563.1 million, an increase of \$80.6 million or 17 percent, when compared with \$482.5 million the prior fiscal year. The increase was primarily due to the following:

- Increase in Restricted cash and investments with trustees of \$83.3 million or 29 percent, from \$292.0 million at June 30, 2021 to \$375.3 million at June 30, 2022. The balance was primarily composed of bond proceeds issued by the Successor Agency to finance public infrastructure and affordable housing and held in trust as required by the bond documents. The increase was due to the issuance of \$127.2 million of Taxable Third Lien Tax Allocation Bonds, Affordable Housing Projects Series 2021 A (2021 Series A Bonds) to finance affordable housing. The increase was partially offset by expenditure of \$36.4 million for infrastructure and affordable housing.
- Decrease in Cash and investments with City Treasury of \$7.3 million or four percent, from \$178.7 million at June 30, 2021 to \$171.5 million at June 30, 2022. The decrease was mainly due to the timing of cash receipts and disbursements.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

- Increase in Net OPEB asset of \$3.5 million or 100 percent, from \$0 at June 30, 2021 to \$3.5 million at June 30, 2022. The increase was mainly due to favorable investment returns during the measurement period.
- Increase in Other assets of \$1.0 million or 14 percent, from \$7.6 million at June 30, 2021 to \$8.7 million at June 30, 2022. Other assets are primarily comprised of receivables for developer billing, grants, interest, and housing loans. The increase was mainly due to increase of intergovernmental receivables related to the rehabilitation of Building 101, which was funded by an EDA grant.

Liabilities

The Successor Agency's liabilities at June 30, 2022 were \$1,032.2 million, an increase of \$54.5 million or six percent when compared with \$977.7 million the prior fiscal year. The increase was primarily due to the following:

- Increase in Accounts and other payable of \$5.9 million or 39 percent from \$15.2 million at June 30, 2021 to \$21.1 million at June 30, 2022. The increase was mainly due to timing of payments.
- Increase in Payable to the City of \$1.3 million or 39 percent from \$3.3 million at June 30, 2021 to \$4.6 million at June 30, 2022. The increase was mainly due to timing of payments.
- Decrease in Developer payable of \$2.6 million or five percent from \$49.5 million at June 30, 2021 to \$46.8 million at June 30, 2022. The decrease was due to catch-up payments of pledged property tax made to the Hunters Point Shipyard/Candlestick Point developer during the year. Payments of pledged property tax were held for payment until the approval by the Department of Finance.
- Increase in Long-term obligations of \$62.2 million or seven percent, from \$875.4 million at June 30, 2021 to \$937.7 million at June 30, 2022. The increase was primarily due to the issuance of \$127.2 million of 2021 Series A Bonds to finance affordable housing, offset by annual scheduled principal payments made for tax allocation bonds issued by the Successor Agency in prior fiscal years.
- Decrease in Net pension and OPEB liabilities of \$12.3 million or 36 percent, from \$34.4 million at June 30, 2021 to \$22.0 million at June 30, 2022. The decrease was primarily due to decrease of net pension liability of \$10.3 million and the decrease of net OPEB liability (to a net OPEB asset) due to favorable investment return during the measurement period.

Deferred Outflows and Inflows of Resources

The Successor Agency's deferred outflows of resources at June 30, 2022 were \$43.7 million, a decrease of \$3.8 million or eight percent when compared with \$47.5 million at June 30, 2021. The decrease was primarily due to decreases of \$2.5 million in unamortized loss on refundings, \$0.4 million in pension items, and \$0.9 million in OPEB items.

The Successor Agency's deferred inflows of resources at June 30, 2022 were \$24.5 million, an increase of \$21.8 million or 812 percent when compared with \$2.7 million at June 30, 2021. The increase was primarily due to increase of \$19.2 million in pension items and \$2.6 million in OPEB items.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

The Successor Agency's net position increased by \$0.5 million for fiscal year 2021-22. Key elements of the Successor Agency's additions and deductions are presented below:

Statement of Changes in Fiduciary Net Position
(In thousands)

	Year Ended		\$ Change
	June 30, 2022	June 30, 2021	
Additions			
Property tax revenues	\$ 133,643	\$ 128,789	\$ 4,854
Developer payments	8,999	10,213	(1,214)
Charges for services	373	937	(564)
Hotel occupancy tax	4,505	4,497	8
Investment income	(5,587)	(216)	(5,371)
Grants	3,278	393	2,885
Other	963	65	898
Total additions	146,174	144,678	1,496
Deductions			
Salaries and benefits	19,804	13,447	6,357
Administrative and operating	1,307	188	1,119
Affordable housing loan program costs	18,047	18,185	(138)
Contracted services:			
Hunters Point Shipyard / Candlestick Point	6,164	3,859	2,305
Mission Bay North and South	27,228	14,157	13,071
Transbay	1,424	9,413	(7,989)
Other	973	8,207	(7,234)
Community based programs	461	610	(149)
Distribution of pledged revenues to			
Transbay Joint Powers Authority	28,294	24,375	3,919
Depreciation	-	4	(4)
Interest on debt	41,963	41,482	481
Other	14	10	4
Total deductions	145,679	133,937	11,742
Change in net position	495	10,741	(10,246)
Net position, beginning of year	(450,397)	(461,138)	10,741
Net position, end of year	\$ (449,902)	\$ (450,397)	\$ 495

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Additions

The Successor Agency's additions to net position for the year ended June 30, 2022 were \$146.2 million, an increase of \$1.5 million or one percent when compared with \$144.7 million for the prior year. The increase was primarily due to the following:

- Increase in Property tax revenues of \$4.8 million or four percent, from \$128.8 million for the year ended June 30, 2021 to \$133.6 million for the year ended June 30, 2022. This was primarily due to the growth of property tax generated in the project area and pledged to the TJPA.
- Decrease in Developer payments of \$1.2 million or 12 percent, from \$10.2 million for the year ended June 30, 2021 to \$9.0 million for the year ended June 30, 2022. The decrease was primarily due to project completions and the impact of catch-up fees paid by developers in the prior fiscal year.
- Decrease in Charges for services of \$0.6 million or 60 percent, from \$0.9 million for the year ended June 30, 2021 to \$0.4 million for the year ended June 30, 2022. The decrease was primarily due to a development slow-down in the project areas. Slower development required fewer staff hours, reducing charges for service to developers for staff support.
- Decrease in Investment income of \$5.4 million or 2,487 percent from negative \$0.2 million for the year ended June 30, 2021 to negative \$5.6 million for the year ended June 30, 2022. The decrease was primarily due to the impact of fair value adjustments for the Successor Agency's cash and investments upon the increase in interest rates towards the end of the year.
- Increase in Grants of \$2.9 million or 734 percent, from \$0.4 million for the year ended June 30, 2021 to \$3.3 million for the year ended June 30, 2022. The increase was primarily due to project costs related to the rehabilitation of Building 101, which was funded by a grant from the EDA.
- Increase in Other of \$0.9 million or 1,382 percent, from \$0.1 million for the year ended June 30, 2021 to \$1.0 million for the year ended June 30, 2022. The increase was primarily due to the receipt of a repayment of the Mission Bay South block 3E housing project loan.

The Successor Agency's deductions to net position for the year ended June 30, 2022 were \$145.7 million, an increase of \$11.7 million or nine percent, when compared with \$133.9 million for the prior year. The decrease was primarily due to the following:

- Increase in Salaries and benefit of \$6.4 million or 47 percent, from \$13.4 million for the year ended June 30, 2021 to \$19.8 million for the year ended June 30, 2022. The increase was primarily due to the recording of significant noncash pension and OPEB expenses based on actuarial valuations in accordance with the GASB Statements No. 68 and 75 for the year, from \$4.7 million for the year ended June 30, 2021 to \$11.6 million for the year ended June 30, 2022.
- Increase in Administrative and operating of \$1.1 million or 595 percent, from \$0.2 million for the year ended June 30, 2021 to \$1.3 million for the year ended June 30, 2022. The increase was primarily due to a reduction in overhead recovery, consistent with a reduction in Charges for services, that offset administrative and operating costs in the prior year.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

- Increase in Contracted services of \$0.2 million or less than one percent from \$35.6 million for the year ended June 30, 2021 to \$35.8 million for the year ended June 30, 2022. The Successor Agency contracts with private developers to build public infrastructure such as streets, sewers, and parks in the project areas. As per development agreements signed with each developer, the developers build public infrastructure and the Successor Agency reimburses the developer for costs incurred. The decrease in contracted services was primarily due to the following:
 - Increase in Hunters Point Shipyard / Candlestick Point of \$2.3 million or 60 percent, from \$3.9 million for the year ended June 30, 2021 to \$6.2 million for the year ended June 30, 2022 primarily due to the wellness center and rehabilitation of Building 101.
 - Increase in Mission Bay North and South of \$13.1 million or 92 percent, from \$14.2 million for the year ended June 30, 2021 to \$27.2 million for the year ended June 30, 2022 primarily due to an increase in payments made to reimburse the developer for completed public improvements.
 - Decrease in Transbay of \$8.0 million or 85 percent, from \$9.4 million for the year ended June 30, 2021 to \$1.4 million for the year ended June 30, 2022 due to the completion of projects in the prior fiscal year.
 - Decrease in Other deductions of \$7.2 million or 88 percent from \$8.2 million for the year ended June 30, 2021 to \$1.0 million for the year ended June 30, 2022 due to a one-time \$7.9 million payment in the prior fiscal year to the Port of San Francisco. The payment to the Port reflected use of excess bond proceeds to fund the Ferry Terminal project in Mission Bay.
- Increase in Distribution of pledged revenues to TJPA of \$3.9 million or 16 percent, from \$24.4 million for the year ended June 30, 2021 to \$28.3 million for the year ended June 30, 2022 due to the growth of property tax generated in the project area and pledged to the TJPA. As per the Tax Increment Allocation and Sales Proceeds Pledge Agreement, tax increment generated by the formerly State-owned parcels in the Transbay Project Area is pledged to the TJPA to finance development of the Transbay Terminal Project.
- Increase in Interest on debt of \$0.5 million or one percent, from \$41.5 million for the year ended June 30, 2021 to \$42.0 million for the year ended June 30, 2022. The increase was primarily due to the issuance of \$127.2 million of 2021 Series A Bonds, offset by decrease in outstanding long-term debt balances following annual scheduled principal payments.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Capital Assets and Debt Administration

Capital Assets

The Successor Agency's capital assets remained at \$4.2 million at June 30, 2022 when compared to June 30, 2021. As of June 30, 2022, the Successor Agency's capital assets included land held for lease, furniture, and equipment. In fiscal year 2021-22 there were no purchases, sales, or transfers of capital assets.

Long-Term Debt

As of June 30, 2022, the Successor Agency had outstanding long-term debt of \$935.8 million. Of this amount, \$806.0 million was tax allocation bonds secured by property taxes generated in the redevelopment project areas and \$12.5 million was hotel occupancy tax revenue bonds secured by hotel occupancy tax revenues.

The breakdown of the long-term debt is as follows (in thousands):

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>\$ Change</u>
Long-Term Debt			
Bonds Payable			
Tax Allocation Bonds	\$ 806,046	\$ 738,897	\$ 67,149
Hotel Occupancy Tax Revenue Bonds	12,540	16,230	(3,690)
Subtotal - Bonds Payable	818,586	755,127	63,459
Accreted Interest Payable	80,746	77,636	3,110
SERAF Borrowing From the Primary Government	1,124	2,896	(1,772)
Unamortized Premiums and Discounts	35,366	37,770	(2,404)
Total Long-Term Debt	<u>\$ 935,822</u>	<u>\$ 873,429</u>	<u>\$ 62,393</u>

The Successor Agency's long-term debt increased by \$62.4 million when compared to the prior fiscal year. This increase was primarily due to the issuance of \$127.2 million of 2021 Series A Bonds to finance affordable housing, offset by annual scheduled principal payments of \$63.8 million made on tax allocation and hotel occupancy tax revenue bonds.

California Redevelopment Dissolution Law imposes limitations on the debt the Successor Agency can issue. The Successor Agency may only issue debt to refund outstanding debt, finance affordable housing, and fund public infrastructure.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Bond Ratings

The table below shows the ratings for the Successor Agency's outstanding long-term debt as of June 30, 2022:

Credit	Rating	Rating Agency
RPTTF Senior /Cross Collateralized	AA Aa3	Standard and Poor's Moody's Investors Service
RPTTF Subordinate	AA-	Standard and Poor's
RPTTF Third Lien/"SB107"	A	Standard and Poor's
Mission Bay North Infrastructure	A	Standard and Poor's
Mission Bay South Infrastructure	A-	Standard and Poor's
Mission Bay North and South Housing	A	Standard and Poor's
Hotel Occupancy Tax Revenue	AA A1	Standard and Poor's Moody's Investors Service

Request for Information

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of Successor Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Office of Community Investment and Infrastructure, One South Van Ness Avenue 5th Floor, San Francisco, California.

This page left intentionally blank.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Statement of Fiduciary Net Position

June 30, 2022

(In Thousands)

	Private Purpose Trust Fund	Custodial Fund
Assets		
Unrestricted cash and investments	\$ 171,460	\$ 38,350
Restricted cash and investments with trustees	375,291	28,055
Interest and other receivables	2,286	34
Intergovernmental receivables	2,668	-
Notes and mortgages receivable, net of allowance for uncollectible amounts of \$182,314	1,471	-
Other assets	2,262	-
Net OPEB asset	3,523	-
Non-depreciable capital assets	4,152	-
Total assets	<u>563,113</u>	<u>66,439</u>
Deferred outflows of resources		
Unamortized loss on refundings	36,388	-
Pension items	5,614	-
Other Postemployment Benefits (OPEB) items	1,689	-
Total deferred outflows of resources	<u>43,691</u>	<u>-</u>
Liabilities		
Accounts payable	6,343	80
Payable to the City	4,565	-
Accrued interest payable	13,688	-
Developer payable	46,844	-
Other liabilities	1,041	-
Long-term obligations:		
Due within one year	68,655	-
Due in more than one year	869,009	-
Net pension liability	22,028	-
Total liabilities	<u>1,032,173</u>	<u>80</u>
Deferred inflows of resources		
Pension items	21,758	-
OPEB items	2,775	-
Total deferred inflows of resources	<u>24,533</u>	<u>-</u>
Net position		
Restricted for enforceable obligations held in trust	(449,902)	-
Restricted for community facility districts	-	66,359
Total net position	<u>\$ (449,902)</u>	<u>\$ 66,359</u>

See accompanying notes to basic financial statements.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022
(In Thousands)

	Private Purpose Trust Fund	Custodial Fund
Additions:		
Property tax revenues	\$ 133,643	\$ -
Special tax revenues for community facility district	-	17,874
Developer payments	8,999	-
Charges for services	373	-
Hotel occupancy tax	4,505	-
Investment income	(5,587)	(957)
Grants	3,278	-
Other	963	2,879
Total additions	<u>146,174</u>	<u>19,796</u>
Deductions:		
Salaries and benefits	19,804	-
Administrative and operating	1,307	-
Affordable housing loan program costs	18,047	-
Contracted services	35,789	-
Community based programs	461	-
Distribution of pledged revenue to Transbay Joint Powers Authority	28,294	-
Interest on debt	41,963	-
Distribution for community facility district activities	-	21,007
Other	14	-
Total deductions	<u>145,679</u>	<u>21,007</u>
Change in net position	495	(1,211)
Net position, beginning of year	<u>(450,397)</u>	<u>67,570</u>
Net position, end of year	<u><u>\$ (449,902)</u></u>	<u><u>\$ 66,359</u></u>

See accompanying notes to basic financial statements.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(1) Summary of Significant Accounting Policies

(a) General

The Redevelopment Agency of the City and County of San Francisco (Agency) was a public body, corporate and politic, organized and existed under the Community Redevelopment Law of the State of California. Until June 28, 2011, the Agency had the broad authority to acquire, rehabilitate, develop, administer, and sell or lease property in a “Redevelopment Project Area.”

On June 28, 2011, Assembly Bill X1 26 (AB X1 26) was enacted. This legislation is referred to herein as the Dissolution Law. On December 29, 2011, the California Supreme Court upheld the constitutionality of AB X1 26, and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The legislation provides for successor agencies and oversight boards that are responsible for overseeing the dissolution process and the wind-down of redevelopment activity. On January 24, 2012, the Board of Supervisors of the City and County of San Francisco (City) elected to become the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (Successor Agency) and elected to retain the former Agency’s housing assets and functions, rights, powers, duties and obligations, effective February 1, 2012.

On June 27, 2012, the Dissolution Law was revised pursuant to Assembly Bill 1484 (AB 1484 or Dissolution Law), in which the State clarified that successor agencies are separate political entities and that the successor agency succeeds to the organizational status of the former redevelopment agency with the legal authority to participate in redevelopment activities only to the extent that it is required to complete the work related to an approved enforceable obligation. Therefore, the Successor Agency is a separate public entity from the City, subject to the direction of an Oversight Board. The City remains the Housing Successor Agency. The Oversight Board is comprised of seven-member representatives from local government bodies: four representatives appointed by the Mayor of the City subject to confirmation by the Board of Supervisors of the City; and one appointee each from the San Francisco Community College District, the Bay Area Rapid Transit District, and the San Francisco Unified School District.

On October 2, 2012, the City’s Board of Supervisors created the Successor Agency Commission, commonly known as the Commission on Community Investment and Infrastructure (Commission), as the policy body of the Successor Agency and delegated to it the authority to implement the surviving redevelopment projects, the replacement housing obligations and other enforceable obligations, and the authority to take actions that the Dissolution Law requires or allows on behalf of the Successor Agency. The Commission is comprised of five members appointed by the Mayor and confirmed by the Board of Supervisors, with two of the seats held by residents of the two supervisorial districts with the largest amounts of the Major Approved Development Projects.

In September 2015, the State passed the Senate Bill 107 (Bill). The Bill contained additional provisions and provides specificity to existing law governing the dissolution of redevelopment agencies and the wind-down of their existing activities and obligations. The Bill included specific language to the Successor Agency that facilitates the issuance of bonds or other indebtedness for the purposes of low and moderate income housing and various infrastructure in the City, by allowing the pledge of revenues available in the Redevelopment Property Tax Trust Fund (RPTTF) that are not otherwise pledged, subject to the approval of the Oversight Board. The Bill also declares that the Mission Bay North, Mission Bay South, Hunters Point Shipyard Phase 1, Candlestick Point – Hunters Point Shipyard Phase 2, and Transbay projects are finally and conclusively approved as enforceable obligations.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). The Successor Agency is allocated revenue in the amount that is necessary to pay the estimated annual payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency is reported as a fiduciary fund (private-purpose trust fund) of the City.

The financial statements present the Successor Agency and its component units, entities for which the Successor Agency is considered to be financially accountable.

The City and County of San Francisco Redevelopment Financing Authority (Financing Authority) is a joint powers authority formed between the former Agency and the City to facilitate the long-term financing of the former Agency activities. The Commission serves as the governing board of the Financing Authority and the Financing Authority provides services entirely to the Successor Agency. A financial benefit or burden relationship exists between the Successor Agency and the Financing Authority and thus the Financing Authority is included as a blended component unit in the Successor Agency's financial statements.

In order to facilitate construction and rehabilitation in the City, seven Community Facility Districts (CFDs) were formed by the former Agency or the Successor Agency. The Successor Agency can impose its will on the CFDs but does not have financial benefit or burden from the CFDs. The assets associated with the CFDs are for the benefit of the CFDs and are not derived from the Successor Agency's provision of services to the CFDs. The CFDs are fiduciary component units of the Successor Agency. The financial activities of the CFDs are included in the Custodial Fund. Custodial funds are fiduciary funds used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds.

(b) Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP).

(c) Basis of Accounting

The financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

(d) Investments

The Successor Agency's investments are stated at fair value. Fair value has been obtained by using market quotes and reflects the values as if the Successor Agency were to liquidate the securities on that date. The Successor Agency's investments in the City's Treasurer's Pool and money market mutual funds are valued at amortized cost.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

(e) *Restricted Cash and Investments with Fiscal Agents*

Certain proceeds of the former Agency's and the Successor Agency's bonds, and resources set aside for their repayment, are classified as restricted assets on the statement of fiduciary net position because they are maintained in separate accounts and their use is limited by applicable bond covenants or for debt service payments.

(f) *Capital Assets*

Capital assets are defined as assets with an initial, individual cost of more than \$5 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of three to twenty years.

(g) *Notes and Mortgages Receivable*

During the process of selling land to developers and issuing mortgage revenue bonds, the Successor Agency may defer receipt of land sale proceeds and mortgage revenue bond financing fees from various private developers in exchange for notes receivable, which aid the developers' financing arrangements. The Successor Agency recognizes all revenues and interest on the above-described arrangements when earned, net of any amounts deemed to be uncollectible. During the year ended June 30, 2022, the Successor Agency disbursed \$18,047 to the developers through this arrangement and recorded an allowance against the receivables as they are deemed to be uncollectible. This allowance is recorded as a deduction - affordable housing loan program costs - in the statement of changes in fiduciary net position. The Successor Agency also transferred fully-allowed receivables of \$33,686 to the City during the year. At June 30, 2022, the gross value of the notes and mortgages receivable was \$183,785 and the allowance for uncollectible amounts was \$182,314.

(h) *Accrued Vacation and Sick Leave*

It is the Successor Agency's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay are accrued when earned. For sick leave, all employees are allowed to accumulate up to 1,040 hours (130 days). For vacation, employees are allowed to accumulate up to the limit based on employees' service years as follows:

Employee Service years	Maximum number of hours
Less than 5 years	320
Between 5 to 15 years	360
More than 15 years	400

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

(i) Property Tax Revenues

Pursuant to the Dissolution Law, funds that would have been distributed to the former Agency as tax increment, hereafter referred to as property tax revenues, are deposited into the Successor Agency's RPTTF administered by the City's Controller for the benefit of holders of enforceable obligations and the taxing entities that receive pass-through payments. Any remaining funds in the RPTTF to the extent not necessary to pay enforceable obligations of the Successor Agency, plus any funds from asset sales are distributed by the City's Controller to the local agencies in the project area.

Distributions are scheduled to be made twice each year on the following cycles:

Distribution Dates	Covers Recognized Obligation Payment Schedules to be Paid
January 2	January 1 through June 30
June 1	July 1 through December 31

The amounts distributed for Recognized Obligation Payment Schedules (ROPS) are forward looking to the next six-month period.

(j) Bond Premium, Discounts, and Loss on Refundings

Premiums and discounts on debt instruments are reported as a component of long-term debt. Loss on refundings is reported as a component of deferred outflows of resources. The premiums and discounts are amortized as a component of the interest expense using the straight-line method over the remaining life of the debt instrument. The loss on refundings are amortized as a component of the interest expense using the straight-line method over the remaining life of the refunding or refunded debt, whichever is shorter.

(k) Pension and Other Postemployment Benefits (OPEB) Plans

For purposes of measuring the net pension liability and net OPEB liability, deferred outflows/inflows of resources related to pension and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the Successor Agency's pension and OPEB plans and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. CalPERS plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value.

(l) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of fiduciary net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (deduction) until then. At June 30, 2022, the Successor Agency reported pension items, OPEB items, and loss on refundings as deferred outflows of resources.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of fiduciary net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (addition) until that time. At June 30, 2022, the Successor Agency reported pension items and OPEB items as deferred inflows of resources.

(m) Effects of New Pronouncements

During the year ended June 30, 2022, the Successor Agency implemented the following Governmental Accounting Standards Board (GASB) Statements:

- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Implementation of this statement did not have an impact on the Successor Agency's financial statements for the year ended June 30, 2022.
- In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are 1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and 2) to simplify accounting for interest cost incurred before the end of a construction period. Implementation of this statement did not have an impact on the Successor Agency's financial statements for the year ended June 30, 2022.
- In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Implementation of this statement did not have a significant impact on the Successor Agency's financial statements for the year ended June 30, 2022.
- In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate. Implementation of this statement did not have an impact on the Successor Agency's financial statements for the year ended June 30, 2022.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that been identified during implementation and application of certain GASB Statements and (b) accounting and financial reporting for financial guarantees. The requirements related to the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statements No. 53 and No. 63 are effective upon issuance. Implementation of these requirements did not have an significant impact on the Successor Agency's financial statements for the year ended June 30, 2022.

The Successor Agency is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosure. The requirements of this statement are effective for the Successor Agency's financial statements for the year ending June 30, 2023.
- In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for the Successor Agency's financial statements for the year ending June 30, 2023.
- In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for the Successor Agency's financial statements for the year ending June 30, 2023.
- In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The requirements related to leases, public-private partnerships (PPPs), and SBITAs are effective for the Successor Agency's financial statements for the year ending June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for the Successor Agency's financial statements for the year ending June 30, 2024.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(1) Summary of Significant Accounting Policies (Continued)

- In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the Successor Agency’s financial statements for the year ending June 30, 2024.
- In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for the Successor Agency’s financial statements for the year ending June 30, 2025.

(n) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Cash and Investments

As of June 30, 2022, the Successor Agency follows the investment policy of the former Agency, which is governed by and is in compliance with the California Government Code (Code). On August 19, 2014, the Commission adopted an investment policy for the Successor Agency to reflect the use of the City Treasurer’s Pool to manage the Successor Agency’s funds. Investment of bond proceeds is limited to those investments permitted in the bond document or provided in the Code. Investments with trustees are restricted by various bond covenants and are pledged for payment of principal, interest and specified capital improvements.

At June 30, 2022, total cash and investments are reported as follows:

	Private Purpose Trust Fund	Custodial Fund	Total
Unrestricted cash and investments	\$ 171,460	\$ 38,350	\$ 209,810
Restricted cash and investments with trustees	375,291	28,055	403,346
Total cash and investments	<u>\$ 546,751</u>	<u>\$ 66,405</u>	<u>\$ 613,156</u>

The table on the next page identifies the investment types that are authorized for the Successor Agency by the California Government Code 53601 or the Successor Agency’s investment policy, where the policy is more restrictive. This table does not address investments of debt proceeds held by fiscal agents that are governed by the provisions of debt agreements of the Successor Agency, rather than the general provisions of the California Government Code or the Successor Agency’s investment policy.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(2) Cash and Investments (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 Years	None	None
Federal Agency or U.S. Government Sponsored Enterprise Obligations	5 Years	85% *	None
State of California and Local Government Agency Obligations	5 Years	20% *	5% *
Certificates of Deposit	13 months *	None	None
Negotiable Certificates of Deposits	5 Years	30%	None
Bankers' Acceptances	180 Days	40%	30%
Commercial Paper	270 Days	25%	10%
Medium-Term Notes	2 Years *	15% *	10% *
Repurchase Agreements	92 Days	None	None
Reverse Repurchase Agreements	45 Days *	Not to exceed \$75 million	None
Money Market Funds	N/A	None	None
State of California Local Agency Investment Fund (LAIF)	N/A	None	None
City Treasurer's Pool	N/A	None	None
Supranationals	5 Years	30%	None

* Represents restriction in which the Successor Agency's investment policy is more restrictive than the California Code.

Interest Rate Risk: Refers to the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity period of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk: Refers to the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by the nationally recognized statistical rating organizations.

The following is a summary of cash and investments as of June 30, 2022:

	Weighted Average Maturities for Investments			Total Fair Value	Credit Rating
	Less than 3 months	3 months to 1 year	1 to 5 years		
Unrestricted cash and investments:					
Cash and investments with the City Treasury:					
Investment in the City's Treasurer's Pool	\$ -	\$ -	\$ 209,810	\$ 209,810	Not rated
Restricted cash and investments with trustees:					
U.S. Treasury Notes	-	86,074	60,878	146,952	AA+
Commercial paper	17,984	-	-	17,984	A-1
Money market mutual funds	238,410	-	-	238,410	AAAm
Total restricted cash and Investments with trustees	256,394	86,074	60,878	403,346	
Total cash and investments	\$ 256,394	\$ 86,074	\$ 270,688	\$ 613,156	

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(2) Cash and Investments (Continued)

Custodial Credit Risk, Investments: Refers to the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The California Government Code and the Successor Agency's investment policy do not contain a legal or policy requirement that would limit the exposure to custodial credit risk for investments.

Fair Value Hierarchy

The Successor Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The inputs and techniques used for valuing securities are not necessarily an indication of risk associated with investing in those securities. The Successor Agency's investment in U.S. treasury notes and commercial paper are measured using level 2 inputs, while the Successor Agency's investment in the City's Treasurer's Pool and money market mutual funds are exempt from fair value measurement disclosures.

City's Treasurer's Pool

The Successor Agency maintains deposits and investments with the City and County of San Francisco Treasury Pool (Pool). As of June 30, 2022, the Successor Agency's deposits and investments in the Pool is \$209,810 and the total amount invested by all public agencies in the Pool is \$14.5 billion. The Successor Agency's investment in the Pool has a weighted average maturity of 569 days. The City's Treasurer Oversight Committee (Committee) has oversight responsibility for the Pool. The value of the Successor Agency's shares in the Pool, which may be withdrawn, is based on the book value of the Successor Agency's percentage participation, which is different than the fair value of the Successor Agency's percentage participation in the Pool. At June 30, 2022, the Pool consists of U.S. government and agency securities, public time deposits, negotiable certificates of deposit, commercial paper, supranationals, and money market mutual funds as authorized by State statutes and the City's investment policy. Additional information regarding deposit, investment risks (such as interest rate, credit, and concentration of credit risks), and fair value hierarchy for the City's Treasurer's Pool may be obtained by contacting the City's Controller's Office, 1 Dr. Carlton B. Goodlett Place, Room 316, San Francisco, CA 94102.

(3) Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 4,152	\$ -	\$ -	\$ 4,152
Capital assets being depreciated:				
Furniture and equipment	2,306	-	-	2,306
Less accumulated depreciation for:				
Furniture and equipment	(2,306)	-	-	(2,306)
Total capital assets being depreciated, net	-	-	-	-
Total capital assets, net	<u>\$ 4,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,152</u>

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(Dollars in thousands)

(4) Long-Term Obligations

(a) Long-Term Obligations Summary

The following is a summary of changes in long-term obligations for the year ended June 30, 2022:

	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Remaining Interest Rates</u>	<u>Balance, June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2022</u>	<u>Due Within One Year</u>
Former Agency Bonds:								
Tax Allocation Revenue Bonds, San Francisco Redevelopment and Refunding Notes Series 1998C (1)	\$ 12,915	2025	5.40%	\$ 1,074	\$ -	\$ -	\$ 1,074	\$ -
Tax Allocation Revenue Bonds, San Francisco Redevelopment and Refunding Notes Series 1998D (1)	21,034	2025	5.20%	11,583	-	(1,165)	10,418	3,651
Taxable Tax Allocation Revenue Bonds, San Francisco Redevelopment Project Series 2006A (1)	50,731	2037	5.62% to 6.19%	25,468	-	(2,411)	23,057	2,276
Taxable Tax Allocation Revenue Bonds, San Francisco Redevelopment Project Series 2007A (1)	118,285	2038	5.50% to 5.75%	94,755	-	(1,195)	93,560	1,265
Tax Allocation Revenue Bonds, San Francisco Redevelopment Refunding Notes Series 2007B (1)	94,115	2023	Not Applicable	2,310	-	(2,310)	-	-
Taxable Tax Allocation Revenue Bonds, San Francisco Redevelopment Project Series 2009E (1)	72,565	2040	7.77% to 8.41%	55,820	-	-	55,820	-
Successor Agency Bonds:								
Tax Allocation Revenue Bonds, Mission Bay South Redevelopment Projects Series 2014A (1)	56,245	2044	5.00%	51,565	-	(920)	50,645	965
Tax Allocation Refunding Bonds, San Francisco Redevelopment Projects Series 2014B (1)	67,955	2036	3.39% to 4.87%	22,820	-	(1,690)	21,130	1,705
Tax Allocation Refunding Bonds, San Francisco Redevelopment Projects Series 2014C (1)	75,945	2030	5.00%	14,935	-	(9,835)	5,100	2,305
Tax Allocation Refunding Bonds, Mission Bay North Redevelopment Projects Series 2016A (1)	73,890	2042	5.00%	68,545	-	(1,760)	66,785	1,845
Tax Allocation Revenue Bonds, Mission Bay South Redevelopment Projects Series 2016B (1)	45,000	2044	5.00%	41,565	-	(1,115)	40,450	1,165
Tax Allocation Refunding Bonds, Mission Bay South Redevelopment Projects Series 2016C (1)	73,230	2042	5.00%	67,510	-	(1,845)	65,665	1,940

(Continued on next page)

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(Dollars in thousands)

(4) Long-Term Obligations (Continued)

	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Remaining Interest Rates</u>	<u>Balance, June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2022</u>	<u>Due Within One Year</u>
Former Agency Bonds:								
Tax Allocation Revenue Bonds, Mission Bay South Redevelopment Projects Series 2016D (1)	74,652	2044	4.50% to 5.00%	64,152	-	(5,500)	58,652	4,421
Tax Allocation Revenue Bonds, Affordable Housing Projects Series 2017A (1)	89,765	2045	3.11% to 4.38%	55,045	-	(17,150)	37,895	13,395
Tax Allocation Revenue Bonds, Transbay Infrastructure Projects Series 2017B (1)	19,850	2047	5.00%	19,850	-	-	19,850	-
Tax Allocation Revenue and Refunding Bonds, Mission Bay New Money and Refunding Housing Project Series 2017C (1)	43,400	2044	3.00% to 4.38%	35,085	-	(1,850)	33,235	1,990
Tax Allocation Refunding Bonds, Redevelopment Projects Series 2017D (1)	116,665	2042	2.38% to 3.75%	89,170	-	(11,315)	77,855	12,085
Tax Allocation Refunding Bonds, Redevelopment Projects Series 2017E (1)	19,745	2042	3.00% to 5.00%	17,645	-	-	17,645	-
Tax Allocation Revenue Bonds, Affordable Housing Projects Series 2021A (1)	127,210	2033	1.01% to 2.74%	-	127,210	-	127,210	-
Agency Revenue Bonds:								
Hotel Tax Revenue Bonds, Series 2011 (2)	43,780	2025	5.00%	16,230	-	(3,690)	12,540	3,865
Subtotal Bonds Payable				755,127	127,210	(63,751)	818,586	52,873
Unamortized issuance premiums				40,433	-	(2,546)	37,887	-
Unamortized issuance discounts				(2,663)	-	142	(2,521)	-
Subtotal Bonds Payable, including unamortized premium and discounts				792,897	127,210	(66,155)	853,952	52,873
Accreted interest payable *				77,636	9,174	(6,064)	80,746	13,791
SERAF borrowing from the primary government				2,896	-	(1,772)	1,124	1,123
Accrued vacation and sick leave				1,991	868	(1,017)	1,842	868
Total long-term obligations				<u>\$ 875,420</u>	<u>\$ 137,252</u>	<u>\$ (75,008)</u>	<u>\$ 937,664</u>	<u>\$ 68,655</u>

*Amount represents interest accretion on Capital Appreciation Bonds.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(4) Long-Term Obligations (Continued)

Debt service payments for long-term obligations are made from the following sources:

- (1) Property tax revenues from the Bayview Hunters Point, Western Addition, Rincon Point South Beach, Yerba Buena Center, India Basin, South of Market, Golden Gateway, Mission Bay South, Transbay and Mission Bay North project areas.
- (2) Hotel occupancy tax revenues from the occupancy of guest rooms in the hotels within the City.

The proceeds from the issuance of Financing Authority bonds were immediately loaned to the former Agency. Loan payments to the Financing Authority are equal to the debt service requirements of the underlying debt. The bonds are secured by property tax increment revenues. Since the loan transactions are entirely within the financial reporting entity, they have been eliminated in the financial statements.

Issuance of Successor Agency Bonds

Under the Dissolution Law, a successor agency is authorized to issue bonds to satisfy its obligations under certain enforceable obligations entered into by the former redevelopment agency prior to dissolution, subject to approval by the California Department of Finance (DOF). On December 24, 2013, the DOF released its letter approving the issuance of bonds by the Successor Agency.

On December 15, 2021, the Successor Agency issued \$127,210 of Taxable Third Lien Tax Allocation Bonds, Affordable Housing Projects Series 2021 A (2021 Series A Bonds). Bond proceeds will be used to finance the development and/or construction of affordable housing. The 2021 Series A Bonds bear fixed interest rates ranging from 1.01% to 2.74% and have a final maturity of August 1, 2032.

Events of Default and Acceleration Clause

For the Former Agency Bonds, the Successor Agency is considered to be in default if the Successor Agency fails to pay the due and punctual principal amount, redemption premium, or any installment of interest of any former agency bonds pursuant to the indenture, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise. Upon the occurrence of an event of default, the trustee may, subject to certain provisions of the indenture, pursue any available remedy at law or in equity to enforce the payment of the principal, interest and premium, if any, on the outstanding bonds, and to enforce any rights of the trustee under or with respect to the indenture.

For the Successor Agency Bonds, the Successor Agency is considered to be in default if the Successor Agency fails to pay the due and punctual principal of or interest or redemption premium on any bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise. If an event of default has occurred and is continuing, the trustee may, and if requested in writing by the owners of a majority in aggregate principal amount of the bonds then outstanding, declare the principal of the bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(4) Long-Term Obligations (Continued)

For the Hotel Occupancy Tax Revenue Refunding Bonds, the Successor Agency is considered to be in default if the Successor Agency fails to pay the due and punctual principal or redemption price of any bonds, or any installment of interest of any bonds when become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise, or default in the redemption from any sinking account of any bonds in the amounts and at the times provided therefor. If an event of default occurs and is continuing, the Successor Agency must immediately transfer to the trustee all revenues held and the trustee must apply all revenues and any other funds then held of thereafter received by the trustee under any of the provisions of the indenture for the payment of the following order: 1) any expenses necessary in the opinion of the trustee to protect the interests of the bondholders, and 2) all installments of interest and unpaid bond obligation or redemption price of any bonds which has become due.

Pledged Revenues for Bonds

The Tax Allocation Bonds are equally and ratably secured by the pledge and lien of the property tax revenues. These revenues have been pledged until the year 2047, the final maturity date of the bonds. The total principal and interest remaining on these bonds is approximately \$1,320,078. The property tax revenues recognized during the year ended June 30, 2022 was \$133,643 as against the total scheduled debt service payment of \$96,180.

The Hotel Occupancy Tax Revenue Refunding Bonds are secured by the pledge and lien of the hotel occupancy tax revenue received by the Successor Agency from the City. These revenues have been pledged until the year 2025, the final maturity date of the bonds. The total principal and interest remaining on the Hotel Occupancy Tax Revenue Refunding Bonds is approximately \$13,824. The hotel occupancy tax revenue recognized during the year ended June 30, 2022 was \$4,505 as against the total scheduled debt service payment of \$4,502.

Supplemental Education Revenue Augmentation Funds Borrowing from the City

During the year ended June 30, 2010, the former Agency borrowed \$16,483 from the City's Low and Moderate Income Housing Fund (LMIHF) as part of the funding to make a payment of \$28,733 to the Supplemental Education Revenue Augmentation Funds (SERAF) to meet the State's Proposition 98 obligations to schools. Upon the dissolution of the former Agency, the City elected to become the Housing Successor Agency and retain the former Agency's housing assets and functions, rights, powers, duties and obligations. Interest will be accrued quarterly at an annual rate of 3% on the principal balance due to the City in accordance with HSC Section 34191.4(b)(3). During the year ended June 30, 2018, the DOF determined that since the borrowing is not considered an agreement between the former Agency and the City that created the former Agency, the Successor Agency is not authorized to accrue interest on the borrowing. The Successor Agency made payments in the amount of \$1,772 to the City during the year ended June 30, 2022, and the outstanding payable balance was \$1,124.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(4) Long-Term Obligations (Continued)

(b) Repayment requirements

As of June 30, 2022, the debt service requirements to maturity, excluding accrued vacation and sick leave, are as follows:

June 30,	Tax Allocation Revenue Bonds		Hotel Occupancy Tax Revenue Refunding Bonds	
	Principal	Interest *	Principal	Interest
2023	\$ 49,008	\$ 45,517	\$ 3,865	\$ 627
2024	33,464	46,113	4,220	434
2025	36,896	45,784	4,455	223
2026	41,859	34,102	-	-
2027	42,547	32,850	-	-
2028-2032	232,553	143,752	-	-
2033-2037	176,415	104,268	-	-
2038-2042	127,302	47,411	-	-
2043-2047	66,002	14,235	-	-
TOTAL	\$ 806,046	\$ 514,032	\$ 12,540	\$ 1,284

* Including payment of accreted interest.

(c) Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The Successor Agency has evaluated each bond issue subject to the arbitrage rebate requirements and does not have a rebatable arbitrage liability as of June 30, 2022.

(5) Pension Plan

(a) General Information about the Pension Plan

Plan Description – Effective February 1, 2012, upon the operation of law to dissolve the former Agency, the Successor agency assumed the former Agency's Pension Plan. All qualified permanent and probationary employees are eligible to participate in the Successor Agency's Pension Plan (Pension Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Pension Plan are established by State statute and Successor Agency resolution. CalPERS issues publicly available reports that include a full description of the Pension Plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website www.calpers.ca.gov.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(5) Pension Plan (Continued)

The State of California passed the Public Employees' Pension Reform Act (PEPRA), which became effective on January 1, 2013. PEPRA changes include the classification of active employees into two distinct classifications: classic members and new members. Classic members represent active members hired before January 1, 2013, and retain the pension plan benefits in effect. New members are active members hired on or after January 1, 2013, and are subject to PEPRA.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits and new members with five years of total service are eligible to retire at age 52 with reduced benefits. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Pension Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a percentage of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	6.91%	7.25%
Required employer contribution rates	74.75%	8.64%

Contributions – The Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Pension Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Successor Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2022, the Successor Agency's actuarially determined contractually required contribution was \$2,611.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(5) Pension Plan (Continued)

(b) Net Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension

The Successor Agency's net pension liability is measured as the proportionate share of the net pension liability of the cost-sharing plan. The net pension liability is measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The Successor Agency's proportion of the net pension liability was actuarial determined as of the valuation date. The Successor Agency's proportionate share of the net pension liability for the Pension Plan was 0.40730% or \$22,028, an increase of 0.11063% and a decrease of \$10,251 from the prior year.

For the year ended June 30, 2022, the Successor Agency recognized pension expense of \$11,983. At June 30, 2022, the Successor Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,611	\$ -
Difference between expected and actual experience	2,470	-
Net differences between projected and actual earnings on plan investments	-	19,229
Changes in employer's proportion	533	621
Differences between the employer's contributions and the employer's proportionate share of contributions	-	1,908
Total	<u>\$ 5,614</u>	<u>\$ 21,758</u>

At June 30, 2022, the Successor Agency reported \$2,611 as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension items will be recognized as pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (4,391)
2024	(4,423)
2025	(4,627)
2026	(5,314)
Total	<u>\$ (18,755)</u>

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(5) Pension Plan (Continued)

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation, which was rolled forward to June 30, 2021, was determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Services
Investment Rate of Return	7.15% Net of Pension Plan Investment Expenses, includes Inflation.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.
Mortality	Derived using CalPERS Membership Data for all Funds. (1)

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates includes 15 years of projected mortality improvements using 90 percent of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the 2017 CalPERS Experience Study available on the CalPERS website.

All other actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the 2017 CalPERS Experience Study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the 2017 CalPERS Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that the contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(Dollars in thousands)

(5) Pension Plan (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated and adjusted to account for assumed administrative expenses.

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The long-term expected real rate of return by asset class and the target allocation adopted by the CalPERS Board effective on July 1, 2020, are as follows:

Asset Class	New Strategic Allocation	Real Return Year 1-10 (a)	Real Return Year 11+ (b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.00% used for this period

(b) An expected inflation of 2.92% used for this period

On November 17, 2021, the CalPERS Board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expenses assumption support a discount rate of 6.90% (net of investment expenses but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions will be reflected in the accounting valuation reports for the June 30, 2022 measurement date.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(5) Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Successor Agency's proportionate share of the net pension liability of the plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the Successor Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Proportionate Share of Net Pension Liability	\$ 36,561	\$ 22,028	\$ 10,013

Pension Plan Fiduciary Net Position – Detailed information about the Pension Plan's fiduciary net position is available in the separately issued CalPERS financial report that can be found on the CalPERS website.

(6) Other Postemployment Benefits Plan

(a) General Information about the Pension Plan

Plan Description – Effective February 1, 2012, upon the operation of law to dissolve the former Agency, the Successor Agency assumed the former Agency's other postemployment benefits plan. The Successor Agency sponsors a defined benefit plan providing OPEB to employees who retire directly from the former Agency and/or the Successor Agency. The Successor Agency pays 100% of the premiums of CalPERS medical plan to eligible employees that satisfied the required services years and minimum age. The Successor Agency participates in the CalPERS California Employers' Retiree Benefit Trust Fund Program (CERBT), an agent multiple-employer OPEB plan administered by CalPERS, to fund the Successor Agency's OPEB liability. The CERBT fund financial statements are included in the CalPERS annual comprehensive financial report, which can be found on the CalPERS website www.calpers.ca.gov.

Employees Covered – The following employees were covered by the benefit terms for the OPEB Plan at June 30, 2021, the most recent information available:

Inactive employees or beneficiaries currently receiving benefits	105
Inactive employees entitled to but not yet receiving benefits	1
Active employees	43
Total	<u>149</u>

Contributions – The Successor Agency's OPEB funding policy is to contribute 100 percent or more of the actuarially determined contribution annually by contributing to the CERBT. For the year ended June 30, 2022, the Successor Agency's contributions totaled \$1,689. There are no employee contributions to the plan.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(6) Other Postemployment Benefits Plan (Continued)

(b) Net OPEB Liability(Asset), OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

The Successor Agency's net OPEB liability (asset) is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability (asset) is measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2021.

The change in the net OPEB liability (asset) for the Successor Agency's OPEB Plan is as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2020	\$ 12,419	\$ 10,328	\$ 2,091
Changes during the measurement period			
Service cost	348	-	348
Interest on the total OPEB liability	831	-	831
Differences between expected and actual experience	(1,337)	-	(1,337)
Change in assumptions	(164)	-	(164)
Contributions from the employer	-	2,259	(2,259)
Net investment income	-	3,039	(3,039)
Administrative expenses	-	(6)	6
Benefit payments	(880)	(880)	-
Net changes during measurement period	(1,202)	4,412	(5,614)
Balance at June 30, 2021	\$ 11,217	\$ 14,740	\$ (3,523)

OPEB Expense – For the year ended June 30, 2022, the Successor Agency recognized OPEB expense (income) of (\$441). At June 30, 2022, the Successor Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,689	\$ -
Difference between expected and actual experience	-	(919)
Change in assumptions	-	(207)
Net differences between projected and actual earnings on plan investments	-	(1,649)
Total	\$ 1,689	\$ (2,775)

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(6) Other Postemployment Benefits Plan (Continued)

At June 30, 2022, the Successor Agency reported \$1,689 as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction (addition) to net OPEB liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB items will be recognized as OPEB expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (945)
2024	(882)
2025	(488)
2026	(460)
Total	<u>\$ (2,775)</u>

Actuarial Assumptions - A summary of the actuarial assumptions and methods used to calculate the total OPEB liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry age normal cost
Discount Rate	6.25%
Inflation	2.50%
Salary Increases	2.75%; Merit based on 2017 CalPERS Experience Study
Healthcare Cost Trend Rate	Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076. Medicare (Non-Kaiser)- 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076. Medicare (Kaiser)- 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076.
Mortality and other actuarial assumptions	Derived using CalPERS 2017 Experience Study for the period 1997 to 2015 Post-retirement mortality projected fully generational with Scale MP-2020.

Change in Assumptions – During measurement period ended June 30, 2021, the discount rate was decreased from 6.75% to 6.25%, inflation rate was reduced from 2.75% to 2.50%. and salary increases were reduced from 3.00% to 2.75%. Healthcare cost trend rates were also updated.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that the Successor Agency's contribution will be made equal to the actuarially determined contribution. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments is applied to all periods of projected benefit payments to determine the total OPEB liability.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(Dollars in thousands)

(6) Other Postemployment Benefits Plan (Continued)

The long-term expected rate of return for OPEB plan investments is 6.25%. Using historical returns of all the asset classes, expected compound geometric returns were calculated using a building-block approach. The long-term expected real rate of return by asset class and the target allocation are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59.0%	4.82%
Fixed Income	25.0%	1.47%
REITS	8.0%	3.76%
TIPS	5.0%	1.29%
Commodities	3.0%	0.84%
Total	<u>100.0%</u>	

Sensitivity of the Net OPEB Liability (Asset) to Changes in Discount Rate – The following presents the Successor Agency’s net OPEB liability (asset) as of the measurement date, calculated using the discount rate of 6.25%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

Discount Rate	Current Discount Rate	Discount Rate
-1% (5.25%)	(6.25%)	+1% (7.25%)
\$ (2,377)	\$ (3,523)	\$ (4,495)

Sensitivity of the Net OPEB Liability (Asset) to Changes in Healthcare Cost Trend Rates – The following presents the Successor Agency’s net OPEB liability (asset) as of the measurement date, as well as what the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current rate:

Healthcare Cost Trend Rate -1%	Current Healthcare Cost Trend Rate	Healthcare Cost Trend Rate +1%
\$ (4,565)	\$ (3,523)	\$ (2,289)

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued CalPERS annual comprehensive financial report that can be found on the CalPERS website.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements
For the Year Ended June 30, 2022
(Dollars in thousands)

(7) Mortgage Revenue Bonds and Other Conduit Debt

In order to facilitate construction and rehabilitation in the City, various community district facility bonds and mortgage revenue bonds have been issued by the former Agency and the Successor Agency on behalf of various developers and property owners who retain full responsibility for the repayment of the debt. When these obligations are issued, they are secured by the related mortgage indebtedness and special assessment taxes, and, in the opinion of management, are not considered obligations of the Successor Agency or the City and are therefore not included in the accompanying financial statements. Debt service payments will be made by developers or property owners. At June 30, 2022, the outstanding community district facility bonds totaling \$147.2 million.

(8) Commitments and Contingent Liabilities

(a) Insurance, Claims and Litigation

The Successor Agency obtained coverage for personal injury, automobile liability, public official errors and omissions and employment practices liability with limits of \$10,000 per occurrence (\$5,000 for employment practices liability) and a \$25 deductible per occurrence. The limit for automobile liability is \$5,000 per occurrence, with a \$25 deductible. The annual aggregate limit for employment practices liability is \$5,000, with a \$25 deductible.

The Successor Agency has been named as defendant in several legal actions. In the opinion of the Successor Agency's management and legal counsel, the outcome of these actions will not have a material adverse effect on the financial position of the Successor Agency.

(b) Transbay Transit Center Agreements

In July 2003, the City, the Transbay Joint Powers Authority (TJPA), and the State of California acting through its Department of Transportation (Caltrans) entered into the Transbay Transit Terminal Cooperative Agreement (Cooperative Agreement) in which Caltrans agreed to transfer approximately 10 acres of State-owned property in and around the then-existing Transbay Terminal to the City and the TJPA to help fund the development of the Transbay Transit Center (TTC). The Cooperative Agreement requires that the TJPA sell certain State-owned parcels and use the revenues from the sales and the net tax increments to finance the TTC.

In 2008, the City and the former Agency entered into a binding agreement with the TJPA that irrevocably pledges all sales proceeds and net tax increments from the State-owned parcels to the TJPA for a period of 45 years (Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Agreement). At the same time, the City, the TJPA and the former Agency entered into an Option Agreement, which grants options to the former Agency to acquire the State-owned parcels, arrange for development of the parcels, and distribute the net tax increments to the TJPA to use for the TTC. During the year ended June 30, 2022, the Successor Agency distributed pledged revenue in the amount of \$28,294 to the TJPA. The payment was recorded as a deduction – distribution of pledged revenue to TJPA on the statement of changes in fiduciary net position.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(Dollars in thousands)

(8) Commitments and Contingent Liabilities (Continued)

(c) *Encumbrances*

The Successor Agency uses encumbrances to control expenditure commitments for the year. Encumbrances represent commitments related to executed contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of funds are encumbered to allocate a portion of applicable appropriations. Encumbrances still open at period end are not accounted for as expenses and liabilities. At June 30, 2022, the Successor Agency had outstanding encumbrances totaling \$10,463.

(9) Related Party Transactions

(a) *Due to the City and County of San Francisco*

At June 30, 2022, the Successor Agency has payables to the City in the amount of \$4,565 for services provided. The balance is recorded as payable to the City on the statement of net position.

(b) *Payments to the City and County of San Francisco*

A variety of City departments provide administrative services to the Successor Agency and charge amounts designed to recover costs. These charges, totaling \$12,275 for the year ended June 30, 2022, have been included in various deduction line items on the statement of changes in fiduciary net position.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Required Supplementary Information (Unaudited)
Schedule of the Successor Agency's Proportionate Share of the Net Pension Liability
June 30, 2022
Last 10 Years *
(Dollars In Thousands)

Fiscal year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Measurement period	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Proportion of net pension liability	0.25504%	0.24131%	0.26905%	0.27508%	0.28203%	0.29084%	0.29667%	0.40730%
Proportionate share of the net pension liability	\$ 15,870	\$ 16,563	\$ 23,281	\$ 27,280	\$ 27,178	\$ 29,803	\$ 32,279	\$ 22,028
Covered payroll	\$ 3,962	\$ 3,427	\$ 3,769	\$ 5,042	\$ 5,742	\$ 6,384	\$ 6,745	\$ 7,430
Proportionate share of the net pension liability as a percentage of covered payroll	400.56%	483.31%	617.70%	541.06%	473.32%	466.84%	478.56%	296.47%
CalPERS Plan's fiduciary net position as a percentage of total pension liability	80.43%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%	88.29%

Notes to Schedule:

Change in benefit terms - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2020 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in assumptions - During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50 percent to 7.65 percent. There was no change in discount rate during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no change in assumptions during measurement periods 2019, 2020 and 2021.

* Fiscal year 2014-15 was the first year of implementation of GASB Statement No. 68, therefore only eight years of information are shown.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Required Supplementary Information (Unaudited)

Schedule of Contributions - Pension Plan

June 30, 2022

Last 10 Years *

(Dollars In Thousands)

Fiscal year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Contractually required contribution (actuarially determined)	\$ 591	\$ 598	\$ 828	\$ 970	\$ 1,283	\$ 1,637	\$ 2,012	\$ 2,299	\$ 2,611
Contributions in relation to the actuarially determined contributions	(591)	(598)	(828)	(970)	(1,283)	(1,637)	(2,012)	(2,299)	(2,611)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,962	\$ 3,427	\$ 3,769	\$ 5,042	\$ 5,742	\$ 6,384	\$ 6,745	\$ 7,430	\$ 6,633
Contributions as a percentage of covered payroll	14.92%	17.45%	21.97%	19.24%	22.34%	25.64%	29.83%	30.94%	39.36%

Notes to Schedule:

The actuarial methods and assumptions used to determine the fiscal year 2021-22 contribution rates are as follows:

Valuation date:	6/30/2019
Actuarial Cost Method	Entry age normal cost method
Asset Valuation Method	Actuarial value of assets
Inflation	2.50%
Salary Increases	Varies by entry age and services
Payroll Growth	2.75%
Investment Rate of Return	7.00%, net of pension plan investment and administrative expenses, includes inflation.
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates includes 15 years of projected mortality improvements using 90% of Scale MP-2016 published by the Society of Actuaries.

* Fiscal year 2014-15 was the first year of implementation of GASB Statement No. 68, therefore only nine years of information are shown.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Required Supplementary Information (Unaudited)
Schedule of the Changes in the Net OPEB Liability and Related Ratios
June 30, 2022
Last 10 Years *
(Dollars In Thousands)

Fiscal Year	2017-18	2018-19	2019-20	2020-21	2021-22
Measurement period	2016-17	2017-18	2018-19	2019-20	2020-21
Total OPEB liability					
Service cost	\$ 159	\$ 164	\$ 335	\$ 344	\$ 348
Interest on the total OPEB liability	692	701	812	830	831
Changes of assumptions	-	1,572	-	(248)	(164)
Differences between expected and actual experience	-	267	-	-	(1,337)
Benefit payments	(797)	(812)	(906)	(902)	(880)
Net change in total OPEB liability	54	1,892	241	24	(1,202)
Total OPEB liability, beginning	10,208	10,262	12,154	12,395	12,419
Total OPEB liability, ending	\$ 10,262	\$ 12,154	\$ 12,395	\$ 12,419	\$ 11,217
Plan fiduciary net position					
Contributions, employer	\$ 1,097	\$ 2,145	\$ 2,967	\$ 2,901	\$ 2,259
Investment income	353	339	407	285	3,039
Benefit payments	(797)	(812)	(906)	(902)	(880)
Administrative expenses	(3)	(11)	(3)	(7)	(6)
Net change in plan fiduciary net position	650	1,661	2,465	2,277	4,412
Plan fiduciary net position, beginning	3,275	3,925	5,586	8,051	10,328
Plan fiduciary net position, ending	\$ 3,925	\$ 5,586	\$ 8,051	\$ 10,328	\$ 14,740
Plan net OPEB liability (asset)	\$ 6,337	\$ 6,568	\$ 4,344	\$ 2,091	\$ (3,523)
Plan fiduciary net position as a percentage of the total OPEB liability	38.2%	46.0%	65.0%	83.2%	131.4%
Covered-employee payroll	\$ 5,042	\$ 5,742	\$ 6,384	\$ 6,745	\$ 7,430
Plan net OPEB liability (asset) as a percentage of covered-employee payroll	125.68%	114.39%	68.05%	31.00%	-47.42%

Note to schedule:

Change in assumptions - During measurement period 2018, the discount rate was decreased from 7.00% to 6.75%. Demographic assumptions were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. Healthcare cost trend rates were also updated. There was no change in assumptions during measurement period 2019. During measurement period 2020, the 2% PPACA excise tax load was removed. During measurement period 2021, the discount rate was decreased from 6.75% to 6.25%, inflation rate was reduced from 2.75% to 2.50%, and salary increases were reduced from 3.00% to 2.75%. Healthcare cost trend rates were also updated.

* Fiscal year 2017-18 was the first year of implementation of GASB Statement No. 75, therefore only five years of information is shown.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Required Supplementary Information (Unaudited)

Schedule of Contributions - OPEB Plan

June 30, 2022

Last 10 Years *

(Dollars In Thousands)

Fiscal year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Actuarially determined contributions (ADC)	\$ 804	\$ 813	\$ 812	\$ 802	\$ 813	\$ 824
Contributions in relation to the ADC	(1,097)	(2,145)	(2,967)	(2,901)	(2,259)	(1,689)
Contribution deficiency (excess)	<u>\$ (293)</u>	<u>\$ (1,332)</u>	<u>\$ (2,155)</u>	<u>\$ (2,099)</u>	<u>\$ (1,446)</u>	<u>\$ (865)</u>
Covered-employee payroll	\$ 5,042	\$ 5,742	\$ 6,384	\$ 6,745	\$ 7,430	\$ 6,633
Contributions as a percentage of covered-employee payroll	21.76%	37.36%	46.48%	43.01%	30.40%	25.46%

Notes to Schedule:

The actuarial methods and assumptions used to determine the fiscal year 2021-22 contribution rates are as follows:

Valuation date:	6/30/2021
Actuarial Cost Method	Entry age normal cost method
Asset Valuation Method	Actuarial value of assets
Inflation	2.50%
Salary Increases	2.75%; Merit based on 2017 CalPERS Experience Study for the period 1997 to 2015.
Healthcare Cost Trend Rate	Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076. Medicare (Non-Kaiser)- 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076. Medicare (Kaiser)- 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076.
Investment Rate of Return	6.25%
Mortality	Derived using CalPERS 2017 Experience Study for the period 1997 to 2015 Post-retirement mortality projected fully generational with Scale MP-2020.

* Fiscal year 2017-18 was the first year of implementation of GASB Statement No. 75, therefore only six years of information is shown.



**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Commission on Community Investment and Infrastructure
Successor Agency to the Redevelopment Agency of the
City and County of San Francisco
San Francisco, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the fiduciary activities of the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (Successor Agency), a component unit of the City and County of San Francisco, California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Successor Agency's basic financial statements, and have issued our report thereon dated November 10, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Successor Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Successor Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Successor Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Successor Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
November 10, 2022

APPENDIX B

FISCAL CONSULTANT REPORT

[Intentionally Left Blank.]

**FISCAL CONSULTANT REPORT
FOR THE
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO
2023 SERIES A TAXABLE THIRD LIEN TAX ALLOCATION BONDS
(AFFORDABLE HOUSING PROJECTS)
AND
2023 SERIES B THIRD LIEN TAX ALLOCATION BONDS
(TRANSBAY INFRASTRUCTURE PROJECTS)**

AUGUST 22, 2023

Table of Contents

INTRODUCTION	1
THE ALLOCATION OF TAX INCREMENT REVENUE TO THE AGENCY	2
HOUSING FUND	4
THE REDEVELOPMENT PLANS	4
<i>Tax Increment Caps</i>	9
<i>Statutory Pass-through Payments</i>	9
<i>Senior Obligations</i>	11
<i>Excluded Sub-Areas</i>	12
LEGISLATION AND COURT ACTIONS	12
<i>Redevelopment Dissolution</i>	12
<i>AB1290</i>	15
<i>ERAF Legislation</i>	15
<i>Santa Ana Section 33676 Decision</i>	16
<i>Orange County Reassessment Decision</i>	16
TAX RATES	16
PROPOSITION 13 INFLATION ADJUSTMENT.....	17
ASSESSMENT APPEALS.....	17
ASSESSED VALUATION AND TAX INCREMENT	18
TEN LARGEST ASSESSEES	20
TAX INCREMENT PROJECTION	20
LIMITATIONS OF REPORT	21

INTRODUCTION

In preparation for the issuance of the Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) and 2023 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects) (together, the "Bonds"), the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the "Agency") has retained Urban Analytics as fiscal consultant (the "Consultant") to evaluate available tax revenue for the Agency's redevelopment project areas that are applicable to the Bonds and provide a Fiscal Consultant Report (the "Report").

This report includes information regarding the following project areas, subproject areas and land use districts therein, as applicable: Bayview Hunters Point Redevelopment Project, Zone 2 of Project Area B (the "Bayview Hunters Point Project Area – Zone 2 of Project Area B"); Embarcadero-Lower Market ("Golden Gateway") Approved Redevelopment Project Area E-1 (the "Embarcadero-Lower Market ('Golden Gateway') Project Area"); Bayview Hunters Point Redevelopment Project Area - Project Area A, (the "Bayview Hunters Point Project Area - Project Area A"); India Basin Industrial Park Redevelopment Project Area (the "India Basin Industrial Park Project Area"); Rincon Point-South Beach Redevelopment Project Area (the "Rincon Point-South Beach Project Area"); South of Market Redevelopment Project Area (the "South of Market Project Area"); Transbay Redevelopment Project Area (the "Transbay Project Area"); Western Addition Redevelopment Project Area A-2 (the "Western Addition Project Area A-2"); Hunters Point Hill Residential District of the Hunters Point Shipyard Redevelopment Project Area (the "Hunters Point Hill Residential District (Hunters Point Shipyard Project Area)"); and the Yerba Buena Center Approved Redevelopment Project Area D-1 (the "Yerba Buena Center Approved Project Area D-1") (together, the "Project Areas").

The Agency has three additional redevelopment project areas whose tax increment revenue is not pledged to the payment of the Bonds nor, except as noted, included in this Report: Mission Bay South Project Area, Mission Bay North Project Area and Federal Office Building Project Area (negative tax increment from the Federal Office Building Project Area is applied to tax increment from the Project Areas due to a merger of three project areas).

Tax increment revenues from three sub-areas of the Project Areas are excluded from the revenue pledged to the Bonds. These sub-areas, referred to in this Report as the "Excluded Sub-Areas", are the Zone 1 - Candlestick Point Site of the Bayview Hunters Point Project Area B, the tax increment from which is wholly excluded from the revenue pledged to the Bonds and is excluded from the tax increment calculations used in this Report (as described further under the *Bayview Hunters Point Area B* section of *The Redevelopment Plans*); certain parcels (the "State-Owned Parcels") within the Transbay Project Area, a portion of the tax increment from which is paid to the Transbay Joint Powers Authority (the "TJPA") for infrastructure financing and is excluded from the tax increment calculations used in this Report (as described further under the *Transbay* section of *The Redevelopment Plans*); and tax increment from that portion of the Hunters Point Shipyard Project Area other than the Hunters Point Hill Residential District is wholly excluded from the revenue pledged to the Bonds and is excluded from the tax increment calculations used in this Report. These three sub-areas, together with the three redevelopment project areas noted above, are together referred to as the Excluded Project Areas.

The Report is based in part on assessed valuation information provided by the City and County of San Francisco (the "City"), on the City's assessment and apportionment practices, on base year assessed valuation for the Project Areas as reported by the City, and on information

regarding pass-through calculation methods, redevelopment plan terms and existing contractual agreements provided by Agency and City staff.

The Report provides a review of various matters affecting the Agency's receipt of tax increment in the Project Areas. The County Controller (the "Controller") tabulates and reports tax increment from the Project Areas using a fixed base year assessment.

The Report also presents projections of tax increment available to the Agency over the life of the Bonds. This projection incorporates the Agency's obligations toward other taxing jurisdictions and projects assessed valuation at a two percent growth rate.

THE ALLOCATION OF TAX INCREMENT REVENUE TO THE AGENCY

Under California redevelopment law, the Controller allocates to the Agency that portion of locally assessed secured and unsecured property tax revenue and state-assessed utility revenue collected within a project area above the project area's base year assessed valuation required to pay its annual obligations. The Controller also apportions to the Agency a share of state-assessed unitary revenue as well as revenue from supplemental assessments.

Tax revenue deriving from the base year assessed valuation is distributed to all other taxing entities within the tax rate area comprising the Project Areas. The distribution of the base year tax revenue is accomplished using the same property tax apportionment factors used to allocate property tax revenue in non-redevelopment tax rate areas.

As described further under "*Redevelopment Dissolution*", tax revenue derived from assessed valuation in a project area in excess of the base year assessed valuation is allocated annually by the Controller to the Redevelopment Property Tax Trust Fund (the "RPTTF"). This allocation of tax increment ("Tax Revenue") is the maximum that the Agency may receive in a fiscal year. The Tax Revenue is applied, in order of priority, to any administrative costs of the Controller associated with Redevelopment Dissolution and any costs associated with property tax administration, to pass-through payments, to debt service and enforceable obligations of the Agency, and to administrative costs of the Agency; funds remaining in the RPTTF are then distributed to the taxing entities. To the extent the funds in the RPTTF are insufficient to meet these obligations, the Controller will withhold Agency administrative costs; if an insufficiency remains, subordinated pass-through payments would then be deferred upon certain steps having been taken by the Agency.

Annual debt service on indebtedness of the Agency and contractual obligations are identified on a Recognized Obligation Payment Schedule (ROPS) that is approved by the Agency's Oversight Board and by the state Department of Finance. The Agency prepares a single ROPS each year, covering payments due in the subsequent fiscal year. In order to have sufficient funds available in a subsequent period, the Agency may identify on its ROPS an amount necessary to be reserved in the RPTTF to be applied to obligations shown on a subsequent ROPS. If necessary, the Agency may submit a single amendment to the annual ROPS by October 1 which, if approved, is effective for the subsequent January 1 to June 30 period. The Controller deposits funds into the RPTTF, and disburses funds from the RPTTF, twice each year, once on January 2 and again on June 1. Any amount remaining in the RPTTF after payment of administrative costs, pass-through payments and ROPS obligations is immediately distributed to other taxing entities.

While it had previously been the Controller's practice to not deduct any prior-year tax refunds paid to property owners in a project area from the Agency's tax revenue due to software

limitations, a property tax software system implemented in FY 2020-21 now allows the Controller to make such adjustments.

Unitary roll revenue is derived from utility properties including pipelines and other properties that are assessed on a countywide basis as a unit; these utility properties are distinguished from non-unitary utility properties that are assessed within their tax rate area. Property taxes on these unitary assessments are distributed to jurisdictions in the City using an allocation formula similar to the regular apportionment mechanism. While a portion of this revenue is received by the Agency, the tax increment calculations used in this report do not incorporate the amount of unitary revenue that may be apportioned to the Project Areas. The Agency has received approximately \$270,000 in unitary revenue annually in all project areas in prior years.

The State Board of Equalization separately assesses non-unitary utility properties by their location within each county. Non-unitary property assessed by the State Board in the Project Areas has an assessed valuation of \$1.6 million in FY 2023-24.

The City utilizes a device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code) to distribute secured property tax revenue to all jurisdictions, including the Agency, without regard to delinquencies. Pursuant to this mechanism, the City maintains a reserve fund to cover delinquencies and allocate revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Consequently, the Agency is not affected by delinquent tax payments. However, the Board of Supervisors may discontinue the Teeter Plan prior to the commencement of any fiscal year. There can be no assurance that the Teeter Plan will remain in effect throughout the life of the Bonds. The overall delinquency rate for the 2022-23 fiscal year for all secured properties in the Project Areas was 1.6% as of May 15, 2023.

The Controller charges the Agency an administrative fee as permitted under Redevelopment Dissolution Law; this fee is estimated to be 0.015% of tax increment.

The Controller deducts from the Project Areas' tax increment approximately \$48,000 in negative tax increment from one of the Excluded Project Areas due to a fiscal merger. The South of Market and Embarcadero-Lower Market ('Golden Gateway') project areas are components of the Project Areas and are fiscally merged with the Federal Office Building project area (one of the Excluded Project Areas). The Controller's office aggregates tax increment from all three areas when calculating tax increment. The Federal Office Building project area consists of tax-exempt secured property with an annual assessed valuation of zero and no unsecured property. The project area has a base year assessed valuation of \$4.8 million associated with unsecured assessments on the property at the time the project area was created. As this base year valuation is greater than the current assessed valuation the project area generates negative incremental assessed valuation. The resulting negative tax increment from the Federal Office Building of approximately \$48,000 in FY 2023-24 is included in the tax increment calculations by the Controller because of the fiscal merger, and is applied to the Agency's tax increment in the Project Areas even though the Federal Office Building is an Excluded Project Area. This negative tax increment is included in the calculations of available tax increment revenue used in this Report.

Tax increment calculations made in this Report use revenue from the secured, unsecured and non-unitary utility rolls. Supplemental roll revenues, derived from new construction and sales added to the rolls after the January 1st lien date, are subject to substantial annual variance and are not included in tax increment calculations used in the Report.

Assessed valuations are as of July 1, 2023 and include the Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B, the Hunters Point Shipyard Project Area other than the Hunters Point Hill Residential District and the State-Owned Parcels.

HOUSING FUND

California redevelopment law formerly required that agencies maintain a low- and moderate-income housing fund, into which at least 20% of gross tax increment revenues was required to be deposited annually. Under the Dissolution Act that requirement is no longer in effect; all gross tax increment revenues are deposited into the RPTTF.

THE REDEVELOPMENT PLANS

The Project Areas consist of ten redevelopment project areas established through separate redevelopment plans. Key information pertaining to each constituent project area (and any excluded sub-areas) is shown in Table 1. Additional information regarding land usage in the Project Areas is shown in Table 2 and Table 3.

Table 1
Redevelopment Plans Comprising the Project Areas

Project Area	Date of Adoption	Ordinance Number
Bayview Hunters Point Project Area – Zone 2 of Project Area B ⁽¹⁾	06/01/06	113-06
Embarcadero-Lower Market (“Golden Gateway”)	05/25/59	301-59
Bayview Hunters Point Project Area - Project Area A	01/20/69	25-69
Hunters Point Hill Residential District ⁽²⁾	07/14/97	285-97
India Basin Industrial Park	01/20/69	26-69
Rincon Point-South Beach	01/05/81	14-81
South of Market:		
<i>Original Area</i>	06/11/90	234-90
<i>Western Expansion Area</i>	12/16/05	276-05
Transbay	06/21/05	124-05
Western Addition Project Area A-2	10/13/64	273-64
Yerba Buena Center:		
<i>Original Area</i>	04/25/66	98-66
<i>Emporium Site Area</i>	10/13/00	236-00

(1) The redevelopment plan for the Bayview Hunters Point Redevelopment Project Area was amended on August 3, 2010. This amendment, among other things, divided the Bayview Hunters Point Redevelopment Project Area, Project Area B, into two sub-areas: Zone 1, which is the same as the Candlestick Site and is one of the Excluded Sub-Areas, and Zone 2.

(2) The redevelopment plan of Hunters Point Shipyard was amended on August 3, 2010.

Source: The Agency

Table 2
Land Use in the Project Areas, FY 2023-24

Category by Value	Bayview Hunters Point Project Area B	Golden Gateway Project Area	Bayview Hunters Point Project Area A	Hunters Point Shipyard Project Area Hill District	India Basin Industrial Park Project Area	Rincon Point - South Beach Project Area	South of Market Project Area
Commercial	226,537,190	2,595,480,692	-	-	40,107,573	566,318,805	281,201,005
Industrial	1,834,169,183	-	-	-	105,076,556	-	143,259,284
<i>Residential</i>							
Single-Family	-	-	-	102,379,774	-	-	-
Condominiums	198,789,265	237,086,170	10,618,905	252,495,968	-	1,292,012,888	420,914,736
Apartments	948,860,135	86,604,724	185,161,048	8,421,159	-	390,138,579	658,203,782
Vacant	289,316,237	189	1,200,867	76,964,331	8,826,696	-	488,824,645
Other Secured ¹	53,420,497	2,789,860	1,449,000	1,971,891	-	2,332,068	51,088,724
SBE-Assessed Utilities ²	392,040	298,757	-	-	-	935,000	-
Unsecured	258,828,626	562,771,427	206,609	909,456	40,473,036	788,759,599	40,286,561
Total ³	3,810,313,173	3,485,031,819	198,636,429	443,142,579	194,483,861	3,040,496,939	2,083,778,737
Acreage	1,361	51	137	NA	126	115	69

Category by Value	Transbay Project Area	Western Addition Project Area A-2	Yerba Buena Center Project Area D-1	Total Value	% of Total Value	Number of Properties Levied
Commercial	7,160,619,330	765,149,372	3,270,074,578	14,905,488,545	41.4%	635
Industrial	20,111,824	-	52,136,430	2,154,753,277	6.0%	872
<i>Residential</i>						
Single-Family	-	1,545,300	-	103,925,074	0.3%	1,887
Condominiums	1,885,125,283	1,603,096,063	1,946,617,558	7,846,756,836	21.8%	7,916
Apartments	1,176,412,254	1,380,424,132	535,542,665	5,369,768,478	14.9%	970
Vacant	321,626,740	5,395,079	38,955,462	1,231,110,246	3.4%	936 *
Other Secured ¹	1,138,200	24,382,533	25,547,274	164,120,047	0.5%	347
SBE-Assessed Utilities ²	-	-	16,962	1,642,759	0.0%	-
Unsecured	1,308,903,996	108,457,610	1,124,508,166	4,234,105,086	11.8%	3,222
Total ³	11,873,937,627	3,888,450,089	6,993,399,095	36,011,670,348	100.0%	16,785
Acreage	40	277	87	2,263		

(1) Includes other land use classifications and homeowner exemptions.

(2) Non-unitary property assessed by the State Board of Equalization.

(3) Assessed valuations are as of July 1, 2023 and include the Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area A and the State-Owned Parcels in the Transbay Project Area; revenue from these Excluded Sub-Areas is deducted from the tax increment calculations used in this Report.

* Of the 936 properties classified as vacant, 170 are located in sub-areas of the Project Areas within the Excluded Project Areas, of which 79 are in Zone 1-Candlestick Point Site of the Bayview Hunters Point Project Area B, 1 is in the Hunters Point Shipyard Project Area other than the Hunters Point Hill Residential District and 90 are in the State-Owned Parcels. Any future property tax revenue from these properties will not be pledged revenue. Of the remaining 766 properties, 401 are within the Bayview Hunters Point Project Area - Zone 2 of Project Area B, 105 are within the Hunters Point Hill Residential District of the Hunters Point Shipyard Project Area, 95 are within the Transbay Project Area and the remainder are distributed across the other seven project areas.

Source: San Francisco County Assessor; Urban Analytics

Table 3
Commercial Land Use in the Project Areas, FY 2023-24

Land Use	Total Value	% of Total Value	Number of Properties Levied
Office	11,698,505,312	32.5%	161
Hotel	1,354,961,870	3.8%	47
Retail	1,330,359,965	3.7%	282
Other	521,661,398	1.4%	145
Total Commercial	14,905,488,545	41.4%	635
Total, All Properties	36,011,670,348	100.0%	16,785

Source: San Francisco County Assessor; Urban Analytics

As shown in Table 2, commercial properties account for the largest percentage of assessed valuation, at 41.4% of total valuation in the Project Areas. Commercial land use in the Project Areas, shown in Table 3, is comprised largely of office properties with \$11.7 billion in assessed valuation across 161 properties representing 32.5% of the Project Areas' total valuation. Hotels total \$1.4 billion in assessed valuation over 47 properties for 3.8% of the Project Areas' total valuation, while retail use generates \$1.3 billion in assessed valuation across 282 properties representing 3.7% of the Project Areas' total valuation.

Prior to the passage of SB107 in September 2015, the Agency could not receive tax revenue to repay debt beyond the limits set in the redevelopment plans, except in those areas amended under Sections 33333.7 and 33333.8. Under Section 34189 of the Health and Safety Code, these limits no longer apply to the repayment of enforceable obligations such as the Bonds.

Bayview Hunters Point Area B: The Bayview Hunters Point Redevelopment Project Area was adopted by Ordinance 113-06 on June 1, 2006 as an amendment to the Hunters Point Redevelopment Plan. Area B of the Bayview Hunters Point Redevelopment Project Area is exclusive of the Area A portion of the Bayview Hunters Point Redevelopment Plan, originally known as the Hunters Point Redevelopment Project Area. Tax increment revenue from the Zone 1 - Candlestick Point Site of the Bayview Hunters Point Project Area B, as defined in the Disposition and Development Agreement for Candlestick Point and Phase 2 of the Hunters Point Shipyard, is not available for debt service on the Bonds; it is treated as an Excluded Sub-Area in this Report. The Zone 1 - Candlestick Point Site of the Bayview Hunters Point Project Area B area has \$186.6 million in FY 2023-24 assessed valuation; approximately fifty-five percent is paid annually under an existing obligation to the developer with the remainder applied to the Agency's pass-through, property tax administration fee and housing and infrastructure obligations; this excluded tax increment revenue totaled \$1.0 million in FY 2023-24. The Agency had \$11.9 million in principal outstanding on Existing Loan Agreements secured by tax increment from Area B of the Bayview Hunters Point Redevelopment Project Area Project Area as of August 1, 2022.

Embarcadero-Lower Market ("Golden Gateway"): The Embarcadero-Lower Market ("Golden Gateway") Approved Redevelopment Project Area E-1 was adopted by Ordinance 301-59 on May 25, 1959. The Project Area extends from the foot of Market Street north approximately six blocks to Broadway, and includes the four Embarcadero Center office buildings, the Hyatt Hotel on Market Street, the Golden Gateway Commons and the Alcoa office building.

The Embarcadero-Lower Market (“Golden Gateway”) Approved Redevelopment Project Area E-1 was merged for fiscal purposes with the South of Market Redevelopment Project Area on November 20, 1995. The redevelopment plan for the Federal Office Building Project Area, one of the Excluded Project Areas, was adopted on October 14, 1997 and was simultaneously fiscally merged with the South of Market and Embarcadero-Lower Market (“Golden Gateway”) project areas; negative tax increment from the Federal Office Building Project Area of approximately \$48,000 is deducted from increment in the South of Market and Embarcadero-Lower Market (“Golden Gateway”) project areas due to this merger.

The Agency had \$20.7 million in principal outstanding on Existing Loan Agreements secured by tax increment from this project area as of August 1, 2022 and an additional \$0.35 million in principal outstanding on Existing Loan Agreements that is secured by a pledge of tax increment from both this project area and the South of Market Redevelopment Project Area as of August 1, 2022.

Bayview Hunters Point Project Area - Project Area A: The Bayview Hunters Point Project Area - Project Area A, adopted by Ordinance 25-69 on January 20, 1969, is comprised of a residential community located in the southeast portion of the City on a site formerly occupied by temporary federal wartime housing. The Agency had \$263,625 in principal outstanding on Existing Loan Agreements secured by tax increment from this project area as of August 1, 2022.

Hunters Point Hill Residential District: The Hunters Point Shipyard Redevelopment Project Area, adopted by Ordinance 285-97 on July 14, 1997, is comprised of several land use districts, including the Hunters Point Hill Residential District, on and adjacent to the former Hunters Point Shipyard in the southeast portion of the City. Certain portions of the Hunters Point Shipyard Redevelopment Project Area other than the Hunters Point Hill Residential District are subject to Disposition and Development Agreements pursuant to which tax increment from such portions are pledged for the purpose of financing certain infrastructure; revenue from this Excluded Sub-Area is not pledged as security for the Bonds. Tax increment from the Hunters Point Hill Residential District is pledged for such purpose and is available to pay debt service on the Bonds, a portion of which may be applied to infrastructure in that portion of the Hunters Point Shipyard Redevelopment Project Area other than the Hunters Point Hill Residential District.

India Basin: The India Basin Industrial Park Redevelopment Project Area, adopted by Ordinance 26-69 on January 20, 1969, is an industrial area located at Third Street and Evans. The project area includes a large United States Postal Service distribution facility that is exempt from property taxes, several light industrial, commercial service and multimedia businesses and some retail businesses; no residential uses are allowed in the project area. The Agency had no principal outstanding on Existing Loan Agreements secured by tax increment from this project area as of August 1, 2022.

Rincon Point-South Beach: The Rincon Point-South Beach Redevelopment Project Area, adopted January 5, 1981 by Ordinance 14-81, includes two areas along the waterfront south of the Bay Bridge. The South Beach portion of the project area includes the Giants ballpark. The Agency had \$70.9 million in principal outstanding on Existing Loan Agreements secured by tax increment from this project area as of August 1, 2022.

South of Market: The South of Market Redevelopment Project Area includes two sub-areas. The original sub-area is roughly bounded by Fifth and Seventh Streets between Harrison Street and Mission Street and is largely residential. The Western Expansion sub-area includes mainly commercial and industrial properties in the blocks bounded by Harrison Street, Seventh Street,

Folsom Street and Columbia Square. The original sub-area was adopted June 11, 1990 and the Western Expansion sub-area of the South of Market project area was adopted on December 16, 2005.

The Agency had \$5.4 million in principal outstanding on Existing Loan Agreements secured by tax increment from this project area as of August 1, 2022 and \$0.35 million in principal outstanding on Existing Loan Agreements secured by tax increment from both this project area and the Embarcadero-Lower Market (“Golden Gateway”) Approved Redevelopment Project Area E-1 as of August 1, 2022.

The South of Market Redevelopment Project Area was merged for fiscal purposes with the Embarcadero-Lower Market (Golden Gateway) Approved Redevelopment Project Area E-1 on November 20, 1995. The redevelopment plan for the Federal Office Building Project Area, one of the Excluded Project Areas, was adopted on October 14, 1997 and was simultaneously fiscally merged with the South of Market and Embarcadero-Lower Market (“Golden Gateway”) project areas; as noted under *Embarcadero-Lower Market (“Golden Gateway”)*, above, approximately \$48,000 in negative tax increment from the Federal Office Building Project Area is deducted from these two project areas due to the merger.

Transbay: The Transbay Redevelopment Project Area includes the area around the Transbay Terminal roughly bounded by Mission Street, Main Street, Folsom Street and Second Street, with a portion extending to Harrison Street. The project area was adopted on June 21, 2005.

The redevelopment plan requires that tax increment from certain parcels, designated as the State Parcels and including land previously occupied by the Transbay Terminal and related freeway ramps, less the amount required to meet the Agency’s pass-through payment obligations, property tax administration fees and housing and infrastructure obligations, be paid to the Transbay Joint Powers Authority (TJPA) for construction costs associated with the new Transbay Terminal. Approximately fifty-five percent of the revenue from the State Parcels is paid annually to the TJPA under the redevelopment plan, with the remainder applied to the Agency’s pass-through, property tax administration fee and housing and infrastructure obligations. These parcels include the Transbay Tower office building at 415 Mission Street, with an FY 2023-24 assessed valuation of \$1.9 billion, and the Park Tower office building at 250 Howard Street, with an FY 2023-24 assessed valuation of \$1.1 billion; the TJPA has issued bonds secured by a portion of the tax increment from these parcels. The total FY 2023-24 assessed valuation from the State Parcels is \$5.1 billion and the estimated tax increment allocable to the TJPA from these parcels is \$28.4 million in FY 2023-24. The Agency retains the remainder of the tax increment from these parcels for payment of required County administration fees, pass-through payments and housing and infrastructure obligations. The Agency had \$4.2 million in principal outstanding on Existing Loan Agreements secured by tax increment from this project area as of August 1, 2022.

Western Addition A-2: The Western Addition Redevelopment Project Area A-2 was established October 13, 1964. It encompasses portions of the area bounded by Van Ness Avenue, Bush Street, Broderick Street and Grove Street. A large hospital facility owned by Sutter Health is located in the project area with a taxable valuation of \$111.9 million in FY 2023-24 and exemptions of \$2.7 billion. The Agency had \$32.0 million in principal outstanding on Existing Loan Agreements secured by tax increment from this project area as of August 1, 2022.

Yerba Buena Center: The redevelopment plan for the Yerba Buena Center Redevelopment Project Area D-1 was adopted on April 25, 1966 and encompasses the area around the Convention

Center. An amendment to the plan on October 13, 2000 added the Emporium Site area to the project area, now the location of a shopping center on Market Street.

The redevelopment plan for the Emporium Site sub-area specifies that tax revenue deriving from a fixed 2% growth rate applied to the sub-area's base year assessed valuation is distributed to taxing entities and not to the Agency; this is deducted from tax increment prior to calculating the revenue available for debt service. The Agency had \$20.53 million in principal outstanding on Existing Loan Agreements secured by tax increment from this project area as of August 1, 2022.

Tax Increment Caps

Of the ten areas that comprise the Project Areas, seven were established prior to the statutory changes brought about by AB1290 in 1994. These pre-1994 project areas initially had separate tax increment caps (limitations on the amount of tax increment the Agency could receive from the project area during the redevelopment plan's duration); with Redevelopment Dissolution these limits no longer apply to the Agency's ability to repay enforceable obligations such as the Bonds.

Statutory Pass-through Payments

In 1994, all new redevelopment plans - and all existing plans amending certain fiscal terms or adding territory - became subject to a statutorily-defined set of pass-through requirements and plan limitations generally known as AB1290 requirements. This legislation replaced a system of negotiated pass-through agreements with a specific pass-through formula applied to all taxing jurisdictions. The Transbay Project Area, Bayview Hunters Point Area B Project Area, the Western Addition portion of the South of Market Project Area and the Emporium Site Area of the Yerba Buena Center Project Area were formed after the passage of AB1290 and have been subject to statutory pass-throughs since their formation. The remaining Project Areas as well as the Original Area of the Yerba Buena Center Project Area and the Original Area of the South of Market Project Area became subject to statutory pass-throughs when certain fiscal limits in their redevelopment plans were amended. There are no negotiated pass-through agreements in the Project Areas.

Under the AB1290 mechanism, pass-through payments are made to all jurisdictions receiving a portion of the basic one percent levy, except jurisdictions having pre-existing contractual pass-through agreements. The pass-through payments are made in three periods, or tiers, each beginning in a different year - years one, eleven, and thirty-one - and extending through the plan's remaining duration. The payments received by each jurisdiction are based on a specified percentage of the growth in assessed valuation over a base (the assessed valuation in the year prior to the beginning of a period), multiplied by the property tax apportionment factor for the jurisdiction. The City is entitled to pass-through payments from the first tier only. In the case of those project areas formed after 1994, the first year of pass-throughs is the first year in which tax increment is collected in the project area; in the case of project areas formed prior to 1994 and subsequently amended the base year is the year in which the earliest amended fiscal limit is reached and the first year is the subsequent year.

Although Redevelopment Dissolution removed the distinction between tax increment committed to a low- and moderate-income housing fund and tax increment available for other purposes, statutory pass-through payments are calculated based on the 80% of tax increment formerly available for infrastructure financing and not from the 20% of tax increment formerly required to fund housing.

The initial statutory payments are a percentage of the tax increment received by the Agency. For payments under tiers two and three, payments derive from future base levels of assessed valuation. Under redevelopment law, the initial base year for the tier two payments was set in the tenth year in which the Agency received tax increment payments or, for the older amended plans, the tenth year after the earliest amended fiscal limit is reached.

The payments are limited to fixed percentages of those increases (25% of tier one increases, 21% of tier two increases and 14% of tier three increases; all percentages are calculated on tax increment after the deposits to the housing fund formerly required by the Community Redevelopment Law). In those project areas where initial year for statutory passthroughs was established after the project area's base year was set, the Agency continues to receive its full share of tax revenue from assessed valuation above the project area base year assessed valuations (with certain exceptions, noted below) and below the assessed valuation in the initial year for statutory passthrough payments. It also receives its share of the tax increment remaining after payment of the statutory pass-throughs.

There are nine taxing entities within the Project Areas. Four of these are entities of the City and County of San Francisco: the General Fund, the Children's Fund, the Library Fund, and the Open Space Fund. The remaining five taxing entities are: the San Francisco Community College District, the San Francisco Superintendent of Schools, the San Francisco Unified School District, the Bay Area Air Quality Management District, and the Bay Area Rapid Transit District. In addition to the taxing entities, the Controller allocates a portion of revenue to the Educational Revenue Augmentation Fund (ERAF) for distribution to schools. As discussed further under *ERAF Legislation*, ERAF was established by the State in FY 1992-93 to receive a portion of property tax revenue shifted from cities, counties and special districts for subsequent allocation to schools. The proportion of pass-through payments received by each of these taxing entities and ERAF and is shown in Table 4. The total amount of pass-through payments in FY 2023-24 is estimated to be \$71.6 million.

Table 4
Pass-through Shares By Taxing Entity

Taxing Entity	Pass-through Share
General Fund	0.55588206
Children's Fund	0.04000000
Library Fund	0.02500000
Open Space Fund	0.02500000
S.F. Community College District	0.01444422
S.F. Schools Superintendent	0.00097335
S.F. Unified School District	0.07698857
Bay Area Air Quality Management District	0.00208539
BART	0.00632528
ERAF *	0.25330113
Total	1.00000000

* The Educational Revenue Augmentation Fund (ERAF) is not itself a taxing entity; revenue deposited to ERAF is distributed to schools under statutory formulae with any excess distributed to the City and County.

Source: Office of the Controller

An appellate court decision in the Second Appellate District in southern California may affect the proportionate distribution of statutory pass-through payments to school districts and other taxing entities. The decision held that the school districts' share, for pass-through payment

calculation purposes, should take into account the amount the school districts receive from the ERAF fund. The decision was appealed to the California Supreme Court but the petition for review was denied. The City is not within the legal jurisdiction of the Second Appellate District. However, if the Agency's proportionate distribution of statutory pass-through payments to the school district and other taxing entities is challenged in court, the court may decide to follow the Second Appellate Court decision and require the Controller to pay a higher amount to the school districts in statutory pass-through payments, and a correspondingly lower amount to the ERAF fund. The total amount of statutory pass-through payments would not change.

Under redevelopment law, the Agency is permitted to subordinate its statutory pass-through payments to the payment of debt service after notification of the taxing entities of its intention to do so, and after demonstrating to those entities that it has sufficient tax increment to meet its pass-through obligation after debt service payments. After a 45-day period, and in the absence of any disapproval by a taxing entity based on substantial evidence that the Agency will not be able to pay its pass-through obligation and the debt service payments, the subordination request is deemed approved. The Agency notified the taxing entities of its intent to subordinate the statutory pass-through payments to debt service on the Bonds. The 45-day period expired on June 22, 2023. All of the pass-through payments are assumed to have been subordinated to debt service on the Bonds. Pass-through payments paid through ERAF to the schools are subordinated with the pass-through payments paid directly to the schools.

Senior Obligations

The redevelopment plan for the Emporium Site Area of the Yerba Buena Center Project Area specifies that tax revenue deriving from a fixed 2% growth rate applied to the Emporium Site Area's base year assessed valuation is distributed to taxing entities and not to the Agency; this is deducted from tax increment prior to calculating the revenue available for debt service. The amount excluded from FY 2023-24 tax increment in this manner is approximately \$404,000.

The Original Area of the South of Market Project Area was adopted at a time when redevelopment law included language in Section 33676 allowing taxing entities to claim their share of inflationary growth in base year assessed valuation from real property, rather than have that share paid to redevelopment agencies as tax increment. Those entities not claiming their share did not receive the annual payment. As described further below under *Santa Ana Section 33676 Decision*, a 2002 court decision in Santa Ana found that school districts and community college districts that, between January 1, 1985 and December 31, 1993, had not proactively elected to receive those payments were entitled to receive them regardless. The Original Area portion of the South of Market Redevelopment Project Area is the only project area established by the Agency during that period and so is the only one subject to Section 33676 payments under the Santa Ana decision. The amount of tax revenue payable to the school entities is estimated to be \$80,000 for FY 2023-24.

The Controller charges the Agency an administrative fee related to Redevelopment Dissolution which is senior to the Bonds. This amount is estimated to be 0.015% of tax increment.

As noted under *The Redevelopment Plans* above, the Agency has Existing Loan Agreements with the City and County of San Francisco Redevelopment Financing Authority for debt service payments on existing bonds that are senior to the Bonds, as well as outstanding bonds issued by the Agency that are senior to the Bonds.

Excluded Sub-Areas

The Agency has three sub-areas within the Project Areas whose tax increment revenue is designated for specific uses. The assessed valuation of both sub-areas is included with the assessed valuation for their respective project areas as reported by the Controller and is included in the assessed valuations used in this report. The excluded revenue from these sub-areas, consisting of the one percent tax levy less approximately 20% for passthrough payments and 20% for the housing set-aside, is deducted from gross tax increment when calculating the amount of revenue available for debt service on the Bonds.

In the Bayview Hunters Point Area B Project Area, tax revenue from the Zone 1 - Candlestick Site portion of the project area, as defined in the Disposition and Development Agreement for Candlestick Point, is not available to pay debt service on the Bonds. This area includes an estimated \$186.6 million in assessed valuation in FY 2023-24, or approximately \$1.0 million in excluded revenue paid to the developer and approximately \$823,000 in revenue to the RPTTF for passthrough payment and housing and infrastructure obligations. The \$1.0 million in excluded revenue from the Zone 1 - Candlestick Site is treated as Excluded Sub-Areas Revenue in this report.

The redevelopment plan for the Transbay Terminal Project Area requires that tax increment from certain parcels designated as the State Parcels (generally those parcels comprising the former Transbay Terminal site and connecting freeway ramps), less the amount required to meet the Agency's pass-through payment obligations, County administration fees and infrastructure and housing obligations, be paid to the TJPA for construction costs associated with the new Transbay Terminal. The assessed valuation from these State Parcels was \$5.1 billion in FY 2023-24, approximately 43% of the \$11.9 billion assessed valuation of the Transbay Terminal Project Area. This \$5.1 billion in assessed valuation generates approximately \$51.3 million in tax increment, from which approximately \$28.4 million in excluded revenue is expected to be paid to the TJPA and \$22.9 million in tax increment is expected to be applied to passthrough payments, county administration fees and infrastructure and housing obligations. The \$28.4 million in excluded revenue from the State Parcels is treated as Excluded Sub-Areas Revenue in this report; the TJPA has issued bonds secured by the revenue from the State Parcels that is required to be paid to the TJPA.

The portion of the Hunters Point Shipyard Project Area other than the Hunters Point Hill Residential District, an Excluded Sub-Area, is subject to an agreement that commits all of the tax increment from that portion of the project area to specific purposes and is not pledged as security for debt service on the Bonds. This excluded portion of the Hunters Point Shipyard Project Area is currently comprised of a single publicly-owned parcel and generates no tax increment revenue.

LEGISLATION AND COURT ACTIONS

Redevelopment Dissolution

The state's redevelopment program was fundamentally changed as part of the 2011-12 budget package. Legislation dissolving redevelopment agencies and replacing them with successor agencies, AB1x26, took effect June 29, 2011, with the dissolution of all redevelopment agencies in the state effective as of February 1, 2012. Additional clarifying legislation, AB1484 and SB 107, became effective on June 28, 2012 and September 22, 2015, respectively. ABx1 26, AB1482 and SB107 are jointly referred to here as Redevelopment Dissolution Law.

The legislation created successor agencies to pay off existing debt of the former redevelopment agencies and to wind down the former agency's operations. Successor agencies are governed by seven-member oversight boards representing the taxing entities that share in the property tax revenues of an agency (the city, county, schools, community college districts and special districts) as well as an employee representative of the former redevelopment agency. Successor agencies are subject to a number of proscriptions intended to limit the scope of their actions, including incurring new debt (as noted below, subsequent legislation added the ability to refund existing debt).

The dissolution bill did not change the constitutional basis for the collection of property tax increment revenue in California contained in Article 16, Section 16. Property tax increment revenue continues to be calculated and allocated to a special fund for all project areas within an account of the successor agency (now termed the Redevelopment Property Tax Trust Fund, or RPTTF).

The dissolution bill did substantially change the mechanism used to distribute tax increment revenue to the successor agencies. Successor agencies are now required to create a schedule of payments (Recognized Obligation Payment Schedule, or ROPS) which serves as the basis for the distribution of property tax increment revenue to the successor agencies. The obligations appearing on the ROPS are limited to items deemed to be "enforceable" under the legislation. These include debt service and contractual obligations entered into prior to June 29, 2011; it explicitly excludes contracts and agreements between the former redevelopment agency and its sponsoring city or county except those that were entered into prior to January 1, 2011 for purposes of securing debt obligations and those established in the first two years of an agency's existence.

The ROPS is prepared once each year and covers obligations coming due in the subsequent fiscal year. Agencies that have received a finding of completion from the California Department of Finance may file a Last and Final ROPS listing all enforceable obligations, which, if accepted by the California Department of Finance, will serve as the basis for all future distributions by the Controller (the Agency has not filed a Last and Final ROPS).

The distribution of funds from the RPTTF is limited to the obligations listed on the ROPS for each period. Distributions of RPTTF property tax increment revenue for each fiscal year are made twice each calendar year, on January 2 and June 1, with the January distribution applied to obligations due in the following January-June period and the June distribution applied to obligations due in the following July-December period.

Pass-through payments are calculated and paid by the Controller rather than by the Agency. The dissolution bill established a hierarchy of payments to be made from the RPTTF in each period, a mechanism informally referred to as "the waterfall".

The first payment from the RPTTF is made to the Controller to recover the cost of administering the Redevelopment Dissolution Law; this payment is not subordinated to the Agency's outstanding bonds or other debt obligations. The second tier of payments is pass-through payments to taxing entities, which may be subordinated to the Agency's outstanding bonds. The third payment tier is to the successor agency for the obligations on the ROPS for the payment period. A hierarchy of payments within the ROPS obligations is specified in the law, with debt service on tax allocation bonds first, revenue bonds second, and all other obligations third. The fourth payment is an administrative cost allowance for the successor agency, specified in the legislation as the greater of \$250,000 or three percent of the property tax revenue allocated to

the successor agency. The fifth and final payment is a distribution of all remaining property tax increment revenue in the RPTTF to the local taxing entities. No funds are retained in the RPTTF.

In the event that there are insufficient funds available in the RPTTF to meet the successor agency's obligations for a given period, the legislation requires the Controller to, first, reduce or eliminate the residual payments to taxing entities; second, reduce or eliminate the administrative cost allowance to the successor agency; and third, deduct from any subordinated pass-through payments the debt service obligations to which they were made subordinate. If there is still an insufficiency, the legislation permits, but does not require, a loan to be made from the county treasury to the successor agency.

There is a complex system of oversight and approvals in the Redevelopment Dissolution Law. The oversight boards are charged with approving ROPS of the successor agency, which are then submitted to the state Department of Finance for review. The Department of Finance can reject some or all of the obligations on the ROPS, which then returns to the successor agency and the oversight board for revision. Since the Controller cannot make a payment to the successor agency without an approved ROPS, this approval process is a critical element in the process. Additional oversight is provided by the Office of the State Controller, charged with overseeing the actions of the county auditor-controllers.

On September 22, 2015, as part of the Proposed Budget for FY 2015-16, the Governor signed legislation that established an annual (rather than biannual) ROPS process (beginning in FY 2016-17), as well as establishing (beginning in FY 2018-19) a single county oversight board for all successor agencies in a county (counties with more than 40 successor agencies may have five oversight boards). The legislation also amends Section 34189 of the Health and Safety Code to include language stating that the payment of enforceable obligations is not subject to the temporal limits and tax increment caps in redevelopment plans. Additionally, the legislation establishes a "Last and Final" ROPS process that would, for qualifying agencies, establish a schedule of enforceable obligations covering the duration of those obligations and turn the final ROPS over to the Controller to serve as the basis of all subsequent RPTTF distributions.

Prior to the passage of the Redevelopment Dissolution Law, a minimum of twenty percent of the tax increment revenue received by the Agency was required to be set aside and utilized to increase, improve and preserve the community's supply of very low-, low- and moderate-income housing (the "Low and Moderate Income Housing Fund" or "Housing Fund"). Although the Redevelopment Dissolution Law eliminated this requirement, the Agency has affordable housing obligations through the Disposition and Development Agreement for Hunters Point Shipyard Phase 1, the Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement, and the Transbay Implementation Agreement. The Transbay Implementation Agreement also obligates the Agency to finance certain infrastructure in the Transbay Project Area.

Also prior to the passage of the Redevelopment Dissolution Law, the allocation of tax increment revenue to redevelopment agencies was dependent on each agency demonstrating that it required the tax increment revenue to repay its indebtedness through an annual Statement of Indebtedness filed by all agencies with their county controller. As described above, redevelopment agencies are now required to list all obligations payable from tax increment revenue on a Recognized Obligation Payment Schedule and may only receive the amount of tax increment revenue required to meet those listed obligations. The Agency had regularly filed the previously-required Statement of Indebtedness to claim the amount of tax increment revenue required to meet its obligations. Since passage of the Redevelopment Dissolution Law it has filed

the required ROPS showing its obligations, including debt service on the Bonds, and expects to continue to do so in a timely manner.

The Controller charges an administration fee to recover property tax administration costs from the Agency authorized under the Redevelopment Dissolution Law. Under the Dissolution Act, the fee is calculated on an Agency-wide basis based on the added cost burden imposed on that office by the Dissolution Act and is deducted from the total amount of tax increment for all project areas deposited in the RPTTF. The allocation of the fee among project areas is at the discretion of Agency staff. The administration fee reported as deducted from total Agency tax increment for FY 2022-23 was approximately 0.015% of tax increment, or \$62,000 of revenue in the Project Areas.

Tax increment revenue calculations made in this Report use revenue from the secured, unsecured and utility rolls.

AB 1290

In 1994, all new redevelopment plans - and all existing plans amending certain fiscal terms or adding territory - became subject to a new set of pass-through requirements and plan limitations generally known as AB1290 requirements. Among the most significant changes was the replacement of a system of negotiated pass-through agreements with a specific pass-through formula applied to all taxing jurisdictions. The law also required existing plans to conform to certain time limits. The Agency brought its existing redevelopment plans into conformance with AB1290 through Ordinance 750, adopted November 29, 1994.

The Project Areas are subject to AB1290 pass-through payments, as described under *Statutory Pass-through Payments*, above.

ERAF Legislation

AB1389, effective with the 2008-09 fiscal year, required all agencies to 1) make a payment to the Educational Revenue Augmentation Fund (ERAF) fund for 2008-09 by May 10, 2009; 2) to have obtained the concurrence of the county auditor with the amount of pass-through payments for the 2003-04 through 2007-08 years as set forth in a report of the county auditor submitted on or before February 1, 2009; and 3) obtain the concurrence of the county auditor with the amount of the 2008-09 pass-through payments.

With respect to the pass-through payment requirements, redevelopment agencies failing to obtain concurrence of their county auditor were subject to significant penalties, including a prohibition on the issuance of new debt. The Agency obtained the concurrence of the Controller with the amounts of pass-through payments for the 2003-04 through 2007-08 period and the 2008-09 fiscal year and is not subject to penalties.

A Superior Court decision (*CRA vs. Genest*) on April 30, 2009 found the 2008-09 payment to the ERAF fund to be unconstitutional and invalidated the Health and Safety code section requiring the payment. On September 28, 2009 the state Attorney General's office notified the court that the state would not pursue an appeal of that ruling. Consequently, the May 10, 2009 ERAF payment was not required. However, state budget legislation (ABX4-26) for 2009 required redevelopment agencies to make a contribution to the Supplemental Educational Revenue Augmentation Fund (SERAF) for the 2009-10 and 2010-11 fiscal years.

The Agency funded its FY 2009-10 and FY 2010-11 SERAF obligations using available funds and by borrowing from the Housing Fund, as permitted under redevelopment law. The law requires agencies to repay by June 30, 2015 any amounts borrowed from its housing fund to meet the FY 2009-10 SERAF obligation and by June 30, 2016 for the FY 2010-11 SERAF obligation. The law also established a penalty of a 5% increase in the required contribution to the housing fund for those agencies not reimbursing their housing fund by those dates. The Redevelopment Dissolution Law subsequently established an annual limit on the amount of all redevelopment loan repayments, including those for SERAF-related housing fund borrowings. With the elimination of the 20 percent housing set-aside by the Dissolution Law and the annual limit on loan repayments also imposed by the Dissolution Law, it is not clear how or if the original 5% penalty requiring increased contributions to the Housing Fund could be implemented. The Agency reports that the outstanding balance for the SERAF-related Housing Fund borrowing was paid off in January 2023.

Santa Ana Section 33676 Decision

For plans adopted between January 1, 1985 and December 31, 1993, all affected taxing entities could elect to receive a payment equal to the increase in tax increment revenue attributable to inflationary adjustments under Proposition 13. Under a 1993 Attorney General's opinion these payments are not considered tax increment and, where they occur, are deducted from redevelopment agency revenue prior to apportionment to the agency. The payments, established under language previously included in Section 33676, are sometimes referred to as 2% or 33676 payments and are generally distributed directly to taxing entities by the county controller.

A 2002 court decision involving Santa Ana Unified School District regarding statutory payments made to taxing entities under the pre-1994 Section 33676 found that school districts and community college districts that had failed to elect to receive payments under that section were entitled to collect them. As discussed under *Senior Obligations* above, the redevelopment plan for the Original Area of the South of Market Project Area is the sole plan adopted during the applicable time period and is subject to the Santa Ana decision.

Orange County Reassessment Decision

A court case regarding the proper method of reassessing properties once they received a temporary reduction in valuation (a Proposition 8 adjustment) was resolved on appeal in favor of the County of Orange. In that case, the assessor was found to have properly returned a property to its statutory base valuation adjusted for inflation once the Proposition 8 adjustment terminated, rather than apply only the Proposition 13 inflation limit to the reduced Proposition 8 valuation once terminated. The assessment practice that was validated by the court is one used in San Francisco and most other counties in the state.

TAX RATES

The tax rate applicable to redevelopment incremental assessed valuation includes the basic one percent levy. In addition, redevelopment agencies receive tax revenue from debt service override levies except those that are imposed to repay indebtedness approved by voters on or after January 1, 1989. As there are no pre-1989 override levies imposed in the Project Areas, Agency does not receive any such override levies.

The Agency has no power to levy a property tax itself, has no control over the override levy, and may not receive tax revenue from any levy for voter-approved indebtedness incurred after January 1, 1989. The projections incorporated into this Report assume a one percent tax rate.

PROPOSITION 13 INFLATION ADJUSTMENT

Under Section 51 of the Revenue and Taxation Code the annual increase in assessed valuation for real property is limited to the lesser of two percent or the October-to-October change in the California Consumer Price Index (CCPI) preceding the January 1 lien date. The figure is reported annually by the State Board of Equalization in early December and are shown in Table 5 below. This factor, referred to at times in this Report as the Proposition 13 inflation factor, is applied to land and improvements where the property has not been sold or, in the case of improvements, newly constructed. Properties whose valuations have been reduced under Proposition 8 continue to receive an inflationary adjustment under Proposition 13 on the reduced valuation.

Table 5
Proposition 13 Inflation Adjustments

FY	Proposition 13 Inflation Factor
2016-17	1.525%
2017-18	2.000%
2018-19	2.000%
2019-20	2.000%
2020-21	2.000%
2021-22	1.036%
2022-23	2.000%
2023-24	2.000%

ASSESSMENT APPEALS

Appeals of assessments by property owners in the Project Areas can result in future reductions in assessed valuations that affect the Agency.

The most common type of appeal filed is known as a Proposition 8 appeal, in which the property owner seeks a reduction in a particular year's secured assessment based on the current economic value of the property (the assessor may also adjust valuations based on Proposition 8 criteria). In past years, assessment reductions under Proposition 8 have been generally temporary in nature and were usually restored to their previous levels, as adjusted for inflation, as economic conditions improved. The San Francisco county assessor's office has not indicated how many parcels are currently subject to Proposition 8 reductions in the Project Areas.

Property owners may also appeal the Proposition 13 base assessment of a property. Although less frequently filed, such appeals, if successful, can permanently reduce the enrolled valuation of a property and consequently affect the Agency's annual revenue. The annual filing period for all appeals extends from July 2 to September 15.

In the Transbay Project Area, a residential tower at 301 Mission Street (the "Millennium Towers") is reported to have experienced greater settling than anticipated as well as tilting of the building. The property consists of 419 residential condominiums and 2 commercial condominiums with a combined FY 2023-24 assessed valuation of \$668.9 million, which represents approximately 1.9% of the aggregate assessed valuation of the properties in the Project Areas shown in Table

8. Of these condominium owners, 167 filed appeals in FY 2016-17 on \$392.1 million in assessed valuation resulting in reductions of \$10.9 million and 169 filed appeals in FY 2017-18 on \$374.4 million assessed valuation resulting in reductions of \$23.2 million. Fewer appeals were filed in subsequent years: 20 appeals in FY 2018-19 resulting in \$1.6 million in reduced valuations with 4 still pending, 13 in FY 2019-20 resulting in \$1.7 million in reduced valuations with 4 still pending, 7 in FY 2020-21 resulting in no reductions in valuation with 2 still pending and 8 in FY 2021-22 resulting in \$0.5 million in reduced valuations with 4 still pending.

Appeal filings for the past ten years are shown in Table 6 for the secured and unsecured rolls as of May 24, 2023. The tables compare the county assessor's valuation with the applicant's opinion of the value of a property, and show the resulting valuation for resolved appeals. Appeals are considered resolved when they are withdrawn by the applicant, denied a hearing by the board of assessment appeals, granted a hearing but denied an adjustment in valuation, or granted an adjustment in valuation.

Table 6
Assessment Appeals in the Project Areas
As Of May 24, 2023

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2022-23	Resolved	121	601,295,756	362,673,194	599,182,066	99.6%
2022-23	Pending	104	6,769,261,379	4,201,185,127	TBD	TBD
2021-22	Resolved	192	1,886,126,957	1,297,510,728	1,878,393,849	99.6%
2021-22	Pending	74	4,566,396,545	2,770,363,102	TBD	TBD
2020-21	Resolved	189	1,618,693,604	1,063,739,545	1,610,527,675	99.5%
2020-21	Pending	44	3,340,161,600	2,032,956,105	TBD	TBD
2019-20	Resolved	66	1,533,435,296	902,484,996	1,530,511,973	99.8%
2019-20	Pending	14	920,542,478	666,884,639	TBD	TBD
2018-19	Resolved	64	2,795,062,526	2,026,538,468	2,745,373,273	98.2%
2018-19	Pending	8	654,135,086	448,354,774	TBD	TBD
2017-18	Resolved	214	2,571,608,460	1,723,558,036	2,546,485,190	99.0%
2017-18	Pending	6	356,260,361	257,087,605	TBD	TBD
2016-17	Resolved	209	1,822,114,232	865,834,954	1,794,131,367	98.5%
2016-17	Pending	1	2,808,636	500,000	TBD	TBD
2015-16	Resolved	56	2,294,449,168	1,313,463,151	2,263,373,746	98.6%
2015-16	Pending	-	-	-	-	NA
2014-15	Resolved	113	3,554,601,518	2,421,450,703	3,509,619,762	98.7%
2014-15	Pending	-	-	-	-	NA
2013-14	Resolved	172	3,703,538,935	2,205,517,104	3,697,619,615	99.8%
2013-14	Pending	-	-	-	-	NA
All Years	Resolved	1,396	22,380,926,452	14,182,770,879	22,175,218,516	99.1%
All Years	Pending	251	16,609,566,085	10,377,331,352	TBD	TBD

* Retention Rate is the proportion of value retained after resolution of an appeal. The rate is calculated by dividing the 'Valuation After Appeal' into the 'County Valuation'. For withdrawn and denied appeals, the 'Valuation After Appeal' is the original County valuation.

Source: San Francisco County Assessment Appeals Board. Data as of 5/24/2023.

An indicator of the potential exposure of Agency tax increment revenue to appeals – were the Assessor to extend Proposition 8 reductions to future rolls for properties granted prior-year reductions – may be seen by applying the overall retention rate for all years in the Project Areas

to the amount of roll valuation in pending appeals for the Project Areas. Applying the retention rate of 99.1% to the valuation subject to pending appeals as of May 24, 2023, the estimated reduction in prior-year assessed valuation would be approximately \$152.6 million, or approximately \$1.5 million (0.5%) of the Project Areas' FY 2023-24 gross tax increment revenue. As this includes properties with appeals in multiple years it does not necessarily indicate an equivalent reduction in future revenue.

If the full amount of disputed valuation were to be granted by the assessment appeals board across the Project Areas, and if the Controller's office were to deduct the resulting tax refunds from Agency tax increment, the estimated reduction in prior-year assessed valuation would be \$6.2 billion and FY 2023-24 gross tax increment revenue for the Project Areas could be reduced by approximately \$62.3 million (18.6%); this also includes multi-year appeals and does not necessarily indicate an equivalent reduction in future revenue.

ASSESSED VALUATION AND TAX INCREMENT

Based on assessment roll data provided by the offices of the San Francisco Assessor, the Controller, and State Board of Equalization, the total assessed valuation for FY 2023-24 in the Project Areas, after deducting all exemptions except the homeowner's exemption which is reimbursed by the state, is \$36.0 billion (see Table 7). Deducting the \$2.4 billion base year valuation for the Project Areas produces an incremental assessed valuation amount of \$33.6 billion. The largest contributor to incremental assessed valuation, at 32.7%, is the Transbay Project Area, followed by Yerba Buena Center - Original Area at 17.7% and Western Addition at 11.4%. Gross tax increment, calculated by applying a one percent tax rate to the incremental assessed valuation, is \$336.0 million for FY 2023-24, prior to deductions for the Excluded Sub-Areas and senior obligations.

Table 8 presents historical and current valuation and tax revenue for the Project Areas. Assessed valuation grew by 4.5% in FY 2023-24, following increases of 5.3% in FY 2022-23, 0.8% in FY 2021-22, 13.0% in FY 2020-21, and 13.2% in FY 2019-20.

FY 2023-24 assessed valuation increased by \$1.6 billion over FY 2022-23. The Bayview Hunters Point Project Area B increased by \$404.8 million, including a gain of \$172.5 million from four properties owned by GIC San Francisco LLC located on Napoleon Street. The Yerba Buena Center Project Area D-1 increased by \$320.4 million from gains posted across a number of properties as well as the removal of a \$59.2 million exemption on a parcel owned by Emporium Mall LLC.

Transbay Project Area assessed valuation increased by \$250.3 million, including an \$88.5 million valuation gain on properties owned by T8 Urban Housing Associates LLC. The Western Addition Project Area A-2 increased in valuation by \$248.4 million due in part to an \$85.3 million gain on properties owned by Sutter Health and a \$42.0 million gain on a property owned by 830 Eddy Street LLC. The remaining six project areas grew by \$339.2 million for FY 2023-24.

Net Available Tax Increment Revenue is determined by deducting from gross tax increment: the Excluded Sub-Areas (but only the portion of tax increment payable to the Transbay Joint Powers Authority under the redevelopment plan for the Transbay Project Area and the tax increment from the Zone 1 - Candlestick Point Site of the Bayview Hunters Point Project Area B); the payments to school districts under Section 33676 in the Original Area of the South of Market Project Area; the revenue derived from a 2% inflation factor applied to the base year valuation in the Emporium Site Area of the Yerba Buena Center Project Area; the negative tax increment from

the Federal Office Building project area; and the fee charged by the Controller for the administration of property taxes under the Dissolution Law. Net Available Tax Increment Revenue as shown on Table 8 is the amount available for debt service on the Agency's Senior Loan Agreements and other bonds issued by the Agency that are payable on a senior basis to the Bonds, the Bonds and any subordinate obligations.

TEN LARGEST ASSESSEES

The ten largest assesseees in the Project Areas are shown in Table 9 for FY 2023-24. The table includes the assessed valuations for each of the top ten property owners, the valuation for all other owners, and the total valuation for the Project Areas (valuations exclude homeowner's exemptions). The percentage of total valuation accounted for by each owner is calculated by dividing the owner's valuation into the total valuation for the Project Areas. An additional calculation showing the ten largest property owners as a percentage of incremental assessed valuation is also included.

Ownership concentration for the top ten largest assesseees is 24.5% of total assessed valuation and 26.2% of incremental assessed valuation in the Project Areas. The assessed valuation of three residential condominium buildings in the Project Areas, when taking their individual owner's assessments as a whole, would appear among the top ten largest assesseees. These include 706 Mission, with an aggregate FY 2023-24 valuation of \$782.3 million (2.2% and 2.3%, respectively, of the Project Areas' total and incremental assessed valuation) and 765 Market Street with an aggregate valuation of \$518.6 million (1.4% and 1.5%, respectively, of the Project Areas' total and incremental valuation); both are Four Seasons properties in the Yerba Buena Center Project Area D-1. The Millennium Towers condominium building in the Transbay Project Area would also appear among the top ten largest assesseees, with an FY 2023-24 aggregate assessed valuation of \$668.9 million (1.9% and 2.0%, respectively, of the Project Areas' total and incremental assessed valuation). As discussed under "*Assessment Appeals*", above, certain condominiums in the Millennium Towers are currently subject to assessment appeals related to the settling of the building.

The Transbay Towers property is located on the State Parcels. That portion of tax increment that is allocable to infrastructure (approximately 55% after the housing obligation of 20%, the pass-through payments of 25% during the first tier of payments and the County administration fee of 0.015%) is obligated to the Transbay Joint Powers Authority.

TAX INCREMENT PROJECTION

Allocable tax increment is projected over the duration of the plans in the Project Areas, as shown in Table 10. As described previously under "The Allocation of Tax Increment Revenue to the Agency", the Agency does not claim all Net Available Tax Increment Revenue in any given year; rather, it claims sufficient revenue to meet its debt service payments and other obligations identified on the ROPS; Net Available Tax Increment Revenue is also applied to pass-through obligations and project and administrative expenses as described previously under "*The Allocation of Tax Increment Revenue to the Agency*".

The projection uses a growth rate of 2.00% for real property in FY 2024-25 and later, holding secured personal property and unsecured valuations constant. The projection does not take into consideration any changes in assessed valuation due to new construction, property sales, Proposition 8 reductions, assessment appeals or other factors. The actual growth rate may be

less than the projected rate in the Project Areas. The tax rate used in the analysis for both the secured and unsecured roll is the one percent levy; the Agency does not receive revenue from any pre-1989 levies.

LIMITATIONS OF REPORT

The calculation of assessed valuations and tax increment shown in this Report are based on information believed to be complete, current and reliable at the time of this Report. Projections of tax increment are based on reasonable assumptions and may not reflect actual future revenue received by the Agency. Information regarding the practices and methods used by the City in assessing and allocating property tax revenue has been obtained from City staff and analysis of City records, while information concerning the Project Areas, their constituent redevelopment plans, their amendments and the pass-through obligations has been obtained through discussions with Agency staff and through review of the plan documents made available to the Consultant.

While the Consultant has made reasonable efforts to verify the accuracy of the figures and information presented in this Report and presumes that the information relied upon is correct, the Consultant makes no warranty as to its accuracy.

Table 7
Tax Increment Estimate by Project Area, FY 2023-24

Project Area	Number of Acres	Total Valuation	Less Base Year Valuation	Incremental Valuation	% of Incremental Valuation	Gross Tax Increment
Bayview Hunters Point-Zone 2 of Project Area B	1,361	3,810,313,173	1,165,228,645	2,645,084,528	7.9%	26,450,845
Embarcadero-Lower Market ("Golden Gateway")	51	3,485,031,819	21,172,000	3,463,859,819	10.3%	34,638,598
Bayview Hunters Point Project Area A	137	198,636,429	2,847,427	195,789,002	0.6%	1,957,890
Hunters Point Hill Residential District	NA	443,142,579	6,526,793	436,615,786	1.3%	4,366,158
India Basin Industrial Park	126	194,483,861	13,691,137	180,792,724	0.5%	1,807,927
Rincon Point - South Beach	115	3,040,496,939	18,092,701	3,022,404,238	9.0%	30,224,042
South of Market						
<i>Original Area</i>	63	1,987,439,366	108,585,675	1,878,853,691	5.6%	18,788,537
<i>Western Expansion Area</i>	6	96,339,371	9,360,179	86,979,192	0.3%	869,792
Transbay	40	11,873,937,627	880,853,389	10,993,084,238	32.7%	109,930,842
Western Addition Project Area A-2	277	3,888,450,089	61,239,180	3,827,210,909	11.4%	38,272,109
Yerba Buena Center Project Area D-1						
<i>Original Area</i>	74	6,015,545,132	52,656,706	5,962,888,426	17.7%	59,628,884
<i>Emporium Site Area</i>	13	977,853,963	69,957,924	907,896,039	2.7%	9,078,960
Total	2,263	36,011,670,348	2,410,211,756	33,601,458,592	100.0%	336,014,586

Source: County Assessor; Successor Agency; Urban Analytics

Table 8
Historical Assessed Valuations and Net Available Tax Revenues by Project Area

Project Area	Fiscal Years				
	2019-20	2020-21	2021-22	2022-23	2023-24
Bayview Hunters Point Project Area B	\$ 2,646,387,244	\$ 3,094,567,609	\$ 3,180,947,910	\$ 3,405,413,544	\$ 3,810,313,173
Golden Gateway Project Area	3,120,024,522	3,284,546,125	3,237,894,690	3,398,391,691	3,485,031,819
Hunters Point Project Area	190,503,384	174,862,380	177,908,649	188,835,268	198,636,429
Hunters Point Shipyard Project Area Hill District	563,836,534	411,032,740	406,868,722	420,834,962	443,142,579
India Basin Industrial Park Project Area	142,543,978	150,361,395	163,869,889	163,930,340	194,483,861
Rincon Point - South Beach Project Area	2,776,555,071	2,895,125,534	2,915,318,545	3,007,379,931	3,040,496,939
South of Market Project Area	1,488,673,192	1,609,348,316	1,813,776,387	1,926,958,014	2,083,778,737
Transbay Project Area	8,878,757,711	10,473,093,339	10,976,063,961	11,623,662,722	11,873,937,627
Western Addition Project Area A-2	3,162,940,016	3,904,663,267	3,594,951,724	3,640,001,418	3,888,450,089
Yerba Buena Center Project Area D-1	5,735,491,031	6,443,560,076	6,232,159,683	6,672,981,623	6,993,399,095
Total Value	\$ 28,705,712,683	\$ 32,441,160,781	\$ 32,699,760,160	\$ 34,448,389,513	\$ 36,011,670,348
% Change	13.2%	13.0%	0.8%	5.3%	4.5%
Less: Base Year Assessed Value	(2,410,211,756)	(2,410,211,756)	(2,410,211,756)	(2,410,211,756)	(2,410,211,756)
Total Incremental Value	\$ 26,295,500,927	\$ 30,030,949,025	\$ 30,289,548,404	\$ 32,038,177,757	\$ 33,601,458,592
% Change	14.6%	14.2%	0.9%	5.8%	4.9%
Gross Tax Increment	\$ 262,955,009	\$ 300,309,490	\$ 302,895,484	\$ 320,381,778	\$ 336,014,586
Less: Excluded Sub-Areas Revenue (3)					
Candlestick Site (Zone 1)	(973,310)	(1,010,489)	(996,417)	(1,023,091)	(1,043,130)
State-Owned Parcels	(18,602,921)	(23,194,947)	(25,104,488)	(26,648,847)	(28,446,762)
Less: Negative Federal Office Building Revenue	(47,177)	(47,380)	(48,059)	(48,059)	(48,059)
Less: Senior Obligations (4)	(425,397)	(454,234)	(478,477)	(505,367)	(532,474)
Net Available Tax Increment Revenue	\$ 242,906,204	\$ 275,602,441	\$ 276,268,042	\$ 292,156,412	\$ 305,944,161

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(3) Revenue from the Candlestick Site (Zone 1) portion of the Bayview Hunters Point Area B Project Area and from the State-Owned Parcels portion of the Transbay Terminal Project Area is not available to pay debt service on the Bonds.

(4) Revenue from the South of Market and Golden Gateway project areas is offset by negative revenue from the Federal Office Building project area through a fiscal merger of these project areas.

(5) In the Yerba Buena Center Project Area, a portion of the base-year value increases each year pursuant to that project area's redevelopment plan. This is calculated as a two percent (2%) increase per annum on the base year assessed value of the Westfield multi-use commercial development in the Emporium Site Area added to the Yerba Buena Center Redevelopment Project Area pursuant to a plan amendment dated August 3, 2000. In the South of Market Project Area, a portion of revenue is potentially allocable to school districts under Section 33676 and a court decision. The Controller charges a property tax administration fee, per the Dissolution Law, of approximately 0.015% of tax increment. Does not include bonds or loans payable from tax increment revenues senior to the Bonds.

Source: City and County of San Francisco; Urban Analytics.

Table 9
Ten Largest Property Owners By Valuation in the Project Areas, FY 2023-24

Assessee Name ¹	Project Area	Use	Number of Parcels	Fiscal Year 2022-23 Value	Percent of Total Aggregate Value	Percent of Incremental Value
TRANSBAY TOWER LLC ²	Transbay	Office	1	1,876,176,439	5.2%	5.6%
BOSTON PROPERTIES	Golden Gateway	Office	5	1,641,803,816	4.6%	4.9%
PARK TOWER OWNER LLC ²	Transbay	Office	1	1,140,399,718	3.2%	3.4%
EMPORIUM MALL LLC * (2020-21, 2021-22)	YBC - Emporium	Commercial/Retail	5	896,062,360	2.5%	2.7%
706 MISSION STREET CO LLC	YBC - Original	Residential	133	715,643,973	2.0%	2.1%
UNION INVESTMENT REAL ESTATE G	Transbay	Office	1	539,098,145	1.5%	1.6%
MARRIOTT HOTEL * (2020-21, 2021-22)	YBC - Original	Hotel	1	522,244,045	1.5%	1.6%
CHINA BASIN BALLPARK CO	Rincon	Sports Facility	5	519,090,254	1.4%	1.5%
181 FREMONT OFFICE LLC	Transbay	Office	1	514,905,912	1.4%	1.5%
PPF OFF ONE MARITIME PLAZA LP	Golden Gateway	Office	3	453,773,255	1.3%	1.4%
Totals			156	8,819,197,917	24.5%	26.2%

* The owner has one or more appeals pending in the years indicated.

(1) The Millennium Towers in the Transbay Project Area is assessed through its individual condominium owners, a number of whom have pending assessment appeals. The combined assessment for all condominiums in the building is \$668,932,373, or 1.9% of total aggregate value and 2.0% of incremental value. See "Assessment Appeals".

(2) The Transbay Tower and Park Tower properties are located on the State Parcels; approximately 55% of the tax increment revenue from these properties is obligated to the Transbay Joint Powers Authority to fund infrastructure and is therefore not available for debt service on the Bonds.

Source: County Assessor; Urban Analytics.

Table 10
Projection of Net Available Tax Increment Revenues for the Project Areas (X \$1,000)

	Assessed Valuation ¹	Base Year Valuation	Incremental Valuation	Gross Tax Increment Revenues ²	Excluded Revenue ³	County Admin Charge ⁴	Senior Obligations ⁵	Net Available Revenue
2023/24	36,011,670	2,410,212	33,601,459	336,015	(29,538)	(49)	(484)	305,944
2024/25	36,642,915	2,410,212	34,232,704	342,327	(30,113)	(50)	(509)	311,656
2025/26	37,286,785	2,410,212	34,876,573	348,766	(30,699)	(51)	(535)	317,481
2026/27	37,943,532	2,410,212	35,533,321	355,333	(31,297)	(52)	(561)	323,423
2027/28	38,613,414	2,410,212	36,203,203	362,032	(31,907)	(53)	(588)	329,484
2028/29	39,296,694	2,410,212	36,886,482	368,865	(32,529)	(54)	(615)	335,666
2029/30	39,993,640	2,410,212	37,583,428	375,834	(33,164)	(55)	(643)	341,972
2030/31	40,704,524	2,410,212	38,294,312	382,943	(33,811)	(56)	(672)	348,404
2031/32	41,429,626	2,410,212	39,019,414	390,194	(34,472)	(57)	(701)	354,965
2032/33	42,169,230	2,410,212	39,759,018	397,590	(35,145)	(58)	(731)	361,657
2033/34	42,923,626	2,410,212	40,513,414	405,134	(35,832)	(59)	(761)	368,482
2034/35	43,693,110	2,410,212	41,282,898	412,829	(36,533)	(60)	(792)	375,444
2035/36	44,477,984	2,410,212	42,067,772	420,678	(37,247)	(61)	(823)	382,546
2036/37	45,278,555	2,410,212	42,868,343	428,683	(37,926)	(62)	(855)	389,839
2037/38	46,095,138	2,410,212	43,684,926	436,849	(38,616)	(64)	(888)	397,281
2038/39	46,928,052	2,410,212	44,517,840	445,178	(39,320)	(65)	(922)	404,872
2039/40	47,777,624	2,410,212	45,367,413	453,674	(40,038)	(66)	(956)	412,614
2040/41	48,644,188	2,410,212	46,233,977	462,340	(40,770)	(67)	(990)	420,512
2041/42	49,528,084	2,410,212	47,117,872	471,179	(41,517)	(69)	(1,026)	428,567
2042/43	50,429,657	2,410,212	48,019,445	480,194	(42,279)	(70)	(1,062)	436,784
2043/44	51,349,261	2,410,212	48,939,050	489,390	(43,055)	(71)	(1,099)	445,165
2044/45	52,287,258	2,410,212	49,877,046	498,770	(43,848)	(73)	(1,137)	453,713
2045/46	53,244,015	2,410,212	50,833,803	508,338	(44,656)	(74)	(1,175)	462,433
2046/47	54,219,907	2,410,212	51,809,695	518,097	(45,480)	(75)	(1,214)	471,327
2047/48	55,215,316	2,410,212	52,805,105	528,051	(46,321)	(77)	(1,254)	480,399
2048/49	56,230,634	2,410,212	53,820,422	538,204	(47,178)	(78)	(1,295)	489,653
2049/50	57,266,258	2,410,212	54,856,047	548,560	(48,053)	(80)	(1,336)	499,091
2050/51	58,322,595	2,410,212	55,912,383	559,124	(48,945)	(81)	(1,379)	508,719
2051/52	59,400,058	2,410,212	56,989,847	569,898	(49,855)	(83)	(1,422)	518,539
2052/53	60,499,071	2,410,212	58,088,859	580,889	(50,783)	(85)	(1,466)	528,555
2053/54	61,620,064	2,410,212	59,209,852	592,099	(51,729)	(86)	(1,511)	538,772
Total	1,475,522,486	74,716,564	1,400,805,922	14,008,059	(1,232,659)	(2,039)	(29,401)	12,743,960

(1) FY 2023-24 assessed valuations are as of July 1, 2023.

(2) Gross tax increment equals the tax rate times the increase over base year value and does not necessarily equal amounts collected.

(3) In the Bayview Hunters Point Area B Project Area revenue from the Candlestick Site (Zone 1) portion of the Project Area, estimated to be \$1.0 million in FY 2023-24, is not available to pay debt service on the Bonds. In the Transbay Terminal Project Area, revenue estimated to be \$28.4 million in FY 2023-24 from the State-Owned Parcels is not available to pay debt service on the Bonds. Revenue from the South of Market and Golden Gateway project areas is offset by negative revenue of approximately \$48,000 from the Federal Office Building project area through a fiscal merger of these project areas.

(4) The Controller charges a property tax administration fee, per the Dissolution Law, of approximately 0.015% of tax increment.

(5) In the Yerba Buena Center Project Area, a portion of the base-year value increases each year pursuant to that project area's redevelopment plan. This is calculated as a two percent (2%) increase per annum on the base year assessed value of the Westfield multi-use commercial development in the Emporium Site Area added to the Yerba Buena Center Redevelopment Project Area pursuant to a plan amendment dated August 3, 2000. In the South of Market Project Area, a portion of revenue is potentially allocable to school districts under Section 33676 and a court decision. Does not include bonds or loans payable from tax increment revenues senior to the Bonds.

Source: Urban Analytics

Table 11
Projection of Net Available Tax Increment Revenues By Redevelopment Project Area (X \$1,000)

Fiscal Year	Bayview Hunters Point Project Area B	Golden Gateway Project Area	Bayview Hunters Point Project Area A	Hunters Point Shipyard Project Area Hill District	India Basin Industrial Park Project Area	Rincon Point - South Beach Project Area	South of Market Project Area	Transbay Project Area	Western Addition Project Area A- 2	Yerba Buena Center Project Area D-1	Total Net Available Tax Increment Revenues
2023/24	\$ 25,404	\$ 34,585	\$ 1,958	\$ 4,366	\$ 1,808	\$ 30,220	\$ 19,575	\$ 81,468	\$ 38,267	\$ 68,294	\$ 305,944
2024/25	26,092	35,169	1,997	4,454	1,838	30,664	19,980	83,025	39,001	69,435	311,656
2025/26	26,794	35,764	2,038	4,544	1,870	31,117	20,393	84,612	39,751	70,598	317,481
2026/27	27,510	36,371	2,079	4,636	1,902	31,580	20,814	86,232	40,516	71,784	323,423
2027/28	28,240	36,990	2,121	4,730	1,934	32,052	21,244	87,884	41,295	72,994	329,484
2028/29	28,985	37,621	2,164	4,826	1,968	32,533	21,682	89,569	42,091	74,228	335,666
2029/30	29,745	38,265	2,208	4,923	2,002	33,023	22,129	91,288	42,902	75,487	341,972
2030/31	30,519	38,922	2,252	5,023	2,036	33,524	22,585	93,041	43,730	76,771	348,404
2031/32	31,310	39,592	2,298	5,125	2,072	34,034	23,050	94,829	44,574	78,081	354,965
2032/33	32,116	40,276	2,344	5,228	2,108	34,555	23,524	96,653	45,435	79,417	361,657
2033/34	32,938	40,973	2,392	5,334	2,144	35,086	24,008	98,514	46,313	80,780	368,482
2034/35	33,777	41,684	2,440	5,442	2,182	35,628	24,501	100,411	47,209	82,170	375,444
2035/36	34,633	42,409	2,489	5,552	2,220	36,181	25,005	102,347	48,123	83,588	382,546
2036/37	35,505	43,149	2,540	5,664	2,259	36,745	25,518	104,371	49,055	85,034	389,839
2037/38	36,398	43,903	2,591	5,778	2,299	37,320	26,042	106,436	50,005	86,509	397,281
2038/39	37,308	44,673	2,643	5,895	2,339	37,906	26,576	108,543	50,975	88,014	404,872
2039/40	38,236	45,458	2,697	6,014	2,381	38,504	27,121	110,691	51,964	89,548	412,614
2040/41	39,183	46,259	2,751	6,135	2,423	39,114	27,676	112,883	52,973	91,114	420,512
2041/42	40,149	47,076	2,807	6,259	2,466	39,737	28,243	115,119	54,002	92,710	428,567
2042/43	41,134	47,909	2,863	6,385	2,510	40,372	28,821	117,399	55,051	94,339	436,784
2043/44	42,139	48,759	2,921	6,514	2,555	41,019	29,411	119,725	56,122	96,000	445,165
2044/45	43,164	49,626	2,980	6,646	2,600	41,680	30,013	122,097	57,214	97,694	453,713
2045/46	44,209	50,510	3,040	6,780	2,647	42,353	30,626	124,518	58,328	99,423	462,433
2046/47	45,276	51,411	3,102	6,916	2,694	43,040	31,252	126,986	59,464	101,186	471,327
2047/48	46,363	52,331	3,164	7,056	2,743	43,741	31,890	129,504	60,623	102,984	480,399
2048/49	47,472	53,270	3,228	7,198	2,792	44,456	32,541	132,073	61,805	104,818	489,653
2049/50	48,604	54,227	3,293	7,343	2,843	45,185	33,205	134,692	63,010	106,688	499,091
2050/51	49,758	55,203	3,359	7,491	2,894	45,929	33,883	137,365	64,240	108,597	508,719
2051/52	50,935	56,198	3,427	7,642	2,947	46,688	34,574	140,091	65,495	110,543	518,539
2052/53	52,136	57,214	3,496	7,796	3,000	47,462	35,278	142,871	66,774	112,528	528,555
2053/54	53,360	58,250	3,566	7,953	3,055	48,251	35,997	145,707	68,079	114,553	538,772
Totals	\$1,179,392	\$1,404,046	\$ 83,250	\$ 185,648	\$ 73,530	\$1,189,699	\$ 837,159	\$3,420,944	\$1,604,385	\$2,765,908	\$ 12,743,960

Source: Urban Analytics

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust, dated as of March 1, 2017, by and between the Successor Agency to the Redevelopment Agency for the City and County of San Francisco (the “Successor Agency”) and U.S. Bank National Association, as trustee, as amended by that certain First Supplement to Indenture of Trust dated as of December 1, 2021, and as amended by that certain Second Supplement to Indenture of Trust dated as of September 1, 2023, by and between the Successor Agency and U.S. Bank National Association, as trustee (as so supplemented and as further supplemented from time to time, the “Indenture”) relating to the 2023 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) (Social Bonds) and the 2023 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects). Such summary is not intended to be definitive, and reference is made to the actual Indenture (copies of which may be obtained from the Trustee) for the complete terms thereof.

Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

“Affordable Housing Obligations” means the affordable housing required by the Hunters Point Shipyard Phase 1 Disposition and Development Agreement, the Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement, the Mission Bay North Owner Participation Agreement, the Mission Bay South Owner Participation Agreement, and the Transbay Implementation Agreement.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any other Parity Debt in such Bond Year, and (b) the principal amount of the Outstanding Bonds (including the aggregate principal amount of the Term Bonds required to be redeemed pursuant to a Supplemental Indenture) and any other Parity Debt payable by their terms in such Bond Year. For purposes of such calculation, the amount of interest on any Bonds or other Parity Debt that is payable from the proceeds of such Bonds or Parity Debt that is set aside solely for such purpose shall not be included in the calculation of Annual Debt Service, and there also shall be excluded payments with respect to the 2017 Bonds, the 2021 Bonds, the 2023 Bonds or any Parity Debt to the extent that amounts due with respect to the 2017 Bonds, the 2021 Bonds, the 2023 Bonds or such Parity Debt are prepaid or otherwise discharged in accordance with the Indenture or the relevant Parity Debt Instrument or to the extent the proceeds thereof are then deposited in an escrow fund from which amounts may not be released to the Successor Agency unless the amount of Pledged Tax Revenues available for debt service on the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt for the most recent Fiscal Year (as evidenced in a written document from an appropriate official of the City and County), at least equals one hundred twenty-five percent (125%) of the amount of Maximum Annual Debt Service which would result if any such moneys on deposit in such escrow fund were to be released and deposited in the project fund established in connection with such Parity Debt.

“Authority” means the City and County of San Francisco Redevelopment Financing Authority.

“Bonds” means the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt issued as bonds pursuant to a Supplemental Indenture.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“Bond Year” means each twelve (12) month period extending from August 2 in one calendar year to August 1 of the succeeding calendar year, both dates inclusive; provided that the first Bond Year with respect to the Bonds shall commence on the Closing Date and end on August 1, 2017; provided further that the first Bond Year with respect to the 2021 Bonds shall commence on the Closing Date and end on August 1, 2022; and provided further that the first Bond Year with respect to the 2023 Bonds shall commence on the Closing Date and end on August 2, 2024.

“Business Day” means any day, other than a Saturday or Sunday or a day on which commercial banks in New York, New York, or any other city or cities where the Principal Corporate Trust Office of the Trustee is located are required or authorized by law to close or a day on which the Federal Reserve System is closed.

“Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement” means the Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated for reference purposes only as of June 3, 2010, between CP Development Co. LP, and the Former Agency, as succeeded by the Successor Agency, as heretofore amended and as hereafter may be amended in accordance with the Law.

“City” and **“City and County”** means the City and County of San Francisco, a chartered city and municipal corporation organized and existing under the Constitution and laws of the State.

“Closing Date” means the date on which a series of Bonds is delivered by the Successor Agency to the original purchaser thereof. The Closing Date with respect to the 2017 Bonds is March 29, 2017. The Closing Date with respect to the 2021 Bonds is December 15, 2021. The Closing Date with respect to the 2023 Bonds is September 14, 2023.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate, with respect to the 2017 Bonds, executed by the Successor Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, bond insurance and surety bond premiums, if any, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, administrative costs of the Successor Agency and the City and County incurred in connection with the issuance of the Bonds, expenses of the underwriters of the Bonds, the fees and expenses of counsel to the underwriters of the Bonds, and any other cost, charge or fee in connection with the original issuance of the Bonds.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Defeasance Obligations” means any of the following which, at the time of investment, are legal investments under the laws of the State for the moneys proposed to be invested therein and are in compliance with the Successor Agency’s investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Successor Agency’s investment policies then in effect), but only to the extent the same are acquired at Fair Market Value if required by the Code:

- (a) Cash;
- (b) Federal Securities, including direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;
- (c) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form;
- (d) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody’s rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and
- (e) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

“Department of Finance” means the Department of Finance of the State of California.

“Dissolution Act” means California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011, as it has before been amended and as it may thereafter be amended.

“Event of Default” means any of the events described in the Indenture.

“Existing Loan Agreements” means the loan agreements listed in the Indenture that remain outstanding at any time.

“Existing Loans” means the loans made by the Authority to the Successor Agency pursuant to the Existing Loan Agreements.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Successor Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America.

“First Supplement” means the First Supplement to Indenture of Trust, dated as of December 1, 2021, by and between the Successor Agency and the Trustee, as the same may be amended from time to time in accordance with the terms of the Original Indenture.

“Fiscal Year” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve month period selected and designated by the Successor Agency to the Trustee in writing as its official fiscal year period.

“Former Agency” means the now dissolved Redevelopment Agency of the City and County of San Francisco.

“Hunters Point Shipyard Phase 1 Disposition and Development Agreement” means the Disposition and Development Agreement Hunters Point Shipyard Phase 1 dated as of December 2, 2003 between Lennar/BVHP, LLC, a California limited liability company doing business as Lennar/BVHP Partners, as succeeded by HPS Development Co., L.P., and the Former Agency, as succeeded by the Successor Agency, as heretofore amended and as hereafter may be amended in accordance with the Law.

“Indenture” means the Indenture of Trust by and between the Successor Agency and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions of the Indenture.

“Independent Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice as such under the laws of the State, appointed by the Successor Agency, and who, or each of whom:

(a) is in fact independent and not under domination of the Successor Agency or the City and County;

(b) does not have any substantial interest, direct or indirect, with the Successor Agency or the City and County; and

(c) is not connected with the Successor Agency or the City and County as an officer or employee of the Successor Agency or the City and County, but who may be regularly retained to make reports to the Successor Agency or the City and County.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by the Successor Agency (who may be an underwriter of bonds of the Successor Agency or the City and County), and who, or each of whom:

(a) is judged by the Successor Agency to have experience in matters relating to the collection of Pledged Tax Revenues or otherwise with respect to the financing of Redevelopment Projects;

(b) is in fact independent and not under domination of the Successor Agency or the City and County;

(c) does not have any substantial interest, direct or indirect, with the Successor Agency or the City and County; and

(d) is not connected with the Successor Agency or the City and County as an officer or employee of the Successor Agency or the City and County, but who may be regularly retained to make reports to the Successor Agency or the City and County.

“Insurer” means the 2017 Insurer, the 2021 Insurer, the 2023 Insurer, and, as applicable, the provider of a municipal bond or financial guaranty insurance policy with respect to Parity Debt.

“Interest Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Interest Payment Date” means each February 1 and August 1, commencing August 1, 2017 with respect to the 2017 Bonds, commencing on August 1, 2021 with respect to the 2021 Bonds, commencing February 1, 2024 with respect to the 2023 Bonds, for so long as any of the Bonds remain Outstanding under the Indenture.

“Law” means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto (including the Dissolution Act).

“Maximum Annual Debt Service” means, as of the date of calculation, the largest amount for the current or any future Bond Year payable on the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt in such Bond Year and, in the case of Section 3.05, shall also mean the largest amount for the current or any future Bond Year (as such term is defined herein) payable on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds and any 2014 Parity Debt.

“Mission Bay North Owner Participation Agreement” means Mission Bay North Owner Participation Agreement, dated as of November 16, 1998, between the Former Agency, as succeeded by the Successor Agency, and Catellus Development Corporation, a Delaware corporation, as succeeded by FOCIL-MB, LLC, a Delaware limited liability company, as heretofore amended and as hereafter may be amended in accordance with the Law.

“Mission Bay South Owner Participation Agreement” means the Mission Bay South Owner Participation Agreement, dated as of November 16, 1998, between the Former Agency, as succeeded by the Successor Agency, and Catellus Development Corporation, a Delaware corporation, as succeeded by FOCIL-MB, LLC, a Delaware limited liability company, as heretofore amended and as hereafter may be amended in accordance with the Law.

“Moody’s” means Moody’s Investors Service and its successors.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of the Indenture; and
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant to the Indenture.

“Oversight Board” means the Oversight Board of the Successor Agency established pursuant to the Section 34179 of the Dissolution Act.

“Owner” or **“Bondowner”** means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Parity Debt” means any additional bonds, loans, advances or indebtedness issued or incurred by the Successor Agency on a parity with the 2017 Bonds, the 2021 Bonds, and the 2023 Bonds pursuant to the Indenture.

“Parity Debt Instrument” means resolution, indenture of trust, supplemental indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Investments” means any of the following which, at the time of investment, are legal investments under the laws of the State for the moneys proposed to be invested therein and are in compliance with the Successor Agency’s investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Successor Agency’s investment policies then in effect), but only to the extent the same are acquired at Fair Market Value if required by the Code:

- (a) Federal Securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii)

certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of Ginnie Mae (formerly known as the Government National Mortgage Association); (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of Sallie Mae (formerly known as the Student Loan Marketing Association); (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services);

(e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above or by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates), but only to the extent that the amount being invested in such certificates of deposit, savings accounts, deposit accounts or money market deposits are fully insured by FDIC, including BIF and SAIF;

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements with an entity rated "Aa" or better by Moodys' and "AA" or better by S&P, or unconditionally guaranteed by an entity rated "Aa" or better by Moodys' and "AA" or better by S&P;

(h) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1+" or better by S&P;

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s, and “A-1+” by S&P;

(k) The Local Agency Investment Fund that is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided that for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee; and

(j) With respect to any funds deposited in the 2021 Project Fund and the 2023 Project Fund and any other project fund established pursuant to a Supplemental Indenture with respect to any Parity Debt issued as bonds in the future thereunder, any obligations or investments in which the Treasurer of the City and County of San Francisco may legally invest the Successor Agency’s funds.

“Pledged Tax Revenues” means all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited in the RPTTF, excluding (i) amounts payable pursuant to the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds and any 2014 Parity Debt, but only to the extent such amounts are pledged as security therefor, (ii) all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law unless such payments are subordinated to payments on the 2017 Bonds, the 2021 Bonds, the 2023 Bonds or any additional Bonds or to the payments owed under any Parity Debt Instrument pursuant to Section 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act, and (iii) amounts required to be paid to the Transbay Joint Powers Authority in accordance with Section 5.7 of the Redevelopment Plan - Transbay Redevelopment Project Area.

“Project Areas” means the following redevelopment project areas, subproject areas or land use zones (collectively, the “Project Areas”) of the Former Agency:

- Bayview Hunters Point Redevelopment Project Area - Zone 2 of Project Area B;
- Embarcadero-Lower Market (“Golden Gateway”) Redevelopment Project Area;
- Bayview Hunters Point Redevelopment Project Area - Project Area A (formerly known as the Hunters Point Redevelopment Project Area);
- Hunters Point Hill Residential District of the Hunters Point Shipyard Redevelopment Project Area;
- India Basin Industrial Park Redevelopment Project Area;
- Rincon Point - South Beach Redevelopment Project Area;
- South of Market Redevelopment Project Area (previously known as the South of Market Earthquake Recovery Project Area);
- Transbay Redevelopment Project Area;
- Western Addition Redevelopment Project Area A-2; and

- Yerba Buena Center Approved Redevelopment Project Area D-1;

“Qualified Reserve Account Credit Instrument” means (i) the 2017 Reserve Policy and (ii) an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) S&P or Moody’s have assigned a long-term credit rating to such bank or insurance company of “A” (without regard to modifier) or higher; (b) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (c) such letter of credit, insurance policy or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture.

“Second Supplement” means the Second Supplement to Indenture of Trust, dated as of September 1, 2023, by and between the Successor Agency and the Trustee, as the same may be amended from time to time in accordance with the terms of the Original Indenture.

“Recognized Obligation Payment Schedule” means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the California Health and Safety Code.

“Redemption Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Redevelopment Obligation Retirement Fund” means the fund by that name established pursuant to California Health and Safety Code Section 34170.5(b) and administered by the Successor Agency.

“Redevelopment Plan - Bayview Hunters Point Redevelopment Project Area - Zone 2 of Project Area B” means the Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area, as such redevelopment plan relates to Zone 2 of Project Area B, approved by ordinance of the Board of Supervisors of the City and County of San Francisco on June 1, 2006, as subsequently amended through the date of the Indenture, and as may thereafter be further amended at any time pursuant to the Law.

“Redevelopment Plan - Embarcadero-Lower Market (“Golden Gateway”) Redevelopment Project Area” means the Redevelopment Plan for the Embarcadero-Lower Market (“Golden Gateway”) Redevelopment Project Area, approved by ordinance of the Board of Supervisors of the City and County on May 25, 1959, as subsequently amended through the date of the Indenture, and as may thereafter be further amended at any time pursuant to the Law.

“Redevelopment Plan - Hunters Point Redevelopment Project Area” means the Redevelopment Plan for the Hunters Point Redevelopment Project Area (also known as the Bayview Hunters Point Redevelopment Project Area – Project Area A), approved by ordinance of the Board of Supervisors of the City and County of San Francisco on January 20, 1969, as subsequently amended through the date of the Indenture, and as may thereafter be further amended at any time pursuant to the Law.

“Redevelopment Plan - Hunters Point Shipyard Redevelopment Project Area” means the Redevelopment for the Hunters Point Redevelopment Project Area, approved by ordinance of the Board

of Supervisors of the City and County of San Francisco on July 14, 1997, as subsequently amended through the date of the Indenture, and as may thereafter be further amended at any time pursuant to the Law.

“Redevelopment Plan - India Basin Industrial Park Redevelopment Project Area” means the Redevelopment Plan for the India Basin Industrial Park Redevelopment Project Area, approved by ordinance of the Board of Supervisors of the City and County of San Francisco on January 20, 1969, as subsequently amended through the date of the Indenture, and as may thereafter be further amended at any time pursuant to the Law.

“Redevelopment Plan - Rincon Point - South Beach Redevelopment Project Area” means the Redevelopment Plan for the Rincon Point - South Beach Redevelopment Project Area, approved by ordinance of the Board of Supervisors of the City and County of San Francisco on January 5, 1981, as subsequently amended through the date of the Indenture, and as may thereafter be further amended at any time pursuant to the Law.

“Redevelopment Plan - South of Market Redevelopment Project Area” means the Redevelopment Plan for the South of Market Redevelopment Project Area (previously known as the South of Market Earthquake Recovery Project Area), approved by ordinance of the Board of Supervisors of the City and County of San Francisco on June 11, 1990, as subsequently amended through the date of the Indenture, and as may thereafter be further amended at any time pursuant to the Law.

“Redevelopment Plan - Transbay Redevelopment Project Area” means the Redevelopment Plan for the Transbay Redevelopment Project Area, approved by ordinance of the Board of Supervisors of the City and County of San Francisco on June 21, 2005, as subsequently amended through the date of the Indenture, and as may thereafter be further amended at any time pursuant to the Law.

“Redevelopment Plan - Western Addition Redevelopment Project Area A-2” Redevelopment Plan for the Western Addition Redevelopment Project Area A-2, approved by ordinance of the Board of Supervisors of the City and County of San Francisco on October 13, 1964, as subsequently amended through the date of the Indenture, and as may thereafter be further amended at any time pursuant to the Law.

“Redevelopment Plan - Yerba Buena Center Approved Redevelopment Project Area D-1” means the Redevelopment Plan for the Yerba Buena Center Approved Redevelopment Project Area D-1, approved by ordinance of the Board of Supervisors of the City and County of San Francisco on April 26, 1966, as subsequently amended through the date of the Indenture, and as may thereafter be further amended at any time pursuant to the Law.

“Redevelopment Plans” means, collectively, the following:

- the Redevelopment Plan - Bayview Hunters Point Redevelopment Project Area - Zone 2 of Project Area B,
- the Redevelopment Plan - Embarcadero-Lower Market (“Golden Gateway”) Redevelopment Project Area,
- the Redevelopment Plan - Hunters Point Redevelopment Project Area,
- the Redevelopment Plan - Hunters Point Shipyard Redevelopment Project Area,

- the Redevelopment Plan - India Basin Industrial Park Redevelopment Project Area,
- the Redevelopment Plan - Rincon Point - South Beach Redevelopment Project Area,
- the Redevelopment Plan - South of Market Redevelopment Project Area,
- the Redevelopment Plan - Transbay Redevelopment Project Area,
- the Redevelopment Plan - Western Addition Redevelopment Project Area A-2, and
- the Redevelopment Plan - Yerba Buena Center Approved Redevelopment Project Area D-1.

“Redevelopment Projects” means the undertaking of the Successor Agency pursuant to the Redevelopment Plans and the Law for the redevelopment of the Project Areas.

“Redevelopment Property Tax Trust Fund” or **“RPTTF”** means the fund by that name established pursuant to California Health & Safety Code Sections 34170.5(b) and 34172(c) and administered by the Auditor-Controller of the City and County of San Francisco.

“Registration Books” means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

“Report” means a document in writing signed by an Independent Redevelopment Consultant and including:

- (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of the Indenture to which such Report relates;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and
- (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Reserve Requirement” means, subject to the Indenture, with respect to the 2017 Series A Taxable Bonds, the 2017 Series B Bonds, and each series of Parity Debt issued in the form of Bonds, the lesser of

- (i) 125% of the average Annual Debt Service with respect to that series of the Bonds,
- (ii) Maximum Annual Debt Service with respect to that series of the Bonds, or
- (iii) with respect to an individual series of Bonds, 10% of the original principal amount of a series of Bonds (or, if such series of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series of Bonds);

provided, that the Reserve Requirement may be determined on a combined or individual basis for two or more series of Bonds, as determined by the Successor Agency, and that in no event shall the Successor Agency, in connection with the issuance of Parity Debt in the form of Bonds pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt issued in the form of Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture.

In the event a Qualified Reserve Account Credit Instrument is delivered at any time to meet the entirety of the Reserve Requirement with respect to one or more series of Bonds (that is, no cash is being deposited or will remain deposited in the Reserve Account with respect to those series of Bonds), then, notwithstanding the foregoing definition, the Reserve Requirement will, with respect to those series of Bonds, be determined only at the time of the delivery of the Qualified Reserve Account Credit Instrument and will not be subject to increase or decrease at a later date.

“S&P” means Standard & Poor’s Financial Services LLC, a division of McGraw Hill Financial, and its successors.

“Serial Bonds” means all Bonds other than Term Bonds.

“Special Fund” means the fund held by the Successor Agency established pursuant to the Indenture.

“State” means the State of California.

“Subordinate Debt” means any loans, advances or indebtedness issued or incurred by the Successor Agency pursuant to the Indenture, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Tax Revenues; or (b) secured by a pledge of or lien upon the Pledged Tax Revenues which is expressly subordinate to the pledge of and lien upon the Pledged Tax Revenues under the Indenture for the security of the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt.

“Supplemental Indenture” means any resolution, agreement or other instrument which has been duly adopted or entered into by the Successor Agency, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Tax Revenues” shall have the meanings assigned to such terms in the Existing Loan Agreements.

“Term Bonds” means (i) the 2017 Series A Taxable Bonds maturing on August 1, 2044, (ii) the 2017 Series B Bonds maturing on August 1, 2046, (iii) the 2023A Bonds maturing on August 1, 2041, (iv) the 2023B Bonds maturing on August 1, 2043, August 1, 2048 and August 1, 2053, and (v) that portion of any other Bonds payable from mandatory sinking account payments.

“Transbay Implementation Agreement” means the Transbay Redevelopment Project Implementation Agreement dated as of January 20, 2005 between the Former Agency, as succeeded by the Successor Agency, and the Transbay Joint Powers Authority.

“Transbay Infrastructure Obligation” means the infrastructure required by the Transbay Implementation Agreement.

“Trustee” means U.S. Bank National Association, as trustee under the Indenture, or any successor thereto appointed as trustee thereunder in accordance with the provisions of the Indenture.

“2014 Bonds” means, collectively, the \$67,955,000 initial aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) and the \$75,945,000 initial aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series C Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects).

“2014 Indenture” means the Indenture of Trust dated as of December 1, 2014 by and between the Successor Agency and the Trustee, pursuant to which the 2014 Bonds were issued, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions of the Indenture.

“2014 Parity Debt” means any indebtedness incurred on a parity with the 2014 Bonds in accordance with the 2014 Indenture.

“2017 Bonds” means, collectively, the 2017 Series A Taxable Bonds and the 2017 Series B Bonds.

“2017 Bond Insurance Policy” means the insurance policy issued by the 2017 Insurer guaranteeing the scheduled payment of principal of and interest on the 2017 Insured Bonds when due.

“2017 Insured Bonds” means the 2017 Series A Taxable Bonds maturing August 1 in each of the years 2025, 2026 and 2044, and the 2017 Series B Bonds maturing August 1, 2046.

“2017 Insurer” means Assured Guaranty Municipal Corp., a New York stock insurance company, or its successors and assigns, as issuer of the 2017 Bond Insurance Policy and the 2017 Reserve Policy.

“2017 Reserve Policy” means Municipal Bond Debt Service Reserve Policy issued by the 2017 Insurer guaranteeing payments to be applied to the payment of principal and interest on the 2017 Bonds, the 2021 Bonds, the 2023 Bonds as provided in such policy.

“2017 Series A Taxable Bonds” means the \$89,795,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2017 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects).

“2017 Series A Taxable Project Fund” means the fund by that name established pursuant to the Indenture.

“2017 Series B Bonds” means the \$19,850,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2017 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects).

“2021 Bonds” means the \$127,210,000 aggregate original principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2021 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) (Social Bonds).

“2021 Bonds Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate, with respect to the 2021 Bonds, executed by the Successor Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“2021 Bonds Insurance Policy” means the insurance policy issued by the 2021 Insurer guaranteeing the scheduled payment of principal of and interest on the 2021 Bonds when due.

“2021 Insurer” means Assured Guaranty Municipal Corp., a New York stock insurance company, or its successors and assigns, as issuer of the 2021 Bonds Insurance Policy and the 2021 Reserve Policy.

“2021 Reserve Policy” means Municipal Bond Debt Service Reserve Policy issued by the 2021 Insurer guaranteeing payments to be applied to the payment of principal and interest on the 2021 Bonds as provided in such policy.

“2021 Reserve Subaccount of the Reserve Account” means the subaccount in the Reserve Account established and held by the Trustee.

“2021 Project Fund” means the fund by that name established pursuant to the First Supplement.

“2023 Bonds” means, collectively, the 2023A Bonds and the 2023B Bonds.

“2023 Bonds Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate, with respect to the 2023 Bonds, executed by the Successor Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“2023 Bonds Insurance Policy” means the insurance policy issued by the 2023 Insurer guaranteeing the scheduled payment of principal of and interest on the 2023 Bonds when due.

“2023 Insurer” means Assured Guaranty Municipal Corp., a New York stock insurance company, or its successors and assigns, as issuer of the 2023 Bonds Insurance Policy, the 2023A Reserve Policy and the 2023B Reserve Policy.

“2023A Bonds” means the \$24,505,000 original aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) (Social Bonds).

“2023A Bonds Project Fund” means the fund by that name established pursuant to the Second Supplement.

“2023A Reserve Policy” means Municipal Bond Debt Service Reserve Policy issued by the 2023 Insurer, in the stated amount of \$2,407,970, guaranteeing payments to be applied to the payment of principal and interest on the 2023A Bonds as provided in such policy.

“2023A Reserve Subaccount of the Reserve Account” means the subaccount in the Reserve Account established and held by the Trustee pursuant to the Second Supplement.

“2023B Bonds” means the \$35,210,000 original aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects).

“2023B Bonds Project Fund” means the fund by that name established pursuant to the Second Supplement.

“2023B Reserve Policy” means Municipal Bond Debt Service Reserve Policy issued by the 2023 Insurer, in the stated amount of \$3,360,434, guaranteeing payments to be applied to the payment of principal and interest on the 2023B Bonds as provided in such policy.

“2023B Reserve Subaccount of the Reserve Account” means the subaccount in the Reserve Account established and held by the Trustee.

“Written Request of the Successor Agency” or **“Written Certificate of the Successor Agency”** means a request or certificate, in writing signed by the Executive Director or the Deputy Director of Finance and Administration of the Successor Agency, or the designee of either, or by any other officer of the Successor Agency or the City and County duly authorized by the Successor Agency for that purpose.

Pledge of Tax Revenues

Security of Bonds; Equal Security. Except as may otherwise be provided in in the Indenture, and subject to the prior and senior pledge of and security interest in and lien on the Tax Revenues in favor of the Existing Loan Agreements and prior and senior pledge of and security interest in and lien on the Pledged Tax Revenues in favor of the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds and any 2014 Parity Debt as set forth in the definition of Pledged Tax Revenues in the Indenture, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues and the moneys in the Special Fund, and the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any additional Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues, which constitute the amounts deposited in the Redevelopment Property Tax Trust Fund that are not pledged to other obligations of the Former Agency or the Successor Agency, and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise be liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

Issuance of Parity Debt

In addition to the 2017 Bonds, the 2021 Bonds, the 2023 Bonds, the Successor Agency may issue additional bonds (including pursuant to a Supplemental Indenture) or incur other loans, advances or indebtedness payable from Pledged Tax Revenues on a parity with the 2017 Bonds, the 2021 Bonds, the 2023 Bonds for any purpose provided for in the Dissolution Act, including, but not limited to, refunding existing indebtedness of the Successor Agency in accordance with Section 34177.5(a) of the California Health and Safety Code, funding the Affordable Housing Obligations, and funding the infrastructure described in Section 34177.7(a)(1)(B) of the California Health and Safety Code, in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue and deliver any such Parity Debt subject to the following specific conditions all of which are conditions precedent to the issuance and delivery of such Parity Debt:

(a) No event of default under the Indenture or under any Parity Debt Instrument shall have occurred and be continuing unless such event of default will be cured by the issuance of such Parity Debt;

(b) Pledged Tax Revenues after adding back amounts payable pursuant to the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds and 2014 Parity Debt received or to be received for the then current Fiscal Year based on the most recent taxable valuation of property in the Project Areas as evidenced in a written document from an appropriate official of the City and County, exclusive of State subventions and taxes levied to pay voter approved outstanding general obligation bonded indebtedness, shall be at least equal to one hundred twenty five percent (125%) of Maximum Annual Debt Service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt that will be outstanding immediately following the issuance of such Parity Debt, provided that, in the case of a refunding, in whole or in part, of the Existing Loans, the 2014 Bonds, 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds or any Parity Debt, the requirements of the Indenture described in this subparagraph (b) do not need to be met if the debt service on the Parity Debt in each bond year either will be less than the debt service in each bond year on the Existing Loans, the 2014 Bonds, 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds or any Parity Debt being refunded;

(c) In the event the Successor Agency issues additional Bonds pursuant to a Supplemental Indenture, the Successor Agency shall cause the amount on deposit in the Reserve Account to equal the Reserve Requirement; and

(d) The Successor Agency shall deliver to the Trustee a Written Certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

Establishment of Funds and Accounts; Flow of Funds

2021 Costs of Issuance Fund. There is established under the Indenture a separate fund to be known as the “2021 Bonds Costs of Issuance Fund,” which shall be held by the Trustee in trust. The moneys in the 2021 Bonds Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the 2021 Bonds upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is three (3) months following the Closing Date of the 2021 Bonds, or upon the earlier

Written Request of the Successor Agency, all amounts (if any) remaining in the 2021 Bonds Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account within the Debt Service Fund to pay debt service on the 2021 Bonds, and the 2021 Bonds Costs of Issuance Fund shall be closed.

2023 Costs of Issuance Fund. There is established under the Indenture a separate fund to be known as the “2023A Bonds Costs of Issuance Fund,” which shall be held by the Trustee in trust. The moneys in the 2023A Bonds Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the 2023A Bonds upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is three (3) months following the Closing Date of the 2023A Bonds, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the 2023A Bonds Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account within the Debt Service Fund to pay debt service on the 2023A Bonds, and the 2023A Bonds Costs of Issuance Fund shall be closed.

There is established under the Indenture a separate fund to be known as the “2023B Bonds Costs of Issuance Fund,” which shall be held by the Trustee in trust. The moneys in the 2023B Bonds Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the 2023B Bonds upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is three (3) months following the Closing Date of the 2023B Bonds, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the 2023B Bonds Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account within the Debt Service Fund to pay debt service on the 2023B Bonds, and the 2023B Bonds Costs of Issuance Fund shall be closed.

2017 Project Funds. (a)(i) There is established under the Indenture a separate and segregated fund to be known as the “2017 Series A Taxable Project Fund,” which the Trustee shall hold in trust for the benefit of the Successor Agency. The moneys in the 2017 Series A Taxable Project Fund shall be maintained separate and apart from other moneys of the Successor Agency. The moneys on deposit in the 2017 Series A Taxable Project Fund shall be used in the manner provided by the Law solely for the purpose of aiding in financing of the Affordable Housing Obligations including, without limitation, the payment of any unpaid Costs of Issuance and capitalized interest on the 2017 Series A Bonds. The Successor Agency covenants that no funds on deposit in the 2017 Series A Taxable Project Fund shall be applied for any purpose not authorized by the Law.

(ii) The Trustee shall disburse amounts at any time on deposit in the 2017 Series A Taxable Project Fund upon receipt of a disbursement request of the Successor Agency substantially in the form attached to the Indenture. In no event shall the Trustee be responsible for the manner in which the Successor Agency applies the moneys disbursed to it by the Trustee in accordance with any such disbursement request. Such requisition shall be executed by the Executive Director or the Deputy Director of Finance and Administration, of the Successor Agency or her or his designee.

(iii) At such time as no amounts remain on deposit in the 2017 Series A Taxable Project Fund, the 2017 Series A Taxable Project Fund shall be closed.

(b)(i) There is established under the Indenture a separate and segregated fund to be known as the “2017 Series B Project Fund,” which the Trustee shall hold in trust for the benefit of the Successor

Agency. The moneys in the 2017 Series B Project Fund shall be maintained separate and apart from other moneys of the Successor Agency. The moneys on deposit in the 2017 Series B Project Fund shall be used in the manner provided by the Law solely for the purpose of aiding in financing of the Transbay Infrastructure Obligation including, without limitation, the payment of any unpaid Costs of Issuance and capitalized interest on the 2017 Series B Bonds. The Successor Agency covenants that no funds on deposit in the 2017 Series B Project Fund shall be applied for any purpose not authorized by the Law.

(ii) The Trustee shall disburse amounts at any time on deposit in the 2017 Series B Project Fund upon receipt of a disbursement request of the Successor Agency substantially in the form attached to the Indenture. In no event shall the Trustee be responsible for the manner in which the Successor Agency applies the moneys disbursed to it by the Trustee in accordance with any such disbursement request. Such requisition shall be executed by the Executive Director or the Deputy Director of Finance and Administration, of the Successor Agency or her or his designee.

(iii) At such time as no amounts remain on deposit in the 2017 Series B Project Fund, the 2017 Series B Project Fund shall be closed.

2021 Project Fund. (a) There is established under the Indenture a separate and segregated fund to be known as the “2021 Project Fund,” which the Trustee shall hold in trust for the benefit of the Successor Agency. The moneys in the 2021 Project Fund shall be maintained separate and apart from other moneys of the Successor Agency. The moneys on deposit in the 2021 Project Fund shall be used in the manner provided by the Law solely for the purpose of aiding in financing of the Affordable Housing Obligations including, without limitation, the payment of any unpaid Costs of Issuance on the 2021 Bonds. The Successor Agency covenants that no funds on deposit in the 2021 Project Fund shall be applied for any purpose not authorized by the Law. For the avoidance of doubt, neither the 2021 Bonds nor any other Bonds are secured by amounts on deposit in the 2021 Project Fund.

(b) The Trustee shall disburse amounts at any time on deposit in the 2021 Project Fund upon receipt of a disbursement request of the Successor Agency. In no event shall the Trustee be responsible for the manner in which the Successor Agency applies the moneys disbursed to it by the Trustee in accordance with any such disbursement request. Such requisition shall be executed by the Executive Director or the Deputy Director of Finance and Administration of the Successor Agency or their designee.

(c) At such time as no amounts remain on deposit in the 2021 Project Fund, the 2021 Project Fund shall be closed.

2023 Bonds Project Funds. (a) There is established under the Indenture a separate and segregated fund to be known as the “2023A Bonds Project Fund,” which the Trustee shall hold in trust for the benefit of the Successor Agency. The moneys in the 2023A Bonds Project Fund shall be maintained separate and apart from other moneys of the Successor Agency. The moneys on deposit in the 2023A Bonds Project Fund shall be used in the manner provided by the Law solely for the purpose of aiding in financing of the Affordable Housing Obligations including, without limitation, the payment of any unpaid Costs of Issuance on the 2023A Bonds. The Successor Agency covenants that no funds on deposit in the 2023A Bonds Project Fund shall be applied for any purpose not authorized by the Law. For the avoidance of doubt, neither the 2023 Bonds nor any other Bonds shall be secured by amounts on deposit in the 2023A Bonds Project Fund.

(b) There is established under the Indenture a separate and segregated fund to be known as the “2023B Bonds Project Fund,” which the Trustee shall hold in trust for the benefit of the Successor Agency. The moneys in the 2023B Bonds Project Fund shall be maintained separate and apart from other

moneys of the Successor Agency. The moneys on deposit in the 2023B Bonds Project Fund shall be used in the manner provided by the Law solely for the purpose of aiding in financing of the Transbay Infrastructure Obligations including, without limitation, the payment of any unpaid Costs of Issuance on the 2023B Bonds. The Successor Agency covenants that no funds on deposit in the 2023B Bonds Project Fund shall be applied for any purpose not authorized by the Law. For the avoidance of doubt, neither the 2023 Bonds nor any other Bonds shall be secured by amounts on deposit in the 2023B Bonds Project Fund.

(c) The Trustee shall disburse amounts at any time on deposit in the 2023A Bonds Project Fund and the 2023B Bonds Project Fund upon receipt of a disbursement request of the Successor Agency. In no event shall the Trustee be responsible for the manner in which the Successor Agency applies the moneys disbursed to it by the Trustee in accordance with any such disbursement request. Such requisition shall be executed by the Executive Director or the Deputy Director of Finance and Administration of the Successor Agency or their designee.

Special Fund; Deposit of Pledged Tax Revenues. There is established under the Indenture a special fund to be known as the “Third Lien Special Fund” which is to be held by the Successor Agency within the Redevelopment Obligation Retirement Fund and which shall be known as the “Special Fund”. The Successor Agency agrees to hold and maintain the Third Lien Special Fund as long as any Bonds are Outstanding under the Indenture or any amounts are due and owing to the 2017 Insurer in respect of the 2017 Bond Insurance Policy or the 2017 Reserve Policy or any other Insurer with respect to any other insurance policy or financial guaranty. The Third Lien Special Fund shall be held by the Successor Agency separate and apart from other funds of the Successor Agency. On each January 2, commencing January 2, 2022, the Successor Agency shall transfer all of the Pledged Tax Revenues received in connection with the Recognized Obligation Payment Schedule on a pro rata basis to the Special Fund and to any other special fund created with respect to any additional Parity Debt that is not issued as Bonds under the Indenture, promptly upon receipt thereof by the Successor Agency, until such time as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred in the Bond Year commencing on the immediately preceding August 2 (i) for deposit into the Interest Account, the Principal Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to Section 4.03 of the Indenture and, if applicable, (ii) with respect to any additional Parity Debt (other than additional Bonds issued pursuant to a Supplemental Indenture) for deposit into the funds and accounts that may be required pursuant to the applicable Parity Debt Instruments. If the amount of Pledged Tax Revenues received in connection with the Recognized Obligation Payment Schedule on January 2 shall be insufficient to deposit the full amount required to be deposited pursuant to subsections (i) and (ii) of this paragraph, then the Successor Agency shall deposit the Pledged Tax Revenues received in connection with the succeeding June 1 in the Special Fund in order to make the remainder of the transfers and deposits described above. If there nonetheless remains insufficient Pledged Tax Revenues to make the transfers and deposits required above, then the Successor Agency shall transfer such Pledged Tax Revenues for deposit pro rata based on the full amounts required to be so deposited. Additionally, if the Successor Agency determines it is necessary to ensure timely payment of debt service on the Bonds, the Successor Agency may also collect on each January 2 a reserve to be held for debt service on the Existing Loan Agreements, the 2014 Bonds, the 2014 Parity Debt, the Bonds, any other Parity Debt and any Subordinated Debt; provided, however, the Successor Agency will not be obligated to collect any such reserve.

All Pledged Tax Revenues received by the Successor Agency with respect to any Bond Year in excess of the amount required to be deposited in the Special Fund and the other special funds mentioned in the preceding paragraph during such Bond Year pursuant to the preceding paragraph shall be released from the pledge, security interest and lien under the Indenture for the security of the Bonds and any additional Parity Debt and may be applied by the Successor Agency for any lawful purpose of the

Successor Agency, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to the Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indenture or Parity Debt Instrument, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in the Indenture and in any Supplemental Indenture or Parity Debt Instrument.

Deposit of Amounts by Trustee. There is established under the Indenture a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee in trust. Moneys in the Special Fund shall be transferred by the Successor Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are established in the Debt Service Fund, and in the following order of priority (provided that, if on the date the Successor Agency is required to transfer amounts on deposit in the Special Fund to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Parity Debt other than Bonds, the Successor Agency shall immediately notify the Trustee of the amount of any such insufficiency):

Interest Account. On or before the fifth (5th) Business Day preceding each Interest Payment Date, commencing with the Interest Payment Date of August 1, 2017, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

Principal Account. On or before the fifth (5th) Business Day preceding August 1 in each year beginning August 1, 2017, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including pursuant to mandatory sinking account redemption, on the next August 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next August 1 on all of the Outstanding Serial Bonds and Term Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and the Term Bonds, including by mandatory sinking account redemption, as the same shall become due and payable.

Reserve Account and Subaccounts. (A) The Trustee shall establish a “2017 Reserve Subaccount” within the Reserve Account for the 2017 Bonds, and the determination of the Reserve Requirement will be calculated on the 2017 Series A Taxable Bonds and the 2017 Series B Bonds on a combined basis.

The Reserve Requirement for the 2017 Bonds shall be satisfied by the delivery of the 2017 Reserve Policy by the 2017 Insurer to the Trustee on the Closing Date, and the Trustee shall credit the 2017 Reserve Policy to the 2017 Reserve Subaccount. The Trustee shall draw on the 2017 Reserve Policy in accordance with its terms and conditions and the terms of the Indenture in

order to pay debt service on the 2017 Bonds. Notwithstanding anything in the Indenture to the contrary, the Successor Agency will have no obligation to replace the 2017 Reserve Policy, or to fund the Reserve Account with cash if, at any time that the 2017 Series A Taxable Bonds or the 2017 Series B Bonds are Outstanding, amounts are not available under the 2017 Reserve Policy, other than in connection with the replenishment of a draw on the 2017 Reserve Policy.

The amounts available under the 2017 Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2017 Bonds.

The Trustee shall comply with all documentation relating to the 2017 Reserve Policy as shall be required to maintain the 2017 Reserve Policy in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture.

(B) The Trustee shall establish a “2021 Reserve Subaccount” within the Reserve Account solely as security for the 2021 Bonds. The Reserve Requirement for the 2021 Bonds will be calculated for the 2021 Bonds without regard to the 2017 Bonds or any Parity Debt issued in the future.

The Reserve Requirement for the 2021 Bonds shall be satisfied by the delivery of the 2021 Reserve Policy by the 2021 Insurer to the Trustee on the Closing Date, and the Trustee shall credit the 2021 Reserve Policy to the 2021 Reserve Subaccount. The Trustee shall draw on the 2021 Reserve Policy in accordance with its terms and conditions and the terms of the Indenture in order to pay debt service on the 2021 Bonds.

The amounts available under the 2021 Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2021 Bonds. Amounts on deposit in the 2021 Reserve Subaccount of the Reserve Account shall not be available to pay debt service on the 2017 Bonds or any other Parity Debt. Amounts on deposit in the 2017 Reserve Subaccount of the Reserve Account shall not be available to pay debt service on the 2021 Bonds.

The Trustee shall comply with all documentation relating to the 2021 Reserve Policy as shall be required to maintain the 2021 Reserve Policy in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture.

Notwithstanding anything to the contrary in the Indenture, the Successor Agency will have no obligation to replace the 2021 Reserve Policy or to fund the Reserve Account or any subaccount therein, including without limitation the 2021 Reserve Subaccount, with cash if, at any time that the 2021 Bonds are Outstanding, amounts are not available under the 2021 Reserve Policy, other than in connection with the replenishment of a draw on the 2021 Reserve Policy. Additionally, the Successor Agency will have no obligation to replace the 2021 Reserve Policy, to deposit any cash in the Reserve Account or any subaccount therein, including without limitation the 2021 Reserve Subaccount, or to take any other action with respect to the 2021 Reserve Policy in the event that any rating assigned to the 2021 Insurer is downgraded, suspended or withdrawn.

(C) The Trustee shall establish a “2023A Reserve Subaccount” within the Reserve Account solely as security for the 2023A Bonds. The Reserve Requirement for the 2023A Bonds will be calculated for the 2023A Bonds without regard to the 2017 Bonds, the 2021 Bonds, the 2023B Bonds or any Parity Debt issued in the future.

The Reserve Requirement for the 2023A Bonds shall be satisfied by the delivery of the 2023A Reserve Policy by the 2023 Insurer to the Trustee on the Closing Date, and the Trustee shall credit the 2023A Reserve Policy to the 2023A Reserve Subaccount of the Reserve Account. The Trustee shall draw on the 2023A Reserve Policy in accordance with its terms and conditions and the terms of the Indenture in order to pay debt service on the 2023A Bonds.

The amounts available under the 2023A Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2023A Bonds. Amounts on deposit in the 2023A Reserve Subaccount of the Reserve Account shall not be available to pay debt service on the 2017 Bonds, the 2021 Bonds, the 2023B Bonds or any other Parity Debt. Amounts on deposit in the 2017 Reserve Subaccount of the Reserve Account, the 2021 Reserve Subaccount of the Reserve Account and the 2023B Reserve Subaccount of the Reserve Account shall not be available to pay debt service on the 2023A Bonds.

The Trustee shall comply with all documentation relating to the 2023A Reserve Policy as shall be required to maintain the 2023A Reserve Policy in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture.

Notwithstanding anything herein to the contrary, the Successor Agency will have no obligation to replace the 2023A Reserve Policy or to fund the Reserve Account or any subaccount therein, including without limitation the 2023A Reserve Subaccount of the Reserve Account, with cash if, at any time that the 2023A Bonds are Outstanding, amounts are not available under the 2023A Reserve Policy, other than in connection with the replenishment of a draw on the 2023A Reserve Policy. Additionally, the Successor Agency will have no obligation to replace the 2023A Reserve Policy, to deposit any cash in the Reserve Account or any subaccount therein, including without limitation the 2023A Reserve Subaccount of the Reserve Account, or to take any other action with respect to the 2023A Reserve Policy in the event that any rating assigned to the 2023 Insurer is downgraded, suspended or withdrawn.

(D) The Trustee shall establish a “2023B Reserve Subaccount” within the Reserve Account solely as security for the 2023B Bonds. The Reserve Requirement for the 2023B Bonds will be calculated for the 2023B Bonds without regard to the 2017 Bonds, the 2021 Bonds, the 2023A Bonds or any Parity Debt issued in the future.

The Reserve Requirement for the 2023B Bonds shall be satisfied by the delivery of the 2023B Reserve Policy by the 2023 Insurer to the Trustee on the Closing Date, and the Trustee shall credit the 2023B Reserve Policy to the 2023B Reserve Subaccount of the Reserve Account. The Trustee shall draw on the 2023B Reserve Policy in accordance with its terms and conditions and the terms of the Indenture in order to pay debt service on the 2023B Bonds.

The amounts available under the 2023B Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such

accounts with respect to the payment of debt service on the 2023B Bonds. Amounts on deposit in the 2023B Reserve Subaccount of the Reserve Account shall not be available to pay debt service on the 2017 Bonds, the 2021 Bonds, the 2023A Bonds or any other Parity Debt. Amounts on deposit in the 2017 Reserve Subaccount of the Reserve Account, the 2021 Reserve Subaccount of the Reserve Account and the 2023A Reserve Subaccount of the Reserve Account shall not be available to pay debt service on the 2023B Bonds.

The Trustee shall comply with all documentation relating to the 2023B Reserve Policy as shall be required to maintain the 2023B Reserve Policy in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture.

Notwithstanding anything herein to the contrary, the Successor Agency will have no obligation to replace the 2023B Reserve Policy or to fund the Reserve Account or any subaccount therein, including without limitation the 2023B Reserve Subaccount of the Reserve Account, with cash if, at any time that the 2023B Bonds are Outstanding, amounts are not available under the 2023B Reserve Policy, other than in connection with the replenishment of a draw on the 2023B Reserve Policy. Additionally, the Successor Agency will have no obligation to replace the 2023B Reserve Policy, to deposit any cash in the Reserve Account or any subaccount therein, including without limitation the 2023B Reserve Subaccount of the Reserve Account, or to take any other action with respect to the 2023B Reserve Policy in the event that any rating assigned to the 2023 Insurer is downgraded, suspended or withdrawn.

(E) Except as provided above, in the event that the amount on deposit in the Reserve Account or any subaccount therein at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Pledged Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Pledged Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts, or for the retirement or defeasance of the Bonds then Outstanding (as may be permitted in the Indenture), except that so long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before the fifth (5th) Business Day preceding each February 1 and August 1, and the date of redemption or defeasance of any Bonds, by the Trustee and deposited in the Interest Account or, in the case of the redemption or defeasance of Bonds, also in the Principal Account or an escrow account established for the defeasance of any of the Bonds. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by the Indenture, then to the Successor Agency.

(F) If at any time any portion of the Reserve Requirement is satisfied with cash or Permitted Investments that meet the requirements of the Indenture, the Successor Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the 2017 Series B Bonds or any other Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be used for any lawful purpose that does not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture. Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Pledged Tax Revenues.

(G) The Successor Agency shall also have the option to establish a separate subaccount in the Reserve Account that secures only one or more particular series of Bonds issued as Parity Debt, and the calculation of the Reserve Requirement with respect to all other Bonds shall exclude the debt service on such series of Bonds. Additionally, Bonds secured by a Qualified Reserve Account Credit Instrument or a separate subaccount within the Reserve Account shall not have access to any other amounts on deposit in the Reserve Account except as expressly provided in the Indenture or in any applicable Supplemental Indenture. Additionally, the Reserve Account may be maintained in the form of one combined Reserve Account or in the form of one more separate sub-accounts which are established for the purpose of holding the proceeds of separate series of Bonds in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee.

If the Reserve Requirement with respect to a series of Bonds is being maintained partially in cash and Permitted Investments and partially with a Qualified Reserve Account Credit Instrument, the cash and Permitted Investments shall be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture. If the Reserve Requirement with respect to a series of Bonds is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture shall be pro-rata with respect to each such instrument.

Prior to drawing on the Reserve Account in order to make a payment of debt service on the Bonds, the Trustee shall notify the Successor Agency.

Redemption Account. On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to the Indenture, the Trustee shall withdraw from the Debt Service Fund any amount transferred by the Successor Agency pursuant to the Indenture for

deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the 2017 Series A Taxable Bonds, the 2017 Series B Bonds and other Bonds to be redeemed on such date pursuant to the Indenture or a similar provision of a Supplemental Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the 2017 Series A Taxable Bonds, the 2017 Series B Bonds and such other Bonds to be redeemed pursuant to the Indenture or a similar provision of a Supplemental Indenture on the date set for such redemption. Interest due on the 2017 Series A Taxable Bonds, the 2017 Series B Bonds or such other Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such 2017 Series A Taxable Bonds or 2017 Series B Bonds or such other Bonds, the Trustee may, at the direction of the Successor Agency, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of all or a portion of the 2017 Series A Taxable Bonds, the 2017 Series B Bonds or such other Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on such 2017 Series A Taxable Bonds, such 2017 Series B Bonds or such other Bonds, which is payable from the Interest Account) as shall be directed by the Successor Agency.

Claims Upon the 2017 Bond Insurance Policy; Rights of the 2017 Insurer

So long as the 2017 Bond Insurance Policy remains in force and effect, the following provisions summarized below govern, notwithstanding anything to the contrary contained in the Indenture:

(a) If, on the third Business Day prior to an Interest Payment Date, there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the 2017 Insured Bonds due on such Interest Payment Date, the Trustee shall give notice to the 2017 Insurer and to its designated agent (if any) (the “2017 Insurer's Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Interest Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2017 Insured Bonds due on such Interest Payment Date, the Trustee shall make a claim under the 2017 Bond Insurance Policy and give notice to the 2017 Insurer and the 2017 Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2017 Insured Bonds and the amount required to pay principal of the 2017 Insured Bonds, confirmed in writing to the 2017 Insurer and the 2017 Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the 2017 Bond Insurance Policy.

(b) The Trustee shall designate any portion of payment of principal on 2017 Insured Bonds paid by the 2017 Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2017 Insured Bonds registered to the then current Owner of 2017 Insured Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement 2017 Insured Bond to the 2017 Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement 2017 Insured Bond shall have no effect on the amount of principal or interest payable by the Successor Agency on any 2017 Insured Bond or the subrogation rights of the 2017 Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the 2017 Insurer into the 2017 Policy Payments Account (defined below) and the allocation of such funds to

payment of interest on and principal of any 2017 Insured Bond. The 2017 Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the 2017 Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the 2017 Insured Bonds referred to herein as the “2017 Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the 2017 Bond Insurance Policy in trust on behalf of Owners of the 2017 Insured Bonds and shall deposit any such amount in the 2017 Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the 2017 Insured Bonds in the same manner as principal and interest payments are to be made with respect to the 2017 Insured Bonds under the sections of the Indenture regarding payment of 2017 Insured Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Successor Agency agrees to pay to the 2017 Insurer (i) a sum equal to the total of all amounts paid by the 2017 Insurer under the 2017 Bond Insurance Policy (the “2017 Insurer Advances”); and (ii) interest on such 2017 Insurer Advances from the date paid by the 2017 Insurer until payment thereof in full, payable to the 2017 Insurer at the Late Payment Rate per annum (collectively, the “2017 Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2017 Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Successor Agency hereby covenants and agrees that the 2017 Insurer Reimbursement Amounts are secured by a lien on and pledge of the Pledged Tax Revenues and payable from such Pledged Tax Revenues on a parity with debt service due on the 2017 Insured Bonds.

(e) The Successor Agency shall take all actions required by the Dissolution Act to ensure that all 2017 Insurer Reimbursement Amounts (including any amounts due the 2017 Insurer pursuant to item (n) below) are paid to the 2017 Insurer when due, including the submission of Recognized Obligation Payment Schedules providing for 2017 Insurer Reimbursement Amounts and such other amounts.

(f) Funds held in the 2017 Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the 2017 Policy Payments Account following an Interest Payment Date shall promptly be remitted to the 2017 Insurer.

(g) The following terms and provisions summarized below will govern with respect to the 2017 Bond Insurance Policy, notwithstanding anything in the Indenture to the contrary:

(i) The 2017 Insurer shall be deemed to be the sole Owner of the 2017 Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2017 Insured Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each 2017 Insured Bond, the Trustee and each of the Owners of 2017 Insured Bonds appoint the 2017 Insurer as their agent and attorney-in-fact with respect to the 2017 Insured Bonds and agree that the 2017 Insurer may at any time during the continuation of any proceeding by or against the Successor Agency under

the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner of a 2017 Insured Bond delegate and assign to the 2017 Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of a 2017 Insured Bond with respect to the 2017 Insured Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Owners of the 2017 Insured Bonds shall include mandamus.

(ii) The rights granted to the 2017 Insurer under the Indenture to request, consent to or direct any action are rights granted to the 2017 Insurer in consideration of its issuance of the 2017 Bond Insurance Policy. Any exercise by the 2017 Insurer of such rights is merely an exercise of the 2017 Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the 2017 Insured Bonds and such action does not evidence any position of the 2017 Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the 2017 Insurer. Each obligation of the Successor Agency to the 2017 Insurer under the Indenture shall survive discharge or termination of the Indenture.

(iii) The Successor Agency shall pay or reimburse the 2017 Insurer any and all charges, fees, costs and expenses that the 2017 Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture; (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or the transactions contemplated hereby, other than costs resulting from the failure of the 2017 Insurer to honor its obligations under the 2017 Bond Insurance Policy. The 2017 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture.

(iv) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Successor Agency or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Reserve Account to the Reserve Requirement.

(v) Any amendment, supplement, modification to or waiver of the Indenture that requires the consent of the Bond Owners or adversely affects the rights and interests of the 2017 Insurer shall be subject to the prior written consent of the 2017 Insurer.

(vi) The 2017 Insurer shall be entitled to pay principal or interest on the 2017 Insured Bonds that become Due for Payment but are unpaid by reason of Nonpayment (as such term is defined in the 2017 Bond Insurance Policy) by the Successor Agency, and any amounts due on the 2017 Insured Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the 2017 Insurer has received a Notice of Nonpayment (as such term is defined in the 2017 Bond Insurance Policy) or a claim upon the 2017 Bond Insurance Policy.

(vii) The 2017 Insurer shall, to the extent it makes any payment of principal of or interest on the 2017 Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 2017 Bond Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Successor Agency to the 2017 Insurer under the Indenture shall survive discharge or termination of the Indenture.

(viii) Notwithstanding satisfaction of the other conditions to the issuance of any additional notes, bonds or other obligations on a parity with the Bonds under Section 3.05, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Account is fully funded at the Reserve Requirement (including the proposed issue) upon the issuance of such Parity Debt, in either case unless otherwise permitted by the 2017 Insurer.

(ix) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Bond Owners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no 2017 Bond Insurance Policy.

(x) No contract shall be entered into or any action taken by which the rights of the 2017 Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the 2017 Insurer.

(xi) The Successor Agency shall not enter into any interest rate exchange agreement or any other interest rate maintenance agreement secured by and payable from the Pledged Tax Revenues without the prior written consent of the 2017 Insurer.

(h) The 2017 Insurer shall be provided with the following information by the Successor Agency or Trustee, as the case may be:

(i) To the extent not otherwise filed on the Municipal Securities Rule Making Board's Electronic Municipal Market Access system, annual audited financial statements of the Successor Agency within 210 days (or such longer period agreed to by the 2017 Insurer) after the end of each Fiscal Year (together with a certification of the Successor Agency that it is not aware of any default or Event of Default under the Indenture), and, upon request, the Successor Agency's annual budget within 30 days after the approval thereof together with such other information, data or reports as the 2017 Insurer shall reasonably request from time to time.

(ii) Notice of any draw upon the 2017 Reserve Subaccount within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of the 2017 Bonds.

(iii) Notice of any default known to the Trustee or the Successor Agency within five Business Days after knowledge thereof.

(iv) Prior notice of the advance refunding or redemption of any of the 2017 Insured Bonds, including the principal amount, maturities and CUSIP numbers thereof.

(v) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto.

(vi) Notice of the commencement of any proceeding by or against the Successor Agency commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”).

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of or interest on the 2017 Insured Bonds.

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Indenture.

(ix) All reports, notices and correspondence to be delivered to Bond Owners under the terms of the Indenture.

(x) All information furnished by the Successor Agency pursuant to the Continuing Disclosure Certificate with respect to the 2017 Bonds.

(xi) The 2017 Insurer shall have the right to receive such additional information as it may reasonably request.

(xi) The Successor Agency will permit the 2017 Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the 2017 Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the 2017 Insurer to have access to the facilities, books and records of the Successor Agency on any Business Day upon reasonable prior notice.

(xii) The Trustee shall notify the 2017 Insurer of any known failure of the Successor Agency to provide notices, certificates and other information to the Trustee under the Indenture.

(i) The maturity of the 2017 Insured Bonds shall not be accelerated without the consent of the 2017 Insurer and in the event the maturity of the 2017 Insured Bonds is accelerated, the 2017 Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Successor Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the 2017 Insurer's obligations under the 2017 Bond Insurance Policy with respect to such 2017 Insured Bonds shall be fully discharged.

(j) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the 2017 Insurer. No grace period shall be permitted for payment defaults.

(k) The 2017 Insurer is hereby expressly made a third party beneficiary of the Indenture.

(l) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of 2017 Insured Bonds to be redeemed shall be subject to the approval of the 2017 Insurer. The exercise of any provision of the Indenture which permits the purchase of 2017 Insured Bonds in lieu of redemption shall require the prior written approval of the 2017 Insurer if any 2017 Insured Bond so purchased is not cancelled upon purchase.

(m) Notwithstanding the definition of Defeasance Securities herein, only (1) cash, (2) non-callable direct obligations of the United States of America (“Treasures”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasures held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasures are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the 2017 Insurer, pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody's, respectively, or (5) subject to the prior written consent of the 2017 Insurer, securities eligible for “AAA” defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the 2017 Insured Bonds unless the 2017 Insurer otherwise approves.

To accomplish defeasance of the 2017 Insured Bonds, the Successor Agency shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the 2017 Insurer (“Accountant”) verifying the sufficiency of the escrow established to pay the 2017 Insured Bonds in full on the maturity or redemption date (“Verification”), (ii) an escrow deposit agreement or other written instructions to the Trustee (which shall be acceptable in form and substance to the 2017 Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the 2017 Insured Bonds are no longer “Outstanding” under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the 2017 Insured Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency, the Trustee and the 2017 Insurer. The 2017 Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

2017 Insured Bonds shall be deemed “Outstanding” under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(n) Amounts paid by the 2017 Insurer under the 2017 Bond Insurance Policy shall not be deemed paid for purposes of the Indenture and the 2017 Insured Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Successor Agency in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the 2017 Insurer have been paid in full or duly provided for.

(o) The Successor Agency covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Pledged Tax Revenues under applicable law.

Provisions Relating to 2017 Reserve Policy

So long as the 2017 Reserve Policy remains in force and effect, the following provisions summarized below govern, notwithstanding anything to the contrary contained in the Indenture:

(a) The Successor Agency shall repay any draws under the 2017 Reserve Policy and pay all related reasonable expenses incurred by the 2017 Insurer and shall pay interest thereon from the date of payment by the 2017 Insurer at the Late Payment Rate. “Late Payment Rate” means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2017 Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360

days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the 2017 Insurer shall specify. If the interest provisions of this subparagraph (a) result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding under the Indenture to the extent that interest otherwise due under the Indenture for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the 2017 Insurer, with the same force and effect as if the Successor Agency had specifically designated such extra sums to be so applied and the 2017 Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

The Successor Agency shall diligently make repayments for draws and payments of expenses and the interest accrued thereon at the Late Payment Rate (collectively, "2017 Policy Costs") from funds available to the Successor Agency and hereby agrees to amend its then current Recognized Obligation Payment Schedule to the extent permitted by law in order to include any 2017 Policy Costs not so included on such Recognized Obligation Payment Schedule.

Amounts in respect of 2017 Policy Costs paid to the 2017 Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the 2017 Insurer on account of principal due, the coverage under the 2017 Reserve Policy will be increased by a like amount, subject to the terms of the 2017 Reserve Policy. The obligation to pay 2017 Policy Costs shall be secured by a valid lien on the Pledged Tax Revenues (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the 2017 Reserve Subaccount shall be transferred to the Debt Service Fund for payment of debt service on 2017 Bonds before any drawing may be made on the 2017 Reserve Policy or any Qualified Reserve Account Credit Instrument credited to the 2017 Reserve Subaccount in lieu of cash. The prior written consent of the 2017 Insurer shall be a condition precedent to the deposit of any Qualified Reserve Account Credit Instrument credited to the 2017 Reserve Subaccount in lieu of cash. Payment of any 2017 Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Qualified Reserve Account Credit Instruments (including the 2017 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the 2017 Reserve Subaccount. Payment of 2017 Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Successor Agency fails to pay any 2017 Policy Costs in accordance with the requirements of the indenture, the 2017 Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the 2017 Bonds or (ii) remedies which would adversely affect owners of the 2017 Bonds.

(c) The Indenture shall not be discharged until all 2017 Policy Costs owing to the 2017 Insurer have been paid in full. The Successor Agency's obligation to pay such amounts shall expressly survive payment in full of the 2017 Bonds.

(d) The Successor Agency shall include any 2017 Policy Costs then due and owing the 2017 Insurer in the calculation of the additional Parity Debt test in Section 3.05 of the Indenture

(e) The Trustee shall ascertain the necessity for a claim upon the 2017 Reserve Policy in accordance with the provisions of the foregoing subparagraph (a) and to provide notice to the 2017 Insurer in accordance with the terms of the 2017 Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the 2017 Bonds. Where deposits are required to be made by the Successor Agency with the Trustee to the Debt Service Fund more often than semiannually, the Trustee shall give notice to the 2017 Insurer of any failure of the Successor Agency to make timely payment in full of such deposits within two Business Days of the date due.

(f) The 2017 Reserve Policy is a Qualified Reserve Account Credit Instrument under the Indenture.

(g) The Successor Agency will pay or reimburse the 2017 Insurer any and all charges, fees, costs, losses, liabilities and expenses which the 2017 Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the 2017 Series A Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Indenture, including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Successor Agency) relating to the Indenture, any party to the Indenture or the transactions contemplated by the Indenture, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture, if any, or the pursuit of any remedies under the Indenture, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the 2017 Reserve Policy whether or not executed or completed, or (v) any action taken by the 2017 Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the 2017 Insurer spent in connection with the actions described in clauses (ii) through (v) above. The 2017 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture. Amounts payable by the Successor Agency under the Indenture shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the 2017 Insurer until the date the 2017 Insurer is paid in full.

(h) The obligation of the Successor Agency to pay all amounts due to the 2017 Insurer shall be an absolute and unconditional obligation of the Successor Agency and will be paid or performed strictly in accordance with the provisions of the Indenture summarized under this section, irrespective of: (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the 2017 Bonds or the Indenture; (ii) any amendment or other modification of, or waiver with respect to the 2017 Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the 2017 Bonds or the Indenture; (iv) whether or not such 2017 Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the 2017 Reserve Policy or the Indenture; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Successor Agency may have at any time against the Trustee or any other person or entity other than the 2017 Insurer, whether in connection with the transactions contemplated herein or any unrelated

transactions; (vii) any statement or any other document presented under or in connection with the 2017 Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the 2017 Insurer under the 2017 Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the 2017 Reserve Policy.

(i) The Successor Agency shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the 2017 Insurer) of the Indenture applicable to it, each of the provisions thereof being expressly incorporated into the Indenture by reference solely for the benefit of the 2017 Insurer as if set forth directly herein. No provision of the Indenture shall be amended, supplemented, modified or waived in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Successor Agency under the Indenture or the priority accorded to the reimbursement of 2017 Policy Costs under the Indenture, without the prior written consent of the 2017 Insurer. The 2017 Insurer is hereby expressly made a third party beneficiary of the Indenture.

(j) The Successor Agency covenants to provide to the 2017 Insurer, promptly upon request, any information regarding the 2017 Bonds or the financial condition and operations of the Successor Agency as reasonably requested by the 2017 Insurer. The Successor Agency will permit the 2017 Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the 2017 Insurer may reasonably request regarding the security for the 2017 Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the 2017 Insurer to have access to the facilities, books and records of the Successor Agency on any Business Day upon reasonable prior notice.

Claims Upon the 2021 Bonds Insurance Policy; Rights of the 2021 Insurer

So long as the 2021 Bonds Insurance Policy remains in force and effect, the following provisions summarized below govern, notwithstanding anything to the contrary contained in the Indenture:

(a) If, on the third Business Day prior to an Interest Payment Date, there is not on deposit with the Trustee, after making all transfers and deposits required hereunder, moneys sufficient to pay the principal of and interest on the 2021 Bonds due on such Interest Payment Date, the Trustee shall give notice to the 2021 Insurer and to its designated agent (if any) (the “2021 Insurer's Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Interest Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2021 Bonds due on such Interest Payment Date, the Trustee shall make a claim under the 2021 Bonds Insurance Policy and give notice to the 2021 Insurer and the 2021 Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2021 Bonds and the amount required to pay principal of the 2021 Bonds, confirmed in writing to the 2021 Insurer and the 2021 Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the 2021 Bonds Insurance Policy.

(b) The Trustee shall designate any portion of payment of principal on 2021 Bonds paid by the 2021 Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2021 Bonds registered to the then current Owner of 2021 Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement 2021 Bond to the 2021 Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized

denominations); provided that the Trustee's failure to so designate any payment or issue any replacement 2021 Bond shall have no effect on the amount of principal or interest payable by the Successor Agency on any 2021 Bond or the subrogation rights of the 2021 Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the 2021 Insurer into the 2021 Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any 2021 Bond. The 2021 Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the 2021 Bonds Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the 2021 Bonds referred to in the Indenture as the "2021 Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the 2021 Bonds Insurance Policy in trust on behalf of Owners of the 2021 Bonds and shall deposit any such amount in the 2021 Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the 2021 Bonds in the same manner as principal and interest payments are to be made with respect to the 2021 Bonds under the sections of the Indenture regarding payment of 2021 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the Successor Agency agrees to pay to the 2021 Insurer (i) a sum equal to the total of all amounts paid by the 2021 Insurer under the 2021 Bonds Insurance Policy (the "2021 Insurer Advances"); and (ii) interest on such 2021 Insurer Advances from the date paid by the 2021 Insurer until payment thereof in full, payable to the 2021 Insurer at the Late Payment Rate per annum (collectively, the "2021 Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2021 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Successor Agency hereby covenants and agrees that the 2021 Insurer Reimbursement Amounts are secured by a lien on and pledge of the Pledged Tax Revenues and payable from such Pledged Tax Revenues on a parity with debt service due on the 2021 Bonds.

(e) The Successor Agency shall take all actions required by the Dissolution Act to ensure that all 2021 Insurer Reimbursement Amounts (including any amounts due the 2021 Insurer pursuant to item (g)(iii) below) are paid to the 2021 Insurer when due, including the submission of Recognized Obligation Payment Schedules providing for 2021 Insurer Reimbursement Amounts and such other amounts.

(f) Funds held in the 2021 Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the 2021 Policy Payments Account following an Interest Payment Date shall promptly be remitted to the 2021 Insurer.

(g) The following terms and provisions summarized below will govern with respect to the 2021 Bonds Insurance Policy, notwithstanding anything in the Indenture to the contrary:

(i) The 2021 Insurer shall be deemed to be the sole Owner of the 2021 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking

any other action that the Owners of the 2021 Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each 2021 Bond, each of the Owners of 2021 Bonds appoints the 2021 Insurer as its agent and attorney-in-fact with respect to the 2021 Bonds and agrees that the 2021 Insurer may at any time during the continuation of any proceeding by or against the Successor Agency under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Owner of a 2021 Bond delegates and assigns to the 2021 Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of a 2021 Bond with respect to the 2021 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Owner of a 2021 Bond for the 2021 Insurer's benefit, and agrees to cooperate with the 2021 Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Owners of the 2021 Bonds shall include mandamus.

(ii) The rights granted to the 2021 Insurer under the Indenture to request, consent to or direct any action are rights granted to the 2021 Insurer in consideration of its issuance of the 2021 Bonds Insurance Policy. Any exercise by the 2021 Insurer of such rights is merely an exercise of the 2021 Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the 2021 Bonds and such action does not evidence any position of the 2021 Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the 2021 Insurer. Each obligation of the Successor Agency to the 2021 Insurer under the Indenture shall survive discharge or termination of the Indenture.

(iii) The Successor Agency shall pay or reimburse the 2021 Insurer any and all charges, fees, costs and expenses that the 2021 Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture; (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or the transactions contemplated hereby, other than costs resulting from the failure of the 2021 Insurer to honor its obligations under the 2021 Bonds Insurance Policy. The 2021 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture.

(iv) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Successor Agency or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Reserve Account to the Reserve Requirement.

(v) Any amendment, supplement, modification to or waiver of the Indenture that requires the consent of the Bond Owners or adversely affects the rights and interests of the 2021 Insurer shall be subject to the prior written consent of the 2021 Insurer.

(vi) The 2021 Insurer shall be entitled to pay principal or interest on the 2021 Bonds that become Due for Payment but are unpaid by reason of Nonpayment (as such term is defined in the 2021 Bonds Insurance Policy) by the Successor Agency, and any amounts due on the 2021 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the 2021 Insurer has received a Notice of Nonpayment (as such term is defined in the 2021 Bonds Insurance Policy) or a claim upon the 2021 Bonds Insurance Policy.

(vii) The 2021 Insurer shall, to the extent it makes any payment of principal or interest on the 2021 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 2021 Bonds Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Successor Agency to the 2021 Insurer under the Indenture shall survive discharge or termination of the Indenture.

(viii) Notwithstanding satisfaction of the other conditions to the issuance of any additional notes, bonds or other obligations on a parity with the Bonds under Section 3.05, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Account is fully funded at the Reserve Requirement (including the proposed issue) upon the issuance of such Parity Debt, in either case unless otherwise permitted by the 2021 Insurer.

(ix) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Bond Owners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no 2021 Bonds Insurance Policy.

(x) No contract shall be entered into or any action taken by which the rights of the 2021 Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the 2021 Insurer.

(xi) The Successor Agency shall not enter into any interest rate exchange agreement or any other interest rate maintenance agreement secured by and payable from the Pledged Tax Revenues without the prior written consent of the 2021 Insurer.

(h) The 2021 Insurer shall be provided with the following information by the Successor Agency or Trustee, as the case may be:

(i) To the extent not otherwise filed on the Municipal Securities Rule Making Board's Electronic Municipal Market Access system, annual audited financial statements of the Successor Agency within 210 days (or such longer period agreed to by the 2021 Insurer) after the end of each Fiscal Year (together with a certification of the Successor Agency that it is not aware of any default or Event of Default hereunder), and, upon request, the Successor Agency's annual budget within 30 days after the approval thereof together with such other information, data or reports as the 2021 Insurer shall reasonably request from time to time.

(ii) Notice of any draw upon the 2021 Reserve Subaccount within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of the 2021 Bonds.

(iii) Notice of any default known to the Trustee or the Successor Agency within five Business Days after knowledge thereof.

(iv) Prior notice of the advance refunding of any of the 2021 Bonds, including the principal amount, maturities and CUSIP numbers thereof.

(v) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto.

(vi) Notice of the commencement of any proceeding by or against the Successor Agency commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding").

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of or interest on the 2021 Bonds.

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Indenture.

(ix) All reports, notices and correspondence to be delivered to Bond Owners under the terms of the Indenture.

(x) All information furnished by the Successor Agency pursuant to the Continuing Disclosure Certificate with respect to the 2021 Bonds.

(xi) The 2021 Insurer shall have the right to receive such additional information as it may reasonably request.

(xi) The Successor Agency will permit the 2021 Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the 2021 Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the 2021 Insurer to have access to the facilities, books and records of the Successor Agency on any Business Day upon reasonable prior notice.

(xii) The Trustee shall notify the 2021 Insurer of any known failure of the Successor Agency to provide notices, certificates and other information to the Trustee under the Indenture.

(i) The maturity of the 2021 Bonds shall not be accelerated without the consent of the 2021 Insurer and in the event the maturity of the 2021 Bonds is accelerated, the 2021 Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Successor Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the 2021 Insurer's obligations under the 2021 Bonds Insurance Policy with respect to such 2021 Bonds shall be fully discharged.

(j) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the 2021 Insurer. No grace period shall be permitted for payment defaults.

(k) The 2021 Insurer is hereby expressly made a third party beneficiary of the Indenture.

(l) The exercise of any provision of the Indenture which permits the purchase of 2021 Bonds in lieu of redemption shall require the prior written approval of the 2021 Insurer if any 2021 Bond so purchased is not cancelled upon purchase.

(m) Notwithstanding the definition of Defeasance Securities in the Indenture, only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the 2021 Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the 2021 Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the 2021 Bonds unless the 2021 Insurer otherwise approves.

To accomplish defeasance of the 2021 Bonds, the Successor Agency shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the 2021 Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the 2021 Bonds in full on the maturity date ("Verification"), (ii) an escrow deposit agreement or other written instructions to the Trustee (which shall be acceptable in form and substance to the 2021 Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the 2021 Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the 2021 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency, the Trustee and the 2021 Insurer. The 2021 Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

2021 Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(n) Amounts paid by the 2021 Insurer under the 2021 Bonds Insurance Policy shall not be deemed paid for purposes of the Indenture and the 2021 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Successor Agency in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the 2021 Insurer have been paid in full or duly provided for.

(o) The Successor Agency covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Pledged Tax Revenues under applicable law.

Provisions Relating to 2021 Reserve Policy

So long as the 2021 Reserve Policy remains in force and effect, the following provisions summarized below govern, notwithstanding anything to the contrary contained in the Indenture:

(a) The Successor Agency shall repay any draws under the 2021 Reserve Policy and pay all related reasonable expenses incurred by the 2021 Insurer and shall pay interest thereon from the date of payment by the 2021 Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the

greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2021 Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the 2021 Insurer shall specify. If the interest provisions of this subparagraph (a) result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created in the Indenture, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the 2021 Insurer, with the same force and effect as if the Successor Agency had specifically designated such extra sums to be so applied and the 2021 Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created in the Indenture exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

The Successor Agency shall diligently make repayments for draws and payments of expenses and the interest accrued thereon at the Late Payment Rate (collectively, "2021 Policy Costs") from funds available to the Successor Agency and hereby agrees to amend its then current Recognized Obligation Payment Schedule to the extent permitted by law in order to include any 2021 Policy Costs not so included on such Recognized Obligation Payment Schedule.

Amounts in respect of 2021 Policy Costs paid to the 2021 Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the 2021 Insurer on account of principal due, the coverage under the 2021 Reserve Policy will be increased by a like amount, subject to the terms of the 2021 Reserve Policy. The obligation to pay 2021 Policy Costs shall be secured by a valid lien on the Pledged Tax Revenues (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the 2021 Reserve Subaccount shall be transferred to the Debt Service Fund for payment of debt service on 2021 Bonds before any drawing may be made on the 2021 Reserve Policy or any Qualified Reserve Account Credit Instrument credited to the 2021 Reserve Subaccount in lieu of cash. The prior written consent of the 2021 Insurer shall be a condition precedent to the deposit of any Qualified Reserve Account Credit Instrument credited to the 2021 Reserve Subaccount in lieu of cash. Payment of any 2021 Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Qualified Reserve Account Credit Instruments (including the 2021 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the 2021 Reserve Subaccount. Payment of 2021 Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Successor Agency fails to pay any 2021 Policy Costs in accordance with the requirements of the Indenture, the 2021 Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the 2021 Bonds or (ii) remedies which would adversely affect owners of the 2021 Bonds.

(c) The Indenture shall not be discharged until all 2021 Policy Costs owing to the 2021 Insurer have been paid in full. The Successor Agency's obligation to pay such amounts shall expressly survive payment in full of the 2021 Bonds.

(d) The Successor Agency shall include any 2021 Policy Costs then due and owing the 2021 Insurer in the calculation of the additional Parity Debt test in the Indenture

(e) The Trustee shall ascertain the necessity for a claim upon the 2021 Reserve Policy in accordance with the provisions of the foregoing subparagraph (a) and to provide notice to the 2021 Insurer in accordance with the terms of the 2021 Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the 2021 Bonds. Where deposits are required to be made by the Successor Agency with the Trustee to the Debt Service Fund more often than semiannually, the Trustee shall give notice to the 2021 Insurer of any failure of the Successor Agency to make timely payment in full of such deposits within two Business Days of the date due.

(f) The 2021 Reserve Policy is a Qualified Reserve Account Credit Instrument under the Indenture.

(g) The Successor Agency will pay or reimburse the 2021 Insurer any and all charges, fees, costs, losses, liabilities and expenses which the 2021 Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the 2021 Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Indenture, including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Successor Agency) relating to the Indenture, any party to the Indenture or the transactions contemplated by the Indenture, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture, if any, or the pursuit of any remedies under the Indenture, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the 2021 Reserve Policy whether or not executed or completed, or (v) any action taken by the 2021 Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the 2021 Insurer spent in connection with the actions described in clauses (ii) through (v) above. The 2021 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture. Amounts payable by the Successor Agency hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the 2021 Insurer until the date the 2021 Insurer is paid in full.

(h) The obligation of the Successor Agency to pay all amounts due to the 2021 Insurer shall be an absolute and unconditional obligation of the Successor Agency and will be paid or performed strictly in accordance with the provisions of this Section, irrespective of: (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the 2021 Bonds or the Indenture; (ii) any amendment or other modification of, or waiver with respect to the 2021 Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the 2021 Bonds or the Indenture; (iv) whether or not such 2021 Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to

departure from the 2021 Reserve Policy or the Indenture; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Successor Agency may have at any time against the Trustee or any other person or entity other than the 2021 Insurer, whether in connection with the transactions contemplated in the Indenture or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the 2021 Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the 2021 Insurer under the 2021 Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the 2021 Reserve Policy.

(i) The Successor Agency shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the 2021 Insurer) of the Indenture applicable to it, each of the provisions thereof being expressly incorporated into this Section by reference solely for the benefit of the 2021 Insurer as if set forth directly in the Indenture. No provision of the Indenture shall be amended, supplemented, modified or waived in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Successor Agency hereunder or the priority accorded to the reimbursement of 2021 Policy Costs under the Indenture, without the prior written consent of the 2021 Insurer. The 2021 Insurer is hereby expressly made a third party beneficiary of the Indenture.

(j) The Successor Agency covenants to provide to the 2021 Insurer, promptly upon request, any information regarding the 2021 Bonds or the financial condition and operations of the Successor Agency as reasonably requested by the 2021 Insurer. The Successor Agency will permit the 2021 Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the 2021 Insurer may reasonably request regarding the security for the 2021 Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the 2021 Insurer to have access to the facilities, books and records of the Successor Agency on any Business Day upon reasonable prior notice.

Claims Upon the 2023 Bonds Insurance Policy: Rights of the 2023 Insurer. So long as the 2023 Bonds Insurance Policy remains in force and effect, the following provisions summarized below shall govern, notwithstanding anything to the contrary contained in the Indenture:

(a) If, on the third Business Day prior to an Interest Payment Date, there is not on deposit with the Trustee, after making all transfers and deposits required hereunder, moneys sufficient to pay the principal of and interest on the 2023 Bonds due on such Interest Payment Date, the Trustee shall give notice to the 2023 Insurer and to its designated agent (if any) (the “2023 Insurer’s Fiscal Agent”) by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Interest Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2023 Bonds due on such Interest Payment Date, the Trustee shall make a claim under the 2023 Bonds Insurance Policy and give notice to the 2023 Insurer and the 2023 Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2023 Bonds and the amount required to pay principal of the 2023 Bonds, confirmed in writing to the 2023 Insurer and the 2023 Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the 2023 Bonds Insurance Policy.

(b) The Trustee shall designate any portion of payment of principal on 2023 Bonds paid by the 2023 Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2023 Bonds registered to

the then current Owner of 2023 Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement 2023 Bond to the 2023 Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement 2023 Bond shall have no effect on the amount of principal or interest payable by the Successor Agency on any 2023 Bond or the subrogation rights of the 2023 Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the 2023 Insurer into the 2023 Bonds Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any 2023 Bond. The 2023 Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the 2023 Bonds Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the 2023 Bonds referred to herein as the "2023 Bonds Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the 2023 Bonds Insurance Policy in trust on behalf of Owners of the 2023 Bonds and shall deposit any such amount in the 2023 Bonds Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the 2023 Bonds in the same manner as principal and interest payments are to be made with respect to the 2023 Bonds under the sections of the Indenture regarding payment of 2023 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Successor Agency agrees to pay to the 2023 Insurer (i) a sum equal to the total of all amounts paid by the 2023 Insurer under the 2023 Bonds Insurance Policy (the "2023 Insurer Advances"); and (ii) interest on such 2023 Insurer Advances from the date paid by the 2023 Insurer until payment thereof in full, payable to the 2023 Insurer at the 2023 Late Payment Rate per annum (collectively, the "2023 Insurer Reimbursement Amounts"). "2023 Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the applicable series of 2023 Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The 2023 Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce the Prime Rate publicly, for purposes of determining the 2023 Late Payment Rate, the Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the 2023 Insurer shall specify. The Successor Agency hereby covenants and agrees that the 2023 Insurer Reimbursement Amounts are secured by a lien on and pledge of the Pledged Tax Revenues and payable from such Pledged Tax Revenues on a parity with debt service due on the 2023 Bonds.

(e) The Successor Agency shall take all actions required by the Dissolution Act to ensure that all 2023 Insurer Reimbursement Amounts (including any amounts due the 2023 Insurer pursuant to item (g)(iii) below) are paid to the 2023 Insurer when due, including the submission of Recognized Obligation Payment Schedules providing for 2023 Insurer Reimbursement Amounts and such other amounts.

(f) Funds held in the 2023 Bonds Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the 2023 Bonds Policy Payments Account following an Interest Payment Date shall promptly be remitted to the 2023 Insurer.

(g) The following terms and provisions summarized below will govern with respect to the 2023 Bonds Insurance Policy, notwithstanding anything in the Indenture to the contrary:

(i) The 2023 Insurer shall be deemed to be the sole Owner of the 2023 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2023 Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each 2023A Bond, each of the Owners of 2023 Bonds appoints the 2023 Insurer as its agent and attorney-in-fact with respect to the 2023 Bonds and agrees that the 2023 Insurer may at any time during the continuation of any proceeding by or against the Successor Agency under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Owner of a 2023 Bond delegates and assigns to the 2023 Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of a 2023 Bond with respect to the 2023 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Owner of a 2023 Bond for the 2023 Insurer’s benefit, and agrees to cooperate with the 2023 Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Owners of the 2023 Bonds shall include mandamus.

(ii) The rights granted to the 2023 Insurer under the Indenture to request, consent to or direct any action are rights granted to the 2023 Insurer in consideration of its issuance of the 2023 Bonds Insurance Policy. Any exercise by the 2023 Insurer of such rights is merely an exercise of the 2023 Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the 2023 Bonds and such action does not evidence any position of the 2023 Insurer, affirmative or negative, as to whether the consent of the Owners of the 2023 Bonds or any other person is required in addition to the consent of the 2023 Insurer. Each obligation of the Successor Agency to the 2023 Insurer under the Indenture shall survive discharge or termination of the Indenture.

(iii) The Successor Agency shall pay or reimburse the 2023 Insurer any and all charges, fees, costs and expenses that the 2023 Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture; (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or the transactions contemplated hereby, other than costs resulting from the failure of the 2023 Insurer to honor its obligations under the 2023 Bonds Insurance Policy. The 2023 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture.

(iv) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Successor Agency or rebate only after the payment of past due and current debt service on the Bonds and amounts

required to restore the Reserve Account and the respective subaccounts therein to their respective Reserve Requirement.

(v) Any amendment, supplement, modification to or waiver of the Indenture that requires the consent of the Bond Owners or adversely affects the rights and interests of the 2023 Insurer shall be subject to the prior written consent of the 2023 Insurer.

(vi) The 2023 Insurer shall be entitled to pay principal or interest on the 2023 Bonds that become Due for Payment but are unpaid by reason of Nonpayment (as such terms are defined in the 2023 Bonds Insurance Policy) by the Successor Agency, and any amounts due on the 2023 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the 2023 Insurer has received a Notice of Nonpayment (as such term is defined in the 2023 Bonds Insurance Policy) or a claim upon the 2023 Bonds Insurance Policy.

(vii) The 2023 Insurer shall, to the extent it makes any payment of principal or interest on the 2023 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 2023 Bonds Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Successor Agency to the 2023 Insurer under the Indenture shall survive discharge or termination of the Indenture.

(viii) Notwithstanding satisfaction of the other conditions to the issuance of any additional notes, bonds or other obligations on a parity with the Bonds under Section 3.05, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Account and the respective subaccounts therein are fully funded at their respective Reserve Requirement (including the proposed issue) upon the issuance of such Parity Debt, in either case unless otherwise permitted by the 2023 Insurer.

(ix) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Bond Owners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no 2023 Bonds Insurance Policy.

(x) No contract shall be entered into or any action taken by which the rights of the 2023 Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the 2023 Insurer.

(xi) The Successor Agency shall not enter into any interest rate exchange agreement or any other interest rate maintenance agreement secured by and payable from the Pledged Tax Revenues without the prior written consent of the 2023 Insurer.

(h) The 2023 Insurer shall be provided with the following information by the Successor Agency or Trustee, as the case may be:

(i) To the extent not otherwise filed on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, annual audited financial statements of the Successor Agency within 210 days (or such longer period agreed to by the 2023 Insurer) after the end of each Fiscal Year (together with a certification of the Successor Agency that it is not aware of any default or Event of Default hereunder), and, upon request, the Successor Agency's annual

budget within 30 days after the approval thereof together with such other information, data or reports as the 2023 Insurer shall reasonably request from time to time.

(ii) Notice of any draw upon the 2023A Reserve Subaccount of the Reserve Account or the 2023B Reserve Subaccount of the Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the respective Reserve Requirement for the 2023A Bonds and the 2023B Bonds and (ii) withdrawals in connection with a refunding of the 2023A Bonds and the 2023B Bonds.

(iii) Notice of any default known to the Trustee or the Successor Agency within five Business Days after knowledge thereof.

(iv) Prior notice of the advance refunding of any of the 2023 Bonds, including the principal amount, maturities and CUSIP numbers thereof.

(v) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto.

(vi) Notice of the commencement of any Insolvency Proceeding.

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of or interest on the 2023 Bonds.

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Indenture.

(ix) All reports, notices and correspondence to be delivered to Bond Owners under the terms of the Indenture.

(x) All information furnished by the Successor Agency pursuant to the 2023 Bonds Continuing Disclosure Certificate.

(xi) The 2023 Insurer shall have the right to receive such additional information as it may reasonably request.

(xii) The Successor Agency will permit the 2023 Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the 2023 Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the 2023 Insurer to have access to the facilities, books and records of the Successor Agency on any Business Day upon reasonable prior notice.

(xiii) The Trustee shall notify the 2023 Insurer of any known failure of the Successor Agency to provide notices, certificates and other information to the Trustee under the Indenture.

(i) The maturity of the 2023 Bonds shall not be accelerated without the consent of the 2023 Insurer and in the event the maturity of the 2023 Bonds is accelerated, the 2023 Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Successor Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as

provided above, the 2023 Insurer's obligations under the 2023 Bonds Insurance Policy with respect to such 2023 Bonds shall be fully discharged.

(j) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the 2023 Insurer. No grace period shall be permitted for payment defaults.

(k) The 2023 Insurer is hereby expressly made a third party beneficiary of the Indenture.

(l) The exercise of any provision of the Indenture which permits the purchase of 2023 Bonds in lieu of redemption shall require the prior written approval of the 2023 Insurer if any 2023A Bond so purchased is not cancelled upon purchase.

(m) Notwithstanding the definition of Defeasance Securities in the Indenture, only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the 2023 Insurer, pre-refunded municipal obligations rated in the then highest rating category by S&P and Moody's for such obligations, or (5) subject to the prior written consent of the 2023 Insurer, any other type of security or obligation which S&P and Moody's have determined to be permitted defeasance securities, shall be used to effect defeasance of the 2023 Bonds unless the 2023 Insurer otherwise approves.

To accomplish defeasance of the 2023 Bonds, the Successor Agency shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the 2023 Insurer verifying the sufficiency of the escrow established to pay the 2023 Bonds in full on the maturity date ("Verification"), (ii) an escrow deposit agreement or other written instructions to the Trustee (which shall be acceptable in form and substance to the 2023 Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the 2023 Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the 2023 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency, the Trustee and the 2023 Insurer. The 2023 Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

2023 Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(n) Amounts paid by the 2023 Insurer under the 2023 Bonds Insurance Policy shall not be deemed paid for purposes of the Indenture and the 2023 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Successor Agency in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the 2023 Insurer have been paid in full or duly provided for.

(o) The Successor Agency covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Pledged Tax Revenues under applicable law.

Provisions Relating to 2023A Reserve Policy. So long as the 2023A Reserve Policy remains in force and effect, the following provisions summarized below shall govern, notwithstanding anything to the contrary contained in the Indenture:

(a) The Successor Agency shall repay any draws under the 2023A Reserve Policy and pay all related reasonable expenses incurred by the 2023 Insurer and shall pay interest thereon from the date of payment by the 2023 Insurer at the 2023A Late Payment Rate. "2023A Late Payment Rate" means the lesser of (x) the greater of (i) the Prime Rate plus 3%, and (ii) the then applicable highest rate of interest on the 2023A Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The 2023A Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce the Prime Rate publicly, for purposes of determining the 2023A Late Payment Rate, the Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the 2023 Insurer shall specify. If the interest provisions of this subparagraph (a) result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the 2023 Insurer, with the same force and effect as if the Successor Agency had specifically designated such extra sums to be so applied and the 2023 Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

The Successor Agency shall diligently make repayments for draws and payments of expenses and the interest accrued thereon at the 2023A Late Payment Rate (collectively, "2023A Policy Costs") from funds available to the Successor Agency and hereby agrees to amend its then current Recognized Obligation Payment Schedule to the extent permitted by law in order to include any 2023A Policy Costs not so included on such Recognized Obligation Payment Schedule.

Amounts in respect of 2023A Policy Costs paid to the 2023 Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the 2023 Insurer on account of principal due, the coverage under the 2023A Reserve Policy will be increased by a like amount, subject to the terms of the 2023A Reserve Policy. The obligation to pay 2023A Policy Costs shall be secured by a valid lien on the Pledged Tax Revenues (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the 2023A Reserve Subaccount of the Reserve Account, if any, shall be transferred to the Debt Service Fund for payment of debt service on 2023A Bonds before any drawing may be made on the 2023A Reserve Policy or any other Qualified Reserve Account Credit Instrument credited to the 2023A Reserve Subaccount of the Reserve Account in lieu of cash. The prior written consent of the 2023 Insurer shall be a condition precedent to the deposit of any other Qualified Reserve Account Credit Instrument credited to the 2023A Reserve Subaccount of the Reserve Account in lieu of cash. Payment of any 2023A Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Qualified Reserve Account Credit Instruments (including the 2023A Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the 2023A Reserve Subaccount of the Reserve Account. Payment of 2023A Policy Costs and reimbursement of amounts with respect to other Qualified Reserve Account Credit Instrument credited to the 2023A

Reserve Subaccount of the Reserve Account in lieu of cash shall be made on a pro rata basis prior to replenishment of any cash drawn from the 2023A Reserve Subaccount of the Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Successor Agency fails to pay any 2023A Policy Costs in accordance with the requirements of the Indenture, the 2023 Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the 2023A Bonds or (ii) remedies which would adversely affect owners of the 2023A Bonds.

(c) The Indenture shall not be discharged until all 2023A Policy Costs owing to the 2023 Insurer have been paid in full. The Successor Agency's obligation to pay such amounts shall expressly survive payment in full of the 2023A Bonds.

(d) The Successor Agency shall include any 2023A Policy Costs then due and owing the 2023 Insurer in the calculation of the additional Parity Debt test in Section 3.05 of the Indenture.

(e) The Trustee shall ascertain the necessity for a claim upon the 2023A Reserve Policy in accordance with the provisions of the foregoing subparagraph (a) and to provide notice to the 2023 Insurer in accordance with the terms of the 2023A Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the 2023A Bonds. Where deposits are required to be made by the Successor Agency with the Trustee to the Debt Service Fund more often than semiannually, the Trustee shall give notice to the 2023 Insurer of any failure of the Successor Agency to make timely payment in full of such deposits within two Business Days of the date due.

(f) The 2023A Reserve Policy is a Qualified Reserve Account Credit Instrument under the Indenture.

(g) The Successor Agency will pay or reimburse the 2023 Insurer any and all charges, fees, costs, losses, liabilities and expenses which the 2023 Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the 2023A Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Indenture, including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Successor Agency) relating to the Indenture, any party to the Indenture or the transactions contemplated by the Indenture, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture, if any, or the pursuit of any remedies under the Indenture, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the 2023A Reserve Policy whether or not executed or completed, or (v) any action taken by the 2023 Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the 2023 Insurer spent in connection with the actions described in clauses (ii) through (v) above. The 2023 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture. Amounts payable by the Successor Agency hereunder shall bear interest at the 2023A Late Payment Rate from the date such amount is paid or incurred by the 2023 Insurer until the date the 2023 Insurer is paid in full.

(h) The obligation of the Successor Agency to pay all amounts due to the 2023 Insurer shall be an absolute and unconditional obligation of the Successor Agency and will be paid or performed strictly in accordance with the provisions of this Section, irrespective of: (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the 2023A Bonds or the Indenture; (ii) any amendment or other modification of, or waiver with respect to the 2023A Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the 2023 Bonds or the Indenture; (iv) whether or not such 2023 Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the 2023A Reserve Policy or the Indenture; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Successor Agency may have at any time against the Trustee or any other person or entity other than the 2023 Insurer, whether in connection with the transactions contemplated herein or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the 2023A Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the 2023 Insurer under the 2023A Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the 2023A Reserve Policy.

(i) The Successor Agency shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the 2023 Insurer) of the Indenture applicable to it, each of the provisions thereof being expressly incorporated into this Section by reference solely for the benefit of the 2023 Insurer as if set forth directly herein. No provision of the Indenture shall be amended, supplemented, modified or waived in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Successor Agency hereunder or the priority accorded to the reimbursement of 2023A Policy Costs under the Indenture, without the prior written consent of the 2023 Insurer. The 2023 Insurer is hereby expressly made a third party beneficiary of the Indenture.

(j) The Successor Agency covenants to provide to the 2023 Insurer, promptly upon request, any information regarding the 2023 Bonds or the financial condition and operations of the Successor Agency as reasonably requested by the 2023 Insurer. The Successor Agency will permit the 2023 Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the 2023 Insurer may reasonably request regarding the security for the 2023 Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the 2023 Insurer to have access to the facilities, books and records of the Successor Agency on any Business Day upon reasonable prior notice.

Provisions Relating to 2023B Reserve Policy. So long as the 2023B Reserve Policy remains in force and effect, the following provisions summarized below shall govern, notwithstanding anything to the contrary contained in the Indenture:

(a) The Successor Agency shall repay any draws under the 2023B Reserve Policy and pay all related reasonable expenses incurred by the 2023 Insurer and shall pay interest thereon from the date of payment by the 2023 Insurer at the 2023B Late Payment Rate. "2023B Late Payment Rate" means the lesser of (x) the greater of (i) the Prime Rate plus 3%, and (ii) the then applicable highest rate of interest on the 2023B Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The 2023B Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce the Prime Rate publicly, for purposes of determining the 2023B Late Payment Rate, the Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the 2023 Insurer shall specify. If the interest provisions of this subparagraph (a) result in an effective rate of interest which, for

any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the 2023 Insurer, with the same force and effect as if the Successor Agency had specifically designated such extra sums to be so applied and the 2023 Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

The Successor Agency shall diligently make repayments for draws and payments of expenses and the interest accrued thereon at the 2023B Late Payment Rate (collectively, “2023B Policy Costs”) from funds available to the Successor Agency and hereby agrees to amend its then current Recognized Obligation Payment Schedule to the extent permitted by law in order to include any 2023B Policy Costs not so included on such Recognized Obligation Payment Schedule.

Amounts in respect of 2023B Policy Costs paid to the 2023 Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the 2023 Insurer on account of principal due, the coverage under the 2023B Reserve Policy will be increased by a like amount, subject to the terms of the 2023B Reserve Policy. The obligation to pay 2023B Policy Costs shall be secured by a valid lien on the Pledged Tax Revenues (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the 2023B Reserve Subaccount of the Reserve Account, if any, shall be transferred to the Debt Service Fund for payment of debt service on 2023B Bonds before any drawing may be made on the 2023B Reserve Policy or any other Qualified Reserve Account Credit Instrument credited to the 2023B Reserve Subaccount of the Reserve Account in lieu of cash. The prior written consent of the 2023 Insurer shall be a condition precedent to the deposit of any other Qualified Reserve Account Credit Instrument credited to the 2023B Reserve Subaccount of the Reserve Account in lieu of cash. Payment of any 2023B Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Qualified Reserve Account Credit Instruments (including the 2023B Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the 2023B Reserve Subaccount of the Reserve Account. Payment of 2023B Policy Costs and reimbursement of amounts with respect to other Qualified Reserve Account Credit Instrument credited to the 2023B Reserve Subaccount of the Reserve Account in lieu of cash shall be made on a pro rata basis prior to replenishment of any cash drawn from the 2023B Reserve Subaccount of the Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Successor Agency fails to pay any 2023B Policy Costs in accordance with the requirements of the Indenture, the 2023 Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the 2023B Bonds or (ii) remedies which would adversely affect owners of the 2023B Bonds.

(c) The Indenture shall not be discharged until all 2023B Policy Costs owing to the 2023 Insurer have been paid in full. The Successor Agency's obligation to pay such amounts shall expressly survive payment in full of the 2023B Bonds.

(d) The Successor Agency shall include any 2023B Policy Costs then due and owing the 2023 Insurer in the calculation of the additional Parity Debt test in Section 3.05 of the Indenture.

(e) The Trustee shall ascertain the necessity for a claim upon the 2023B Reserve Policy in accordance with the provisions of the foregoing subparagraph (a) and to provide notice to the 2023 Insurer in accordance with the terms of the 2023B Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the 2023B Bonds. Where deposits are required to be made by the Successor Agency with the Trustee to the Debt Service Fund more often than semiannually, the Trustee shall give notice to the 2023 Insurer of any failure of the Successor Agency to make timely payment in full of such deposits within two Business Days of the date due.

(f) The 2023B Reserve Policy is a Qualified Reserve Account Credit Instrument under the Indenture.

(g) The Successor Agency will pay or reimburse the 2023 Insurer any and all charges, fees, costs, losses, liabilities and expenses which the 2023 Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the 2023B Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Indenture, including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Successor Agency) relating to the Indenture, any party to the Indenture or the transactions contemplated by the Indenture, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture, if any, or the pursuit of any remedies under the Indenture, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the 2023B Reserve Policy whether or not executed or completed, or (v) any action taken by the 2023 Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the 2023 Insurer spent in connection with the actions described in clauses (ii) through (v) above. The 2023 Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture. Amounts payable by the Successor Agency hereunder shall bear interest at the 2023B Late Payment Rate from the date such amount is paid or incurred by the 2023 Insurer until the date the 2023 Insurer is paid in full.

(h) The obligation of the Successor Agency to pay all amounts due to the 2023 Insurer shall be an absolute and unconditional obligation of the Successor Agency and will be paid or performed strictly in accordance with the provisions of this Section, irrespective of: (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the 2023B Bonds or the Indenture; (ii) any amendment or other modification of, or waiver with respect to the 2023B Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the 2023B Bonds or the Indenture; (iv) whether or not such 2023 Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the 2023B Reserve Policy or the Indenture; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Successor Agency may have at any time against the Trustee or any other person or entity other than the 2023 Insurer, whether in connection with the transactions contemplated herein or any unrelated

transactions; (vii) any statement or any other document presented under or in connection with the 2023B Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the 2023 Insurer under the 2023B Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the 2023B Reserve Policy.

(i) The Successor Agency shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the 2023 Insurer) of the Indenture applicable to it, each of the provisions thereof being expressly incorporated into this Section by reference solely for the benefit of the 2023 Insurer as if set forth directly herein. No provision of the Indenture shall be amended, supplemented, modified or waived in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Successor Agency hereunder or the priority accorded to the reimbursement of 2023B Policy Costs under the Indenture, without the prior written consent of the 2023 Insurer. The 2023 Insurer is hereby expressly made a third party beneficiary of the Indenture.

(j) The Successor Agency covenants to provide to the 2023 Insurer, promptly upon request, any information regarding the 2023B Bonds or the financial condition and operations of the Successor Agency as reasonably requested by the 2023 Insurer. The Successor Agency will permit the 2023 Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the 2023 Insurer may reasonably request regarding the security for the 2023B Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the 2023 Insurer to have access to the facilities, books and records of the Successor Agency on any Business Day upon reasonable prior notice.

Deposit and Investment of Moneys in Funds

Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account, the Redemption Account and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the Successor Agency in the Written Request of the Successor Agency filed with the Trustee, except that moneys in the Reserve Account shall not be invested in Permitted Investments having a maturity of more than five (5) years, unless any such Permitted Investment is described in clause (g) of the definition thereof. In the absence of any such Written Request of the Successor Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (e) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out under the Indenture. The Trustee shall be entitled to rely conclusively upon the written instructions of the Successor Agency directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the above list which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Trustee shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the Successor Agency's expense. Moneys in the Special Fund may be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee under the Indenture shall be deposited in the Interest Account; *provided, however*, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any

investments made at the direction of the Successor Agency or otherwise made in accordance with the Indenture. For investment purposes only, the Trustee may commingle the funds and accounts established under the Indenture, but shall account for each separately.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency monthly cash transaction statements which shall include detail for all investment transactions made by the Trustee under the Indenture.

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by the Indenture. Except as specifically provided in the Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the Successor Agency for earnings derived from funds that have been invested.

The Successor Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to the Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by the Indenture or the Code) at Fair Market Value if required by the Code.

Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued by the Successor Agency at their present value (within the meaning of section 148 of the Code). Investments on deposit in the Reserve Account shall be valued on June 30 of each year at their market value.

Other Covenants of the Successor Agency

Limitation on Additional Indebtedness; Against Encumbrances. The Successor Agency covenants that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues or Pledged Tax Revenues on a basis senior to the payment of debt service on the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt, except for obligations issued to refund any of the Existing Loan Agreements, the 2014 Bonds or any 2014 Parity Debt, but only if the debt service in any Bond Year does not increase as a result of such refunding. Further, the Successor Agency covenants that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Tax Revenues, excepting only the 2017 Series A Taxable Bonds, the 2017 Series B Bonds, any Parity Debt meeting the requirements of the Indenture and any Subordinate Debt. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Tax Revenues or other amounts pledged to the Bonds superior or equal to the pledge and lien created in the Indenture for the benefit of the Bonds.

Extension of Payment. The Successor Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Bonds or claims for interest in any other manner. In case the maturity of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the Successor Agency, such Bond or claim for interest so extended or funded shall not be entitled, in case of default under the Indenture, to

the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Payment of Claims. The Successor Agency shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Pledged Tax Revenues or other amounts pledged to the payment of the Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. Nothing in the Indenture contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Books and Accounts; Financial Statements. The Successor Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the City and County, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Projects, the Pledged Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the 2017 Insurer, any other Insurer and the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared, within one hundred and eighty (180) days after the close of each Fiscal Year so long as the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Pledged Tax Revenues, all disbursements of Pledged Tax Revenues and the financial condition of the Redevelopment Projects, including the balances in all funds and accounts relating to the Redevelopment Projects, as of the end of such Fiscal Year. The Successor Agency shall promptly furnish a copy of such financial statements to the Trustee, the 2017 Insurer and any other Insurer at no expense and to any Owner upon reasonable request and at the expense of such Owner.

The Successor Agency agrees, consents and will cooperate in good faith to provide information reasonably requested by the 2017 Insurer and will further provide appropriately designated individuals and officers to discuss the affairs, finances and accounts of the Successor Agency or any other matter as the 2017 Insurer may reasonably request.

Protection of Security and Rights of Owners. The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the respective Closing Dates with respect to the 2017 Bonds, 2021 Bonds, and the 2023 Bonds, such Bonds shall be incontestable by the Successor Agency.

Taxation of Leased Property. All amounts derived by the Successor Agency pursuant to Section 33673 of the Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of the Indenture.

Disposition of Property. The Successor Agency will not participate in the disposition of any land or real property in a Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by a Redevelopment Plan in effect on the date of issuance of the 2017 Bonds) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the applicable Project Area unless such disposition is permitted as provided in the Indenture. If the Successor Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Redevelopment Consultant to report on the effect of said proposed disposition. If the Report of the Independent Redevelopment

Consultant concludes that the security of the Bonds, or the rights of the Successor Agency, the Bondowners and the Trustee under the Indenture will not be materially impaired by said proposed disposition, the Successor Agency may thereafter make such disposition. If said Report concludes that such security will be materially impaired by said proposed disposition, the Successor Agency shall disapprove said proposed disposition.

Maintenance of Pledged Tax Revenues. The Successor Agency shall comply with all requirements of the Law and the Dissolution Act to ensure the allocation and payment to it of the Pledged Tax Revenues. The Successor Agency shall not undertake proceedings for amendment of any of the Redevelopment Plans if such amendment shall result in payments to one or more taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law unless the Successor Agency shall first obtain a written opinion of an Independent Redevelopment Consultant that such payments will not adversely impair the Successor Agency's ability to pay debt service on the Bonds.

No Arbitrage. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2017 Series B Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2017 Series B Bonds would have caused the 2017 Series B Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Private Activity Bond Limitation. The Successor Agency shall assure that the proceeds of the 2017 Series B Bonds are not so used as to cause the 2017 Series B Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Federal Guarantee Prohibition. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2017 Series B Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Rebate Requirement. The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2017 Series B Bonds.

Maintenance of Tax-Exemption. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the 2017 Series B Bonds from the gross income of the Owners of the 2017 Series B Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2017 Series B Bonds.

Continuing Disclosure. The Successor Agency covenants and agrees in the Indenture that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent the Trustee has been indemnified from and against any loss, liability, cost or expense, including, without limitation, fees and expenses of its attorneys and advisors and additional fees and expenses of the Trustee, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

The Successor Agency further covenants that it will comply with and carry out all of the provisions of the 2021 Bonds Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the 2021 Bonds Continuing Disclosure

Certificate shall not be considered an Event of Default; however, the Trustee at the request of any Participating Underwriters (as defined in the 2021 Bonds Continuing Disclosure Certificate) or the holders of at least 25% aggregate principal amount of Outstanding 2021 Bonds, shall, but only to the extent the Trustee has been indemnified from and against any loss, liability, cost or expense, including, without limitation, fees and expenses of its attorneys and advisors and additional fees and expenses of the Trustee, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

The Successor Agency further covenants that it will comply with and carry out all of the provisions of the 2023 Bonds Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the 2023 Bonds Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee at the request of any Participating Underwriters (as defined in the 2023 Bonds Continuing Disclosure Certificate) or the holders of at least 25% aggregate principal amount of Outstanding 2023 Bonds, shall, but only to the extent the Trustee has been indemnified from and against any loss, liability, cost or expense, including, without limitation, fees and expenses of its attorneys and advisors and additional fees and expenses of the Trustee, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Compliance with the Dissolution Act. The Successor Agency shall comply with all of the requirements of the Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture.

Further, it will take all actions required under the Dissolution Act to include

(i) scheduled debt service on the Existing Loans, the 2014 Bonds, any 2014 Parity Debt, and any amounts required to replenish any reserve account established under an Existing Loan Agreement, the 2014 Indenture or any instrument pursuant to which 2014 Parity Debt is issued,

(ii) scheduled debt service on the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt and any amount required under the Indenture or any Parity Debt Instrument to replenish the Reserve Account established under the Indenture or the reserve account established under any Parity Debt Instrument, and

(iii) amounts due to any Insurer under the Indenture or under an insurance or surety bond agreement, including the 2017 Bonds Insurance Policy and the 2017 Reserve Policy,

in each annual Recognized Obligation Payment Schedule so as to enable the Auditor-Controller of the City and County of San Francisco to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period and to pay amounts owed to any Insurer, as well as the other amounts set forth above.

These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with the Indenture. In particular, the Successor Agency shall, not later than April 30, 2017, submit to the

State Department of Finance and to the Auditor-Controller of the City and County of San Francisco an Oversight Board-approved amendment to the Recognized Obligation Payment Schedule previously submitted by the Successor Agency relating to the June 1, 2017 and January 2, 2018 disbursement dates, amending the amounts to be distributed on (i) June 1, 2017 to include all amounts that, together with other amounts on deposit in the RPTTF reserved for payment of debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt or on deposit in the Special Fund or in the special fund relating to such other debt, are sufficient for the payment of debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt on August 1, 2017 and (ii) January 2, 2018 to include all amounts that, together with other amounts on deposit in the RPTTF reserved for payment of debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt or on deposit in the Special Fund or in the special fund relating to such other debt, are sufficient for the payment of debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt on February 1, 2018 and August 1, 2018. Not later than February 1, 2018 and each February 1 thereafter (or at such other time as may be required by the Dissolution Act) for so long as any of the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any 2014 Parity Debt or the Bonds remain outstanding or any amounts owing to an Insurer remain unpaid, (a) the Successor Agency will place on the Recognized Obligation Payment Schedules relating to the January 2 disbursement date all amounts that, together with other amounts on deposit in the RPTTF reserved for payment of debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt or on deposit in the Special Fund or in the special fund relating to such other debt, are sufficient to pay debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt on the immediately succeeding February 1 and August 1, and (b) if the Successor Agency determines it is necessary to do so to ensure receiving sufficient tax increment revenues from the Project Areas to pay debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt on a timely basis, the Successor Agency will place on Recognized Obligation Payment Schedules relating to the June 1 disbursement date amounts required to pay debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt on the next succeeding August 1. Additionally, if the Successor Agency determines it is necessary to ensure timely payment of debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt, the Successor Agency may also collect on each January 2 a reserve to be held for debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any 2014 Parity Debt, the 2017 Bonds, the 2021 Bonds, the 2023 Bonds and any Parity Debt on February 1 and August 1 of the next succeeding calendar year. Further, the Successor Agency will place any amounts required to replenish the Reserve Account established under the Indenture or the reserve account established under any Parity Debt Instrument and any amounts owing to any Insurer under the Indenture or under an insurance or surety bond agreement, including the 2017 Bond Insurance Policy and the 2017 Reserve Policy, on its next Recognized Obligation Payment Schedule upon any such amounts becoming owing.

The Successor Agency further covenants that it will, on or before May 1 and December 1 of each year, file a Notice of Insufficiency with the County Auditor-Controller if the amount of Pledged Tax

Revenues available to the Successor Agency from the RPTTF on the upcoming June 1 or January 2, as applicable, is insufficient to pay debt service on the 2017 Bonds, the 2021 Bonds, the 2023 Bonds, to pay debt service on any Parity Debt to replenish the Reserve Account established under the Indenture or the reserve account established under any Parity Debt Instrument and to pay any Insurer any amounts owing under the Indenture or under an insurance or surety bond agreement, including the 2017 Bond Insurance Policy or the 2017 Reserve Policy.

Without in any way limiting the provisions summarized above, the Successor Agency covenants to place on the Recognized Obligation Payment Schedule relating to the June 1, 2022 and January 2, 2023 disbursement dates, (i) all amounts required to pay debt service on the 2021 Bonds on August 1, 2022 for distribution to the Successor Agency on June 1, 2022, and (iii) all amounts that, together with other amounts on deposit in the RPTTF reserved for payment of debt service on the 2021 Bonds, are sufficient for the payment of debt service on the 2021 Bonds on February 1, 2022 and August 1, 2023 for distribution to the Successor Agency on January 2, 2023.

Without in any way limiting the provisions summarized above, the Successor Agency covenants to place on the Recognized Obligation Payment Schedule relating to the June 1, 2024 and January 2, 2025 disbursement dates, (i) if the Successor Agency determines it is necessary to do so to ensure receiving sufficient tax increment revenues from the Project Areas to pay debt service on the 2023 Bonds, all amounts that, together with other amounts then on deposit in the RPTTF reserved for payment of debt service on the 2023 Bonds, are sufficient to pay debt service on the 2023 Bonds on August 1, 2024, for distribution to the Successor Agency on June 1, 2024, and (ii) all amounts that, together with other amounts then on deposit in the RPTTF reserved for payment of debt service on the 2023 Bonds, are sufficient for the payment of debt service on the 2023 Bonds on February 1, 2025 and August 1, 2025 for distribution to the Successor Agency on January 2, 2025. The Successor Agency previously placed on the Recognized Obligation Payment Schedule relating to the June 1, 2023 and January 2, 2024 disbursement dates, amounts sufficient to pay debt service on the 2023 Bonds on February 1, 2024 and August 1, 2024 for distribution to the Successor Agency on January 2, 2024.

If any amounts then due and payable to the 2017 Insurer, the 2021 Insurer, and/or the 2023 Insurer under the Indenture are not included on any current Recognized Obligation Payment Schedule and the Successor Agency is then legally permitted to amend such Recognized Obligation Payment Schedule, the Successor Agency will submit to the Oversight Board and the State Department of Finance a request to amend such Recognized Obligation Payment Schedule to include such amounts then due and payable to the 2017 Insurer, the 2021 Insurer, and the 2023 Insurer, as applicable.

The Successor Agency will not submit to the Oversight Board and the State Department of Finance a request for the final amendment permitted for its Last and Final Recognized Obligation Payment Schedule pursuant to Section 34191.6 of the Dissolution Act without the prior written consent of the 2017 Insurer, the 2021 Insurer, and the 2023 Insurer, unless all amounts that could become due and payable to the 2017 Insurer, the 2021 Insurer, and the 2023 Insurer under the Indenture would be included as a line item on the Last and Final Recognized Obligation Payment Schedule following approval of the requested amendment.

Further Assurances. The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in the Indenture.

Amendment of Indenture

Amendment With And Without Consent of Owners. The Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption without the consent of any Owners, to the extent permitted by law, but only for any one or more of the following purposes –

- (a) to add to the covenants and agreements of the Successor Agency in the Indenture contained, other covenants and agreements thereafter to be observed, including any covenant or agreement that provides for additional security for the Bonds, or to limit or surrender any rights or powers in the Indenture reserved to or conferred upon the Successor Agency; or
- (b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the Successor Agency, materially adversely affect the interests of the Owners; or
- (c) to provide for the issuance of Parity Debt in accordance with the Indenture; or
- (d) to amend any provision of the Indenture relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of Bond Counsel; or
- (e) to comply with the requirements of a provider of a Qualified Reserve Account Credit Instrument.

Except as set forth in the preceding paragraph, the Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of any Insurer (but only with respect to any Bonds insured by such Insurer) and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest, or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of any Insurer or the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In no event shall any Supplemental Indenture modify any of the rights or obligations of any Insurer without its prior written consent.

Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to the Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties to the Indenture or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification of the Indenture pursuant to the Indenture, the Successor Agency may, with the prior written consent of any Insurer, determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency the Owners of such Bonds shall present such Bonds for that purpose at the Principal Corporate Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared at the expense of the Successor Agency and executed in exchange for any or all of the Bonds, and in that case, upon demand of the Successor Agency, the Owners of the Bonds shall present such Bonds for exchange at the Principal Corporate Trust Office of the Trustee, without cost to such Owners.

Amendment by Mutual Consent. The provisions of the Indenture shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond and, provided further that written consent to such amendment shall first be obtained from any Insurer.

Opinion of Counsel. Prior to executing any Supplemental Indenture, the Trustee shall be furnished an opinion of counsel, upon which it may conclusively rely to the effect that all conditions precedent to the execution of such Supplemental Indenture under the Indenture have been satisfied and such Supplemental Indenture is authorized and permitted under the Indenture and does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or adversely affect the exemption of interest on the Bonds from personal income taxation by the State.

Copy of Supplemental Indenture to S&P and Moody's. The Successor Agency shall provide to S&P and Moody's, for so long as S&P and Moody's, as the case may be, maintain a rating on any of the Bonds (without regard to any municipal bond or financial guaranty insurance), a copy of any Supplemental Indenture at least fifteen (15) days prior to its proposed effective date.

Events of Default and Remedies

Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default under the Indenture:

(a) if default shall be made by the Successor Agency in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following receipt by the Successor Agency of written notice from the Trustee or any Insurer or written notice from any Owner (with a copy of said notice delivered to the Trustee and any Insurer) of the occurrence of such default, provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency (with the prior written consent of any Insurer) within such thirty (30) day period and the Successor Agency thereafter diligently and in good faith cures such failure in a reasonable period of time as approved by any Insurer; or

(c) If the Successor Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition by the Successor Agency seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition by the Successor Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

In determining whether an Event of Default has occurred under (a) above, no effect shall be given to payments made under any municipal bond insurance policy, financial guaranty insurance policy or Qualified Reserve Account Credit Instrument.

If an Event of Default has occurred under the Indenture and is continuing, the Trustee, may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (y) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (z) subject to the provisions of the Indenture, exercise any other remedies available to the Trustee and the Bondowners in law or at equity.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to any Insurer and to the Successor Agency by telephone promptly confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in subsections (a) or (c) above the Trustee shall, and with respect to any Event of Default described in subsection (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall, with the written consent of a majority in aggregate principal amount of the Owners of the Bonds then Outstanding, deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law), and the reasonable fees and expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee shall promptly give written notice of the foregoing to any Insurer and the Owners of all Bonds then Outstanding, and with the prior written approval of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds then Outstanding, rescind and annul such

declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture (including the Trustee's share of any Pledged Tax Revenues) and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee thereunder, shall be applied by the Trustee in the following order upon presentation of the Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in the Indenture, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees and expenses of the Trustee;

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, as applicable, with interest on the overdue principal, and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority, ratably to the aggregate of such principal and interest; and

Third, any amount due and owing to any Insurer under the Indenture.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Owner's Right to Sue. No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Successor Agency, the Trustee and any Insurer written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are in the Indenture declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner therein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as provided in the Indenture, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of the Indenture.

Non-Waiver. Nothing in the Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged under the Indenture, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners on the respective Interest Payment Dates, as provided in the Indenture, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner or the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners and the Trustee by the Law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the Successor Agency, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is appointed (and the successive respective Owners by taking and holding the Bonds or Parity Debt shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, *provided, however*, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel).

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or on or after the date thereof existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Determination of Percentage of Bondowners. Whenever in the Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the Owners of an aggregate principal amount of Outstanding Bonds (including by the Owners of a majority in aggregate principal amount of the Outstanding Bonds), such percentage shall be calculated on the basis of the principal amount of the Outstanding Bonds determined as of the next succeeding Interest Payment Date.

Discharge of Indenture

Discharge of Indenture. If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or an escrow agent, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal, interest and redemption premiums, or;

(iii) by irrevocably depositing with the Trustee or an escrow agent, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion thereof (including all principal, interest and redemption premiums) at or before maturity;

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Successor Agency under the Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (A) the covenants of the Successor Agency under the Indenture with respect to the Code, (B) the obligation of the Trustee to transfer and exchange Bonds under the Indenture, (C) the obligations of the Successor Agency under the Indenture, and (D) the obligation of the Successor Agency to pay or cause to be paid to the Owners (or any Insurer), from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee and any Insurer all fees, expenses and costs of the Trustee and any Insurer. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to the Indenture shall be paid over to the Successor Agency. Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due of the Bonds is paid by any

Insurer pursuant to its municipal bond or financial guaranty insurance policy, such Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Successor Agency, and the assignment and pledge of the Pledged Tax Revenues and other assets under the Indenture and all covenants, agreements and other obligations of the Successor Agency to the Bondowners so paid shall continue to exist and shall run to the benefit of such Insurer, and such Insurer shall be subrogated to the rights of such Bondowners, as applicable.

[Intentionally Left Blank.]

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) in connection with its issuance of \$24,505,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) (Social Bonds) (the “2023 Series A Taxable Bonds”) and \$35,210,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Project) (the “2023 Series B Bonds” and, together with the 2023 Series A Taxable Bonds, the “Bonds”). The Bonds are being issued in accordance with Sections 34177.7(a)(1)(A) and (B) of the California Health and Safety Code (the “Redevelopment Law”), the resolution of the Successor Agency adopted on July 20, 2021 (the “Resolution”), and the Indenture of Trust, dated as of March 1, 2017 (the “Original Indenture”), by and between the Successor Agency and U.S. Bank Trust Company, National Association, as successor-in-interest to U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented prior to the date hereof and as further amended and supplemented by a Second Supplement to Indenture of Trust, dated as of September 1, 2023 (as so amended and supplemented, the “Indenture”), by and between the Successor Agency and the Trustee. The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture described in the Official Statement (defined below), which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Annual Report Date” means the date that is six months after the end of the Successor Agency’s fiscal year (currently December 31 based on the Successor Agency’s fiscal year end of June 30).

“Dissemination Agent” means the Successor Agency, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency and the Trustee a written acceptance of such designation.

“EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the internet at <https://emma.msrb.org>.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the

Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Official Statement” means the final Official Statement dated August 30, 2023, relating to the Bonds.

“Participating Underwriters” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Project Areas” means the Project Areas as defined in the Official Statement.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than each Annual Report Date, commencing December 31, 2023, with respect to the report for the 2022-23 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to the Annual Report Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent, if other than the Successor Agency. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the financial information regarding each of the Project Areas may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date if not available by that date. If the Successor Agency’s or any of the Project Area’s Fiscal Year changes, the Successor Agency, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(c) below. The Successor Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Successor Agency and shall have no duty or obligation to review such Annual Report.

(b) If, by fifteen (15) business days prior to the Annual Report Date, the Dissemination Agent (if other than the Successor Agency) has not received a copy of the Annual Report, the Dissemination Agent shall notify the Successor Agency of such non-receipt.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the Annual Report Date, the Dissemination Agent in a timely manner shall provide to the MSRB a notice, in substantially the form attached hereto as Exhibit A.

(d) Unless the Successor Agency has done so pursuant to Section 3(a) above, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Successor Agency, file a certificate with the Successor Agency to the effect that the Annual Report has been provided pursuant to

this Disclosure Certificate, stating, to the extent it can confirm such filing of the Annual Report, the date it was provided.

Section 4. Content of Annual Reports. The Successor Agency's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Successor Agency's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Successor Agency, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

1. Description of any parity debt (date, amount, term, rating, insurance) issued by the Successor Agency in the fiscal year to which the Annual Report pertains and the amount of all Successor Agency debt outstanding payable with tax increment revenue from the Project Areas as of the end of the fiscal year to which the Annual Report pertains;

2. The top ten taxpayers by assessed valuation in the Project Areas for the fiscal year to which the Annual Report pertains in a form substantially similar to Table 3 of the Official Statement;

3. Assessed valuations and tax increment for the fiscal year to which the Annual Report pertains, by means of an update to the "Historical and Current Assessed Valuations and Net Available Tax Increment Revenue by Project Areas" table as shown in Table 5 of the Official Statement;

4. Estimated all-in debt service coverage for obligations of the Successor Agency for the fiscal year to which the Annual Report pertains by means of an update to the "Estimated All-In Debt Service Coverage" table shown in Table 7 and Table 8 of the Official Statement; and

5. Assessment appeals for the fiscal year to which the Annual Report pertains by means of an update to the "Assessment Appeals in the Project Areas" table shown in Table 9 of the Official Statement.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which are available to the public on the MSRB's internet website, currently EMMA, or filed with the Securities and Exchange Commission. The Successor Agency shall clearly identify each such other document so included by reference.

The Trustee shall have no responsibility for the content of the Annual Report, or any part thereof.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, to the MSRB, in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposal Issue (IRS Form 5701-TEB);
6. Tender Offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person;
10. Default, event of acceleration, termination event, modifications of terms, or other similar events under the terms of a Financial Obligation of the Successor Agency, any of which reflect financial difficulties; and
11. The issuance of any private placement bonds or the entering into any bank loan of the type, in each case, that would constitute Third Lien Parity Debt as defined in the Indenture, including the related debt service schedule, to the extent this is not already disclosed on EMMA.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority; or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, to the MSRB, in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten (10) business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to the rights of Bondholders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving the Successor Agency or the sale of all or substantially all of the assets of the Successor Agency, other than in the ordinary course of business, the entry into a definitive

agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional trustee or the change of the name of a trustee; and
8. Incurrence of a Financial Obligation of the Successor Agency, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Successor Agency, any of which affect security holders.

(c) Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Successor Agency shall determine if such event would be material under applicable federal securities laws.

(d) If the Successor Agency learns of the occurrence of a Listed Event described in Section 5(a) or determines that knowledge of the occurrence of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the Successor Agency, the Successor Agency shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with EMMA in a timely manner not more than ten (10) business days after the event.

(e) The Successor Agency hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the Successor Agency and, if the Dissemination Agent is other than the Successor Agency, the Dissemination Agent shall not be responsible for determining whether the Successor Agency's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The obligations of the Successor Agency, the Trustee and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. From time to time, the Successor Agency may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not a designated Dissemination Agent, the Successor Agency shall be the Dissemination Agent. The Dissemination Agent may resign by providing sixty (60) days prior written notice to the Successor Agency.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Section 3(a), 4, 5(a) or 5(b), it may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) The undertakings herein, as proposed to be amended or waived, in the opinion of nationally recognized bond counsel, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or beneficial owners of the Bonds.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, the Trustee may (and, at the request of any Participating Underwriter or the holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall), after receiving indemnification satisfactory to the Trustee, or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent and the Trustee shall be entitled to the protections and limitations from liability afforded to the Trustee in Article 6 of the Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Trustee shall not be required to consent to any amendment which would impose any greater duties or risk of liability on the Trustee. No person shall have any right to commence any action against the Trustee seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Trustee shall not be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Certificate.

Section 13. Notices. Any notice or communications to be given under this Disclosure Certificate may be given as follows:

To the Successor Agency: Successor Agency to the Redevelopment Agency
of the City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Fax: (415) 749-2527
Attention: Deputy Director of Finance and
Administration

To the Participating Underwriters: Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, CA 90067
Fax: (213)-443-5023
Attention: Public Finance Department

To the Trustee: U.S. Bank Trust Company, National Association
One California Street, Suite 1000
Mail Code: SF-CA-SFCT
San Francisco, CA 94111
Fax: (415) 677-3769
Attention: Global Corporate Trust and Escrow Services

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Trustee, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: ____ __, 2023

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY
AND COUNTY OF SAN FRANCISCO

By: _____
Deputy Director of
Finance and Administration

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Successor Agency to the Redevelopment Agency of the City and County of San Francisco

Names of Issues: Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) (Social Bonds) and Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects)

Date of Issuance: _____, 2023

NOTICE IS HEREBY GIVEN that the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the "Successor Agency") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate dated _____, 2023, of the Successor Agency. The Successor Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY
AND COUNTY OF SAN FRANCISCO

By: _____
Title: _____

APPENDIX E
FORM OF BOND COUNSEL FINAL OPINION

[Closing Date]

Successor Agency to the
Redevelopment Agency of the
City and County of San Francisco
San Francisco, California

OPINION: \$24,505,000 original principal amount Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) (Social Bonds); and \$35,210,000 original principal amount Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) of its \$24,505,000 original principal amount Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) (Social Bonds) (the “2023A Bonds”) and its \$35,210,000 original principal amount Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2023 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects) (the “2023B Bonds” and together with the 2023A Bonds, the “2023 Bonds”), pursuant to the Community Redevelopment Law, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (collectively, the “Law”), resolutions of the Successor Agency adopted on March 21, 2023, and June 20, 2023, a resolution of the Oversight Board for the Successor Agency adopted on April 7, 2023, and an Indenture of Trust dated as of March 1, 2017, as supplemented and amended by the First Supplement to Indenture of Trust dated as of December 1, 2021, and as further supplemented and amended by the Second Supplement to Indenture of Trust dated as of September 1, 2023 (the “Second Supplement”), each by and between the Successor Agency and U.S. Bank Trust Company, National Association, as successor trustee (as so supplemented and amended, the “Indenture”). Capitalized terms used but not defined herein have the meanings given to such terms in the Indenture.

In our capacity as bond counsel, we have examined such law and such certified proceedings, certifications, opinions and other documents as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied on representations of the Successor Agency contained in the Indenture, and on the certified proceedings and other certifications of public officials

furnished to us, without undertaking to verify the same by independent investigation. Regarding certain questions of law material to our opinion, we have assumed the correctness of certain legal conclusions contained in the written opinions of the General Counsel to the Successor Agency, and others, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Successor Agency is validly existing as a public entity, with the power to execute and deliver the Indenture, perform the agreements on its part contained therein, and issue the 2023 Bonds.

2. The Second Supplement has been duly executed and delivered by the Successor Agency and the Indenture constitutes the valid and binding obligation of the Successor Agency enforceable upon the Successor Agency.

3. The Indenture creates a valid lien on the funds pledged by the Indenture for the security of the 2023 Bonds, subject to no prior lien granted under the law, except as provided therein.

4. The 2023 Bonds have been duly authorized, executed and delivered by the Successor Agency and are valid and binding special obligations of the Successor Agency payable, on a parity with any Parity Debt, solely from the sources provided therefor in the Indenture.

5. The interest on the 2023A Bonds is not intended to be excluded from gross income for federal income tax purposes.

6. The interest on the 2023B Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted, however, that interest on the 2023B Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the 2023B Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Successor Agency has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2023B Bonds.

7. The interest on the 2023 Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any federal tax consequences arising with respect to the 2023A Bonds and no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the 2023 Bonds.

The rights of the owners of the 2023 Bonds and the enforceability of the 2023 Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by the exercise of judicial discretion in appropriate cases, by limitations on legal remedies imposed on actions against public entities, by laws relating to conflicts of interest, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes

in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any courts; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the certifications, representations, covenants and opinions referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

[Intentionally Left Blank.]

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. Accordingly, the DTC Participants, the Indirect Participants and the Beneficial Owners should not rely on the information in this Appendix F with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2023A/B Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2023A/B Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2023A/B Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2023A/B Bonds. The 2023A/B Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each Series of the 2023A/B Bonds. The 2023A/B Bonds will be deposited with DTC.

DTC, the world’s largest Securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity and corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to DTC’s system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated herein by reference.

Purchases of 2023A/B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023A/B Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2023A/B Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of

their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2023A/B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2023A/B Bonds, except in the event that use of the book-entry system for the 2023A/B Bonds is discontinued.

To facilitate subsequent transfers, all 2023A/B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2023A/B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023A/B Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023A/B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2023A/B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023A/B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2023A/B Bond documents. For example, Beneficial Owners of 2023A/B Bonds may wish to ascertain that the nominee holding the 2023A/B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2023A/B Bonds of like maturity of a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2023A/B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2023A/B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, and premium, if any, and interest on, the 2023A/B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, and premium, if any, and interest on, the 2023A/B Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and

disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2023A/B Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2023A/B Bond certificates are required to be printed and delivered.

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2023A/B Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency takes no responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF 2023A/B BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

[Intentionally Left Blank.]

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[Intentionally Left Blank.]



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

