OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

107-0162016-002

Commission Agenda Item Nos.: **5 (b), 5 (c) & 5 (d)**
Financing Authority Agenda Item Nos.: **4 (b), 4 (c) & 4 (d)**
Meeting of March 1, 2016

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners
City and County of San Francisco Redevelopment Financing Authority Directors

FROM: Tiffany Bohee, Executive Director

SUBJECT: Confirming the Authorization of the Issuance and Sale of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series A Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project) in an Aggregate Principal Amount Not to Exceed $125,000,000; Approving Preliminary and Final Official Statements and a Continuing Disclosure Certificate; and approving Other Related Documents and Actions; Mission Bay North Redevelopment Project Area

Confirming the Authorization of the Issuance and Sale of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series B Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project) in an Aggregate Principal Amount Not to Exceed $45,000,000, and Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series C Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project) in an Aggregate Principal Amount Not to Exceed $115,000,000; Approving Preliminary and Final Official Statements and a Continuing Disclosure Certificate, and approving Other Related Documents and Actions; Mission Bay South Redevelopment Project Area

Confirming the Authorization of the Issuance and Sale of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project) in an Aggregate Principal Amount Not to Exceed $90,000,000; approving Preliminary and Final Placement Memoranda and a Continuing Disclosure Certificate; and approving Other Related Documents and Actions; Mission Bay South Redevelopment Project Area

Edwin M. Lee
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Tiffany Bohee
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Approving and Authorizing the Execution and Delivery of Redemption Agreements Relating to Certain Bonds Previously Issued by the City and County of San Francisco Redevelopment Financing Authority; and Authorizing and Approving Other Matters Properly Relating Thereto (Mission Bay North Redevelopment Project Area)

Authorizing the Purchase and Sale of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series B Tax Allocation Bonds (Mission Bay South Redevelopment Project) in an Aggregate Principal Amount Not to Exceed $45,000,000; Approving Form of Bond Purchase Contract and Authorizing the Negotiated Sale of the Bonds; Authorizing the Execution and Delivery of Redemption Agreements Relating to Certain Bonds Previously Issued by the City and County of San Francisco Redevelopment Financing Authority; and Authorizing and Approving Other Matters Properly Relating Thereto (Mission Bay South Redevelopment Project Area)

Authorizing the Purchase and Sale of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project) in an Aggregate Principal Amount Not to Exceed $90,000,000; Approving Form of Bond Purchase Contract and Authorizing the Negotiated Sale of the Bonds; and Authorizing and Approving Other Matters Properly Relating Thereto (Mission Bay South Redevelopment Project Area)

EXECUTIVE SUMMARY

Staff requests the OCII Commission ("Commission") and City and County of San Francisco Financing Authority ("Financing Authority") approve the attached resolutions, which authorize documents and actions necessary to issue 2016 Series A Tax Allocation Refunding Revenue Bonds, Mission Bay North (2016A), 2016 Series B Tax Allocation Revenue Bonds, Mission Bay South (2016B), 2016 Series C Tax Allocation Refunding Revenue Bonds, Mission Bay South (2016C), and 2016 Series D Subordinate Tax Allocation Revenue Bonds, Mission Bay South (2016D), as authorized by the OCII Commission on October 20, 2015, the Oversight Board on December 14, 2015, and the Department of Finance on February 19, 2016.

The proceeds of the $125,000,000 2016A and $115,000,000 2016C refunding bonds will be used to refund and cancel various outstanding loans of the Redevelopment Agency and to refund and redeem the corresponding bonds of the Financing Authority to take advantage of low interest rates, reduce future debt service costs, and pay various costs of issuance. The proceeds of the $45,000,000 2016B and not to exceed $90,000,000 2016D new money bonds will be used to reimburse infrastructure costs that are expended and reimbursable within the next one to eighteen months after the City has inspected and found the infrastructure to have been completed substantially in accordance with the previously-approved permits and construction documents and to pay various costs of issuance.

The Commission resolutions make findings, confirm actions taken in Resolutions 63-2015, 64-2015 and 65-2015, approve in form key transaction documents, and authorize OCII staff to take all actions necessary to complete the transactions. The Financing Authority resolutions approve the purchase and sale of bonds, authorize the redemption agreements, and authorize OCII staff to take all actions necessary to complete the transactions. These actions comprise the final Commission and Financing Authority actions necessary to issue bond series 2016A, 2016B, 2016C, and 2016D.

Staff recommends the Commission approve Resolutions 10-2016, 11-2016, and 12-2016 which are the final Commission actions necessary for OCII to issue bond series 2016A, 2016B, 2016C, and 2016D. Staff recommends the Financing Authority approve Resolutions 1-2016, 2-2016, and 3-2016 which are the final Financing Authority actions necessary for OCII to issue bond series 2016A, 2016B, 2016C, and 2016D.

DISCUSSION

The attached resolutions, Commission Resolutions 10-2016, 11-2016, and 12-2016 and Financing Authority Resolutions 1-2016, 2-2016, 3-2016 are the final Commission and Financing Authority actions necessary for OCII to issue 2016 Series A Tax Allocation Refunding Revenue Bonds, Mission Bay North (2016A), 2016 Series B Tax Allocation Revenue Bonds, Mission Bay South (2016B), 2016 Series C Tax Allocation Refunding Revenue Bonds, Mission Bay South (2016C), and 2016 Series D Subordinate Tax Allocation Revenue Bonds, Mission Bay South (2016D), which were authorized by the OCII Commission on October 20, 2015 (Resolutions 63-2015 (Attachment A, exhibits not included), 64-2015, (Attachment B, exhibits not included) and 65-2015 (Attachment C, exhibits not included)), the Oversight Board on December 14, 2015 (Resolutions 17-2015, 18-2015, and 19-2015), and the Department of Finance on February 19, 2016 (Attachment D).

2016A and 2016C are refunding bonds and would refinance six outstanding Mission Bay tax allocation bonds, four in Mission Bay North (2006B, 2005D, 2009C, 2011C) and two in Mission Bay South (2009D, 2011D), reducing the anticipated cost of debt service by a net present value of approximately $13.5 million, assuming current or reasonably foreseeable market conditions. 2016B and 2016D are new money bonds with an aggregate principal amount not to exceed $135 million: $45 million from 2016C and not to exceed $90 million from 2016D. The proceeds of 2016B and 2016D would be used to reimburse infrastructure costs that are expended and reimbursable within the next one to eighteen months after the City has inspected and found the infrastructure to have been completed substantially in accordance with the previously-approved permits and construction documents.

The Commission, Oversight Board, and Department of Finance approved 2016D in an amount not to exceed $90 million. OCII intends to execute this approval in a series of issuances, each of which would be supported by tax increment generated from buildings that are expected to be completed and enrolled within a reasonable time period. The first issuance will be supported by tax increment generated from buildings that will be complete in 16-17 and fully enrolled by FY17-18. Given current market conditions, staff anticipate that this first issuance will generate between $35 million and $75 million in proceeds. As buildings are completed and enrolled, OCII will return to the Commission to obtain approval for further issuances up to the authorized not to exceed $90 million.

Further transaction details are included in the attached Commission Memorandum from October 20, 2015 (Attachment E).

PROPOSED ACTION

The issuance of 2016A, 2016B, 2016C, and 2016D requires action by both the Commission and the Financing Authority. The Financing Authority was created by a joint exercise of powers agreement between the City and County of San Francisco and the former San Francisco Redevelopment Agency (SFRDA) on July 11,1989. At its inception, the Financing Authority was governed by a Board of Directors that consisted of the members of the SFRDA Commission. Its primary purpose was to facilitate finacings for the SFRDA. Under AB26, the Successor Agency stepped into the role of the SFRDA. Consequently, the members of the Commission now act as the Board of Directors of the Financing Authority and the primary role of the Financing Authority is to facilitate finacings for the Successor Agency.

Proposed Finance Authority Actions

Resolution #01-2016	Approves Redemption Agreement (Attachment F) and other issuance related documents and authorizes all actions necessary to issue 2016A.
Resolution #02-2016	Approves the purchase and sale of 2016B, approves the Redemption Agreement (Attachment G) and other issuance related documents, and authorizes all actions necessary to issue 2016B and 2016C.
Resolution #03-2016	Approves the purchase and sale of 2016D, approves the Purchase Contract and other issuance related documents, and authorizes all actions necessary to issue 2016D.

With respect to the proposed issuances, the Financing Authority is required to act on the 2016A and 2016C refundings and the 2016B and 2016D new money issuances. The bonds to be refunded by 2016A and 2016C were issued by the Financing Authority, thus certain documents must be approved, and necessary actions authorized, by the Financing Authority in order to complete the refunding transactions. With respect to 2016B and 2016D new money bonds, Resolutions 2016-2 and 2016-3 approve the purchase of the bonds from the Successor Agency and concurrent sale of the bonds to the Underwriters. They also approve in form, and authorize the execution of the issuance related documents which govern the sales and further direct staff to take any action necessary and advisable to complete the transactions.

Proposed OCII Commission Actions

Resolution #10-2016	Confirms the approvals and authorizations of Resolution 63-2015, approves the preliminary and final official statements (Attachment H) and other issuance related documents, and authorizes all actions necessary to issue 2016A.
Resolution #11-2016	Confirms the approvals and authorizations of Resolution 64-2015, approves the preliminary and final official statements (Attachment I) and other issuance related documents, and authorizes all actions necessary to issue 2016B and 2016C.
Resolution #12-2016	Confirms the approvals and authorizations of Resolution 65-2015, approves the preliminary and final limited offering memorandum (Attachment J) and other issuance related documents, and authorizes all actions necessary to issue 2016D.

Next Steps

Staff will work with the financing team to price the bonds in March, for a late March 2016 closing.

Enabling Law

Redevelopment Dissolution Law grants Successor Agencies the authority to issue bonds, subject to review and approval by the Oversight Board and the Department of Finance, for the purpose of creating savings in the use of tax increment to service debt, to smooth debt service spikes, and to fulfill enforceable obligations including irrevocable pledge of property tax increment and requiring the issuance of bonds secured by this pledge. California Health and Safety Code Section 34177.5(a)(1).

California Environmental Quality Act

The issuance of the bonds for the future reimbursement of previously-approved and completed infrastructure projects fulfills contractual obligations of OCII under the Owner Participation Agreements. Accordingly, approval of the Bond Resolutions is exempt because: (i) it is not a project with the potential for causing a significant effect on the environment, CEQA Guidelines § 15061 (b)(3); (ii) it is a government fiscal activity that does not involve any commitment to any specific project with a potentially significant physical impact on the environment, CEQA Guidelines § 15378 (b)(4); and (iii) it constitutes an administrative activity that will not result in direct or indirect physical changes in the environment, CEQA Guidelines § 15378 (b)(5).

(Originated by Bree Mawhorter, Deputy Director of Finance and Administration)

Tiffany Bohee
Executive Director

Attachment A: OCII Commission Resolution 63-2015 (without Exhibits)
Attachment B: OCII Commission Resolution 64-2015 (without Exhibits)
Attachment C: OCII Commission Resolution 65-2015 (without Exhibits)
Attachment D: Department of Finance Letter, February 19, 2016
Attachment E: Commission Memorandum, October 20, 2016
Attachment F: Sample Redemption Agreement Series 2016A
Attachment G: Sample Redemption Agreement Series 2016C
Attachment H: Preliminary Official Statement Series 2016A
Attachment I: Preliminary Official Statement Series 2016B and 2016C
Attachment J: Preliminary Placement Memoranda 2016D

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 63 – 2015
Adopted October 20, 2015

AUTHORIZING THE ISSUANCE OF TAX ALLOCATION REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $125,000,000, AND APPROVING AND DIRECTING THE EXECUTION OF AN INDENTURE OF TRUST, A BOND PURCHASE CONTRACT AND REDEMPTION AGREEMENTS, AND APPROVAL OF OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY NORTH PROJECT AREA

WHEREAS, Under California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. 5194861, all redevelopment agencies in the State of California (the "State"), including the Redevelopment Agency of the City and County of San Francisco (the "Former Redevelopment Agency"), were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies; and,

WHEREAS, In June of 2012, the California legislature adopted Assembly Bill 1484 ("AB 1484") amending certain provisions of AB 26 and clarifying that successor agencies are separate public entities (Section 34173 (g) of the California Health and Safety Code (the "Code")), and have the authority, with approval of the oversight board and the California Department of Finance, to issue bonds for certain refunding purposes (Section 34177.5(a)(1) of the Code), and the Governor of the State signed the bill and it became effective on June 27, 2012; and,

WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors of the City adopted Ordinance No. 215-12 (the "Implementing Ordinance"), which was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency (as defined herein) is a separate legal entity from the City, (b) acknowledged and confirmed that the Successor Agency holds, subject to the applicable rights and restrictions set forth in AB 26 as amended by AB 1484, and as it may be further amended from time to time (collectively referred to in the Implementing Ordinance as the "Redevelopment Dissolution Law"), title to all assets, and all rights, obligations and liabilities of the Former Redevelopment Agency, (c) declared that the name of the Successor Agency is the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco," (d) established the Successor Agency Commission (the "Successor Agency Commission") and delegated to the Successor Agency Commission the authority (excluding authority as to the "Housing Assets," as

defined in the Implementing Ordinance) to act in place of the Former Redevelopment Agency Commission to, among other matters: (i) implement, modify, enforce and complete the Former Redevelopment Agency's enforceable obligations, except with respect to certain enforceable obligations for specified affordable housing purposes, (ii) approve all contracts and actions related to the assets transferred to or returned by the Successor Agency, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Successor Agency Commission deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, including, without limitation, authorizing additional obligations in furtherance of enforceable obligations, and approving the issuance of bonds to carry out the enforceable obligations, subject to any approval of the oversight board of the Successor Agency established pursuant to the provisions of the Redevelopment Dissolution Law (the "Oversight Board"), (e) designated the means by which the five members of the Successor Agency Commission would be determined, and (f) provided for an Executive Director of, and legal counsel to, the Successor Agency; and,

WHEREAS, The Successor Agency is also known as the Office of Community Investment and Infrastructure ("OCII") and its commission is known as the Commission on Community Investment and Infrastructure; and,

WHEREAS, Prior to the dissolution of the Former Redevelopment Agency, the Former Redevelopment Agency entered into the following loan agreements (collectively, the Existing Loan Agreements") to finance and refinance redevelopment activities with respect to its Mission Bay North Redevelopment Project Area:

(i) Loan Agreement dated as of July 1, 2005 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the City and County of San Francisco Redevelopment Financing Authority (the "Authority");

(ii) Loan Agreement dated as of August 1, 2006 among the Former Redevelopment Agency, The Bank of New York Trust Company, N.A., as trustee, and the Authority;

(iii) Loan Agreement dated as of September 1, 2009 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the Authority; and

(iv) Loan Agreement dated as of March 1, 2011 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the Authority; and,

WHEREAS, In connection with the execution and delivery of the Existing Loan Agreements, the Authority issued the following bonds (collectively, the "Prior Bonds"):

(i) $16,230,000 aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2005 Series D Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project);

(ii) $34,510,000 principal amount of City and County of San Francisco Redevelopment Financing Authority 2006 Series B Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project – Infrastructure);

(iii) $25,715,000 aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2009 Series C Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project); and

(iv) $27,335,000 aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2011 Series C Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project); and,

WHEREAS, Section 34177.5(a)(1) of the Code provides that a successor agency may, subject to the approval of the oversight board and the California Department of Finance, issue bonds or incur other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency to provide savings to the successor agency, provided that the conditions set forth in that section (the "Savings Parameters") are met; and,

WHEREAS, Section 34177.5(b) of the Code authorizes a successor agency to issue such refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law"); and,

WHEREAS, In order to refinance the Existing Loan Agreements and the Prior Bonds under the authority of Section 34177.5(a)(1) of the Code and the Refunding Law, the Successor Agency has determined, subject to the approval of the Oversight Board and the California Department of Finance, to issue its refunding bonds (the "2016 Series A Bonds") captioned "2016 Series A Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project)"; and,

WHEREAS, The 2016 Series A Bonds will be payable from "Tax Revenues" (as defined in the Indenture) on a parity to the Successor Agency's repayment obligations under the Existing Loan Agreements, if any, that will remain outstanding after the issuance of the 2016 Series A Bonds; and,

WHEREAS, To determine that the issuance of the 2016 Series A Bonds, the refinancing of the Existing Loan Agreements and the resulting refunding of the Prior Bonds comply with the Savings Parameters, the Successor Agency has caused its financial advisor, Public Financial Management, Inc.(the "Financial Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the 2016

Series A Bonds to prepay the Existing Loan Agreements and, thereby, to refund the Prior Bonds (the "Debt Service Savings Analysis"); and,

WHEREAS, The sale of the 2016 Series A Bonds will comply with the provisions of the Successor Agency's debt policy (the "Debt Policy"), adopted by Resolution 72-2014 of the Successor Agency Commission on August 19, 2014, unless such compliance is waived in accordance with the Debt Policy; and,

WHEREAS, The Financial Advisor has had input into the staff report submitted in connection with this Resolution, which addresses matters described in Section 34177.5(h) of the Code with respect to the 2016 Series A Bonds; and,

WHEREAS, The Successor Agency has determined, subject to the approval of the Oversight Board and the California Department of Finance, to sell the 2016 Series A Bonds to Citigroup Global Markets Inc., Backstrom McCarley Berry & Company, LLC, and Stinson Securities, LLC (collectively, the "Underwriters") pursuant to a Bond Purchase Contract (the "Purchase Contract") between the Successor Agency and the Underwriters; and,

WHEREAS, The following documents and instruments have been made available to the Successor Agency and the public and are on file with the Secretary of the Successor Agency: an Indenture of Trust (the "Indenture") between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"), providing for the issuance of the 2016 Series A Bonds; a Redemption Agreement for each of the Prior Bonds and the related Existing Loan Agreements (each a "Redemption Agreement") providing for the refinancing of the Existing Loan Agreements, and the refunding and defeasance of the Prior Bonds; and the Purchase Contract to be used in connection with the sale of the 2016 Series A Bonds (the "Purchase Contract"); and,

WHEREAS, The Successor Agency is now requesting that the Oversight Board direct the Successor Agency to undertake the refunding proceedings and to approve the issuance of the 2016 Series A Bonds pursuant to this Resolution and the Indenture; and,

WHEREAS, The Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2016 Series A Bonds; and,

WHEREAS, Following approval by the Oversight Board of the issuance of the 2016 Series A Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of the Financial Advisor, bond counsel to the Successor Agency ("Bond Counsel"), disclosure counsel to the Successor Agency ("Disclosure Counsel"), and the fiscal consultant to the Successor Agency (the "Fiscal Consultant"), cause to be prepared a form of Official Statement describing the 2016 Series A Bonds and containing material information relating to the Successor Agency and the 2016 Series A Bonds, the preliminary form of which

will be submitted to the Successor Agency (but not the Oversight Board) for approval for distribution by the Underwriters to persons and institutions interested in purchasing the 2016 Series A Bonds; and,

WHEREAS, The sale and issuance of the 2016 Series A Bonds are Successor Agency fiscal activities that do not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4), will not independently result in a physical change in the environment, and are not subject to environmental review under CEQA; now therefore, be it

RESOLVED, The Successor Agency Commission finds that:

The Successor Agency has full authority under Section 34177.5(a)(1) of the Code to issue the 2016 Series A Bonds and to refinance the Existing Loan Agreements and the Prior Bonds, and upon the Oversight Board's approval and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, all acts and proceedings required by law necessary to make the 2016 Series A Bonds, when executed by the Successor Agency, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Successor Agency, and to constitute the Indenture a valid and binding agreement for the uses and purposes therein set forth, in accordance with its terms, will have been done or taken and the execution and delivery of the Indenture will have been in all respects duly authorized; and, be it further

RESOLVED, The Successor Agency Commission has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the 2016 Series A Bonds to provide funds to refund, discharge and defease the Existing Loan Agreements and the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency, which is hereby approved; and, be it further

RESOLVED, Pursuant to this Resolution, the Indenture, Section 34177.5(b) of the Code, and the Refunding Law, the 2016 Series A Bonds are hereby authorized to be issued, subject to the approval of the Oversight Board and the California Department of Finance, provided that the aggregate initial amount of the 2016 Series A Bonds shall not exceed $125,000,000 and that the 2016 Series A Bonds shall be in compliance with the Savings Parameters at the time of their issuance and delivery. The 2016 Series A Bonds shall be executed in the form set forth in and otherwise as provided in the Indenture. Notwithstanding the foregoing, the Successor Agency may issue more than one series of refunding bonds at different times if the Authorized Officers determine it is in the best interests of the Successor Agency to do so, provided that the maximum combined principal amount of all refunding bonds shall not exceed $125,000,000; and, be it further

RESOLVED, It is the intent of the Successor Agency to sell and deliver the 2016 Series A Bonds in whole, provided that there is compliance with the Savings Parameters. However, the Successor Agency will initially authorize the sale and delivery of the 2016 Series A Bonds in whole or, if such Savings Parameters cannot be met

with respect to the whole, then in part; provided that the 2016 Series A Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the 2016 Series A Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the 2016 Series A Bonds that meet the Savings Parameters. If the 2016 Series A Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the 2016 Series A Bonds without the further approval of the Oversight Board provided that in each such instance the 2016 Series A Bonds so sold and delivered in part are in compliance with the Savings Parameters; and, be it further

RESOLVED, The Indenture is hereby approved in the form lodged with the Successor Agency's Secretary. The Executive Director and the Deputy Executive Director, Finance and Administration (each being hereinafter referred to as an "Authorized Officer"), each acting alone, are hereby authorized and directed, subject to the Oversight Board's approval and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Indenture in said form, with such additions thereto or changes therein as are approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by an Authorized Officer. The date, manner of payment, interest rate or rates, interest payment dates. denominations, form, registration, privileges, manner of execution, place of payment terms of redemption and other terms of the 2016 Series A Bonds shall be as provided in the Indenture as finally executed. Each Authorized Officer is hereby authorized and directed to select one or more banking corporations, trust companies or national banking associations to serve as trustee under the Indenture; and, be it further

RESOLVED, The Redemption Agreements are hereby approved in the forms lodged with the Successor Agency's Secretary. Each Authorized Officer, acting alone, is hereby authorized and directed, subject to the Oversight Board's approval, and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Redemption Agreements in said forms, with such additions thereto or changes therein as are approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Redemption Agreements by an Authorized Officer; and, be it further

RESOLVED, The Successor Agency hereby approves the selection of the Underwriters. The Purchase Contract is hereby approved in the form lodged with the Successor Agency's Secretary. An Authorized Officer is hereby authorized and directed to accept the offer of the Underwriters to purchase the 2016 Series A Bonds, provided that the following conditions are met: (a) the aggregate initial amount of the 2016 Series A Bonds may not exceed $125,000,000, the true interest cost of the 2016 Series A Bonds may not exceed 5.5% per annum, and the Underwriters' discount for the 2016 Series A Bonds, without regard to any original issue discount, may not exceed 0.70% of the aggregate initial amount of the 2016

Series A Bonds; (b) the net present value savings obtained by issuing the 2016 Series A Bonds, based on the debt service of the Prior Bonds being refunded, is not less than 3% of the principal amount of the Prior Bonds being refunded (provided, however, that, in accordance with the Debt Policy of the Successor Agency, this criterion may be waived in order to take advantage of the current historically low interest rate environment and the economic efficiency of including multiple loans in the current refinancing); and (c) the issuance of the 2016 Series A Bonds and the refunding of the Existing Loan Agreements and the Prior Bonds comply with the Savings Parameters. Subject to the Oversight Board's approval, and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, an Authorized Officer is hereby authorized and directed to execute and deliver each Purchase Contract in said form, with such additions thereto or changes therein as are recommended or approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of each Purchase Contract by an Authorized Officer; and, be it further

RESOLVED, Following approval by the Oversight Board of the issuance of the 2016 Series A Bonds by the Successor Agency and upon approval by the California Department of Finance of such approval by the Oversight Board, the Successor Agency will, with the assistance of Disclosure Counsel, Bond Counsel, the Fiscal Consultant and the Financial Advisor, cause to be prepared a form of Official Statement describing the 2016 Series A Bonds and containing material information relating to the Successor Agency and the 2016 Series A Bonds, the preliminary form of which will be submitted to the Successor Agency (but not to the Oversight Board) for approval for distribution by the Underwriters to persons and institutions interested in purchasing the 2016 Series A Bonds; and, be it further

RESOLVED, The 2016 Series A Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the 2016 Series A Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the 2016 Series A Bonds, when duly executed and authenticated, to the Underwriters in accordance with written instructions executed on behalf of the Successor Agency by an Authorized Officer, which instructions such officer is hereby authorized and directed to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the 2016 Series A Bonds to the Underwriters upon payment of the purchase price therefor; and, be it further

RESOLVED, The Successor Agency hereby requests the Oversight Board, as authorized by Section 34177.5(f) of the Code, to direct the Successor Agency to undertake the refunding proceedings and as authorized by Sections 34177.5(f) and 34180 of the Code to approve the issuance of the 2016 Series A Bonds pursuant to Section 34177.5(a)(1) of the Code, this Resolution and the Indenture; and, be it further

RESOLVED, The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2016 Series A Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f) of the Code, to recover its costs related to the issuance of the 2016 Series A Bonds from the proceeds of the 2016 Series A Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the 2016 Series A Bonds.

(b) The application of proceeds of the 2016 Series A Bonds by the Successor Agency to the refunding and defeasance of the Prior Bonds and the refinancing of the Existing Loan Agreements, as well as the payment by the Successor Agency of costs of issuance of the 2016 Series A Bonds, as provided in Section 34177.5(a) of the Code, shall be implemented by the Successor Agency promptly upon sale and delivery of the 2016 Series A Bonds, notwithstanding Section 34177.3 of the Code or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, or any other person or entity other than the Successor Agency.

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) of the Code without any deductions with respect to continuing post-issuance compliance and administration costs related to the 2016 Series A Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183 of the Code. In addition and as provided by Section 34177.5(f) of the Code, if the Successor Agency is unable to complete the issuance of the 2016 Series A Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings of the 2016 Series A Bonds from such property tax revenues pursuant to Section 34183 of the Code without reduction in its Administrative Cost Allowance; and, be it further

RESOLVED The Successor Agency is hereby authorized and directed to file the Debt Service Savings Analysis, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) of the Code, with the California Department of Finance, the Administrative Officer and Auditor-Controller of the City and County of San Francisco; and, be it further

RESOLVED, The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy and/or reserve account surety bond, or both, for the 2016 Series A Bonds, or any portion thereof, from a municipal bond insurance company if it is determined, upon consultation with the Financial Advisor and the Underwriters, that such municipal

bond insurance policy and/or surety bond will reduce the true interest costs with respect to the 2016 Series A Bonds; and, be it further

RESOLVED, That, subject to the preparation and approval of the Official Statement, as described above, this Commission authorizes all actions heretofore taken by the officers and agents of the Successor Agency with respect to the sale and issuance of the 2016 Series A Bonds herein authorized, the expenditure of the proceeds of the 2016 Series A Bonds is hereby approved, confirmed and ratified, and the proper officers of the Successor Agency are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2016 Series A Bonds in accordance with this Resolution and any certificate, agreement and other document described in the documents herein approved.

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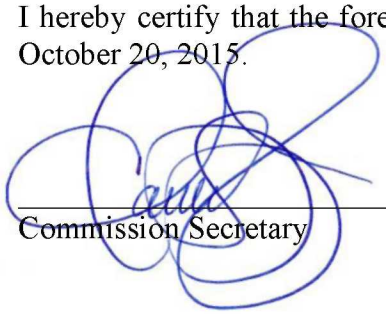
I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of October 20, 2015.



Commission Secretary

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 64 – 2015
Adopted October 20, 2015

AUTHORIZING THE ISSUANCE OF NEW MONEY AND REFUNDING TAX ALLOCATION BONDS FOR THE MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA IN AGGREGATE PRINCIPAL AMOUNTS NOT TO EXCEED $45,000,000 AND $115,000,000, RESPECTIVELY, AND APPROVING AND DIRECTING THE EXECUTION OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST, A BOND PURCHASE CONTRACT AND REDEMPTION AGREEMENTS, AND APPROVAL OF OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, The Redevelopment Agency of the City and County of San Francisco (the "Former Redevelopment Agency") and FOCIL-MB, LLC (the "Master Developer"), as assignee of Catellus Development Corporation, are parties to a Mission Bay South Owner Participation Agreement executed November 16, 1998, as amended by the First Amendment, dated February 17, 2004, by the Second Amendment, dated November 1, 2005, and by the Third Amendment, dated May 21, 2013 (as further amended, the "OPA"), which includes Attachment E thereto, entitled "Mission Bay South Financing Plan" (the "Financing Plan"); and,

WHEREAS, In connection with the execution of the OPA, and as part of the OPA, the Former Redevelopment Agency entered into a series of binding agreements regarding the public and private project to be financed through the OPA, including the Mission Bay South Tax Increment Allocation Pledge Agreement executed November 16, 1998, by and between the City and County of San Francisco and the Former Redevelopment Agency (the "Pledge Agreement"), to which the Master Developer is an express third-party beneficiary; and,

WHEREAS, Under California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. 5194861, all redevelopment agencies in the State of California (the "State"), including the Former Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies; and,

WHEREAS, In June of 2012, the California legislature adopted Assembly Bill 1484 ("AB 1484") amending certain provisions of AB 26 and clarifying that successor agencies are separate public entities, Section 34173 (g) the California Health and Safety Code (the "Code"), and have the authority, with approval of the oversight board and the California Department of Finance, to issue certain bonds, Section 34177.5(a)(4) of the Code ("Section 34177.5(a)(4)"), and the Governor of the State signed the bill and it became effective on June 27, 2012; and,

WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors of the City adopted Ordinance No. 215-12 (the "Implementing Ordinance"), which Implementing Ordinance was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency is a separate legal entity from the City, (b) acknowledged and confirmed that the Successor Agency holds, subject to the applicable rights and restrictions set forth in AB 26 as amended by AB 1484, and as it may be further amended from time to time (collectively referred to in the Implementing Ordinance as the "Redevelopment Dissolution Law"), title to all assets, and all rights, obligations and liabilities of the Former Redevelopment Agency, (c) declared that the name of the Successor Agency is the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco," (d) established the Successor Agency Commission (the "Successor Agency Commission") and delegated to the Successor Agency Commission the authority (excluding authority as to the "Housing Assets," as defined in the Implementing Ordinance) to act in place of the Former Redevelopment Agency Commission to, among other matters: (i) implement, modify, enforce and complete the Former Redevelopment Agency's enforceable obligations, except with respect to certain enforceable obligations for specified affordable housing purposes, (ii) approve all contracts and actions related to the assets transferred to or returned by the Successor Agency, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Successor Agency Commission deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, including, without limitation, authorizing additional obligations in furtherance of enforceable obligations, and approving the issuance of bonds to carry out the enforceable obligations, subject to any approval of the oversight board of the Successor Agency established pursuant to the provisions of the Redevelopment Dissolution Law (the "Oversight Board"), (e) designated the means by which the five members of the Successor Agency Commission would be determined, and (f) provided for an Executive Director of, and legal counsel to, the Successor Agency; and,

WHEREAS, The Successor Agency is also known as the Office of Community Investment and Infrastructure ("OCII") and its commission is known as the Commission on Community Investment and Infrastructure; and,

WHEREAS, The Financing Plan and the Pledge Agreement pledge tax increment generated from the Mission Bay South Redevelopment Project Area to the Master Developer to reimburse the Master Developer for Infrastructure Costs (as defined in the Financing Plan), which includes using such tax increment revenues to pay debt service on Tax Allocation Debt (as such term is defined in the Financing Plan); and,

WHEREAS, Pursuant to the Financing Plan, the Successor Agency is obligated to issue Tax Allocation Debt so long as any of the Infrastructure (as defined in the Financing Plan) has not been completed or the Infrastructure Costs have not been

reimbursed to the Master Developer from the proceeds of Net Available Increment (as such term is defined in the Financing Plan) or Tax Allocation Debt, the Master Developer has submitted a written request to the Successor Agency, as successor to the Former Redevelopment Agency, requesting the Successor Agency to issue CFD debt or Tax Allocation Debt (as such terms are defined in the Financing Plan), and the staff of the Successor Agency and appropriate Successor Agency consultants have met and conferred with the Master Developer as to the amount and timing of the proposed bond issue, Sections 6.A. of Financing Plan at p. 13-14; and,

WHEREAS, The Master Developer has submitted a written request to the Successor Agency, Letter, November 14, 2014, and the staff of the Successor Agency, appropriate Successor Agency consultants and the Master Developer have met and conferred and have determined that, pursuant to the Financing Plan and the Pledge Agreement but subject to the approval of the Oversight Board and the California Department of Finance, the Successor Agency will issue additional Tax Allocation Debt to reimburse the Master Developer for Infrastructure Costs; and,

WHEREAS, Section 34177.5(a)(4) provides that a successor agency may, subject to the approval of the oversight board and the California Department of Finance, issue bonds or incur other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues, or other funds and the obligation to issue bonds secured by that pledge; and,

WHEREAS, The OPA, including the Financing Plan and the Pledge Agreement, contain an irrevocable pledge of property tax increment, formerly tax increment revenues, to the payment of Infrastructure Costs, and the Successor Agency is obligated, under the OPA, including the Financing Plan and the Pledge Agreement, to issue bonds or incur other indebtedness secured by an irrevocable pledge of tax increment revenues to pay such Infrastructure Costs; and,

WHEREAS, Inasmuch as the requirements of Section 34177.5(a)(4) have been met, in response to the November 14, 2014 request of the Master Developer, the Successor Agency has determined to issue, subject to the approval of the Oversight Board and the California Department of Finance, pursuant to the authority set forth in Section 34177.5(a)(4), its 2016 Series B Bonds (as defined below); and,

WHEREAS, The 2016 Series B Bonds will also be from Tax Revenues on a parity with the Successor Agency's $56,245,000 initial aggregate principal amount of 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project) (the "2014 Bonds") and, to the extent not prepaid in full as set forth below, the Existing Loan Agreements (as defined below); and,

WHEREAS, Prior to the dissolution of the Former Redevelopment Agency, the Former Redevelopment Agency entered into the following loan agreements (collectively, the Existing Loan Agreements") to finance and refinance redevelopment activities with respect to its Mission Bay South Redevelopment Project Area:

(i) the Loan Agreement dated as of September 1, 2009 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the City and County of San Francisco Redevelopment Financing Authority (the "Authority"); and,

(ii) the Loan Agreement dated as of March 1, 2011 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the Authority; and,

WHEREAS In connection with the execution and delivery of the Existing Loan Agreements, the Authority issued the following bonds (collectively, the "Prior Bonds"):

(i) $49,810,000 initial principal amount of City and County of San Francisco Redevelopment Financing Authority 2009 Series D Tax Allocation Revenue Bonds (Mission Bay South Redevelopment Project); and,

(ii) $36,485,000 initial principal amount of City and County of San Francisco Redevelopment Financing Authority 2011 Series D Tax Allocation Revenue Bonds (Mission Bay South Redevelopment Project); and,

WHEREAS, Section 34177.5(a)(1) of the Code provides that a successor agency may issue bonds or incur other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency to provide savings to the successor agency, provided that the conditions set forth in that section (the "Savings Parameters") are met; and,

WHEREAS, Section 34177.5(b) of the Code authorizes a successor agency to issue such refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law"); and,

WHEREAS, In order to refinance all or a portion of the Existing Loan Agreements and the related Prior Bonds, under the authority of Section 34177.5(a)(1) of the Code and the Refunding Law, the Successor Agency has determined, subject to the approval of the Oversight Board and the California Department of Finance, to issue its refunding bonds (the "2016 Series C Bonds") captioned "2016 Series C Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project)" (as defined below) and payable from Tax Revenues on a parity with the 2014 Bonds and the 2016 Series B Bonds and the Existing Loan Agreements that are not refunded in full; and,

WHEREAS, To determine that the issuance of the 2016 Series C Bonds, the refunding of the Prior Bonds and the refinancing of the Existing Agreements comply with the Savings Parameters, the Successor Agency has caused its financial advisor, Public Financial Management, Inc. (the "Financial Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the 2016 Series C Bonds to

prepay the Existing Loan Agreements and, thereby, to refund the Existing Loan Agreements and the Prior Bonds (the "Debt Service Savings Analysis"); and,

WHEREAS, The sale of the 2016 Series C Bonds will comply with the provisions of the Successor Agency's debt policy (the "Debt Policy"), adopted by Resolution 72-2014 of the Successor Agency Commission on August 19, 2014, unless such compliance is waived in accordance with the Debt Policy; and,

WHEREAS The Financial Advisor has had input into the staff report for this Resolution, which staff report addresses matters described in Section 34177.5(h) of the Code with respect to both the 2016 Series B Bonds and the 2016 Series C Bonds; and,

WHEREAS, The Successor Agency has determined, subject to the approval of the Oversight Board and the California Department of Finance, to sell the 2016 Series B Bonds and the 2016 Series C Bonds to Stifel, Nicolaus & Company, Incorporated, Backstrom McCarley Berry & Company, LLC, and Blaylock Beal Van, LLC (collectively, the "Underwriters") pursuant to a Bond Purchase Contract (the "Purchase Contract") among the Successor Agency, the Authority and the Underwriters; and,

WHEREAS, The following documents and instruments have been made available to the Successor Agency and the public, are on file with the Secretary of the Successor Agency: the 2014 Indenture, a First Supplemental Indenture of Trust (the "First Supplement") between the Successor Agency and the Trustee providing for the issuance of the 2016 Series B Bonds and the 2016 Series C Bonds, a Redemption Agreement relating to each of the Prior Bonds and the Existing Loan Agreements (each, a "Redemption Agreement") providing for the refinancing of the Existing Loan Agreements, and the refunding and defeasance of the Prior Bonds, and the Purchase Contract to be used in connection with the sale of the 2016 Series B Bonds and the 2016 Series C Bonds; and,

WHEREAS, The Successor Agency is now requesting that the Oversight Board direct the Successor Agency to undertake the refunding proceedings relating to the 2016 Series C Bonds and to approve the issuance of both the 2016 Series B Bonds and the 2016 Series C Bonds pursuant to this Resolution and the Indenture; and,

WHEREAS, The Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2016 Series B Bonds and the 2016 Series C Bonds; and,

WHEREAS, Following approval by the Oversight Board of the issuance of the 2016 Series B Bonds and the 2016 Series C Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of the Financial Advisor, bond counsel to the Successor Agency ("Bond Counsel"), disclosure counsel to the Successor Agency ("Disclosure Counsel"), and the fiscal consultant to the Successor Agency (the "Fiscal Consultant"), cause to be prepared a form of Official Statement describing the 2016 Series B Bonds and the 2016 Series C

Bonds and containing material information relating to the Successor Agency and the 2016 Series B Bonds and the 2016 Series C Bonds, the preliminary form of which will be submitted to the Successor Agency (but not the Oversight Board) for approval for distribution by the Underwriters to persons and institutions interested in purchasing the 2016 Series B Bonds and the 2016 Series C; and,

WHEREAS, The sale and issuance of the 2016 Series B Bonds and the 2016 Series C Bonds are Successor Agency fiscal activities that do not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4), will not independently result in a physical change in the environment, and are not subject to environmental review under CEQA; now therefore, be it

RESOLVED, The Successor Agency Commission finds that:

The Successor Agency has full authority under Section 34177.5(a)(4) of the Code to issue the 2016 Series B Bonds to reimburse the Master Developer for Infrastructure Costs, as required by the OPA, and upon the Oversight Board's approval and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, all acts and proceedings required by law necessary to make the 2016 Series B Bonds, when executed by the Successor Agency, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Successor Agency, and to constitute the First Supplement valid and binding agreements for the uses and purposes therein set forth, in accordance with its terms, will have been done or taken and the execution and delivery of the First Supplement will have been in all respects duly authorized; and, be it further

RESOLVED, Pursuant to this Resolution, the Indenture, and Section 34177.5(a)(4) of the Code, tax increment bonds of the Successor Agency are hereby authorized to be issued, subject to the approval of the Oversight Board and the California Department of Finance, designated as "Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series B Tax Allocation Bonds (Mission Bay South Redevelopment Project)" (the "2016 Series B Bonds"). The aggregate initial amount of the 2016 Series B Bonds shall not exceed $45,000,000. The 2016 Series B Bonds shall be executed in the form set forth in and otherwise as provided in the First Supplement; and, be it further

RESOLVED, The Successor Agency has full authority under Section 34177.5(a)(1) of the Code to issue the 2016 Series C Bonds and to refinance the Existing Loan Agreements and the related Prior Bonds, and upon the Oversight Board's approval and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, all acts and proceedings required by law necessary to make the 2016 Series C Bonds, when executed by the Successor Agency, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Successor Agency; and, be it further

RESOLVED, The Successor Agency Commission has determined that there are significant potential savings available to the Successor Agency and to applicable taxing

entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the 2016 Series C Bonds to provide funds to refund and defease the Existing Loan Agreements and Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency, which is hereby approved; and, be it further

RESOLVED, Pursuant to this Resolution, the Indenture, Section 34177.5(b) of the Code, and the Refunding Law, the 2016 Series C Bonds are hereby authorized to be issued, subject to the approval of the Oversight Board and the California Department of Finance, provided that the aggregate initial amount of the 2016 Series C Bonds shall not exceed $115,000,000, and the 2016 Series C Bonds shall be in compliance with the Savings Parameters at the time of their issuance and delivery. The 2016 Series C Bonds shall be executed in the form set forth in and otherwise as provided in the First Supplement. Notwithstanding the foregoing, the Successor Agency may issue more than one series of refunding bonds at different times if the Authorized Officers (as defined below) determine it is in the best interests of the Successor Agency to do so, provided that the maximum combined principal amount of all refunding bonds shall not exceed $115,000,000; and, be it further

RESOLVED, It is the intent of the Successor Agency to sell and deliver the 2016 Series C Bonds in whole, provided that there is compliance with the Savings Parameters. However, the Successor Agency will initially authorize the sale and delivery of the 2016 Series C Bonds in whole or, if such Savings Parameters cannot be met with respect to the whole, then in part; provided that the 2016 Series C Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the 2016 Series C Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the Existing Loan Agreements and the Prior Bonds that meet the Savings Parameters. If the 2016 Series C Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the 2016 Series C Bonds without the further approval of the Oversight Board provided that in each such instance the 2016 Series C Bonds so sold and delivered in part are in compliance with the Savings Parameters; and, be it further

RESOLVED, The First Supplement is hereby approved in the form lodged with the Successor Agency's Secretary. The Executive Director and the Deputy Executive Director, Finance and Administration (each being hereinafter referred to as an "Authorized Officer"), each acting alone, are hereby authorized and directed, subject to the Oversight Board's approval, and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Indenture in said form, with such additions thereto or changes therein as are approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by an Authorized Officer. The date, manner of payment, interest rate or rates, interest payment dates. denominations, form, registration, privileges, manner of execution, place of payment terms of redemption and other terms of the 2016

Series B Bonds and the 2016 Series C Bonds shall be as provided in the Indenture as finally executed; and be it further

RESOLVED, The Redemption Agreements are hereby approved in the forms lodged with the Successor Agency's Secretary. Each Authorized Officer, acting alone, is hereby authorized and directed, subject to the Oversight Board's approval, and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Redemption Agreements in said forms, with such additions thereto or changes therein as are approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Redemption Agreements by an Authorized Officer; and, be it further

RESOLVED, The Successor Agency hereby approves the selection of the Underwriters. The Purchase Contract among the Successor Agency, the Authority and the Underwriters is hereby approved in the form lodged with the Successor Agency's Secretary. An Authorized Officer is hereby authorized and directed to accept the offer of the Authority to purchase the 2016 Series B Bonds and the 2016 Series C Bonds from the Successor Agency for resale to the Underwriters (pursuant to Sections 6588 and 6589 of the California Government Code) as set forth in the Purchase Contract; provided that the aggregate initial amount of the 2016 Series B Bonds sold thereby is not in excess of $45,000,000, the aggregate initial amount of the 2016 Series C Bonds sold thereby is not in excess of $115,000,000], the true interest cost of the 2016 Series B Bonds and the 2016 Series C Bonds is not in excess of 5.50% per annum and the Underwriters' discount, without regard to any original issue discount, is not in excess of 0.70% of the aggregate initial amount of the 2016 Series B Bonds and the 2016 Series C Bonds) and, subject to the Oversight Board's approval, and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Purchase Contract in said form, with such additions thereto or changes therein as are recommended or approved by an Authorized Officer upon consultation with the Successor Agency and its Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Purchase Contract by an Authorized Officer. Additionally, the 2016 Series C Bonds shall not be sold, issued and delivered unless the sale of the 2016 Series C Bonds and the refunding of the Existing Loan Agreement and the Prior Bonds meets the Savings Parameters, as provided above, and the net present value savings obtained by issuing the 2016 Series C Bonds, based on the debt service of the Prior Bonds being refunded, is not less than 3% of the principal amount of the Prior Bonds being refunded (provided, however, that, in accordance with the Debt Policy of the Successor Agency, this criterion may be waived in order to take advantage of the current historically low interest rate environment and the economic efficiency of including multiple loans in the current refinancing); and, be it further

RESOLVED, Following approval by the Oversight Board of the issuance of the 2016 Series B Bonds and the 2016 Series C Bonds by the Successor Agency and upon approval

by the California Department of Finance of such approval by the Oversight Board, the Successor Agency will, with the assistance of Disclosure Counsel, Bond Counsel, the Fiscal Consultant and the Financial Advisor, cause to be prepared a form of Official Statement describing the 2016 Series B Bonds and the 2016 Series C Bonds and containing material information relating to the 2016 Series B Bonds and the 2016 Series C Bonds, the preliminary form of which will be submitted to the Successor Agency (but not to the Oversight Board) for approval for distribution by the Underwriters to persons and institutions interested in purchasing the 2016 Series B Bonds and the 2016 Series C Bonds; and, be it further

RESOLVED, The 2016 Series B Bonds and the 2016 Series C Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the 2016 Series B Bonds and the 2016 Series C Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the 2016 Series B Bonds and the 2016 Series C Bonds, when duly executed and authenticated, to the Underwriters in accordance with written instructions executed on behalf of the Successor Agency by an Authorized Officer, which instructions such officer is hereby authorized and directed to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the 2016 Series B Bonds and the 2016 Series C Bonds to the Underwriters in accordance with the Purchase Contract, upon payment of the purchase price therefor; and, be it further

RESOLVED The Successor Agency will spend the proceeds of the 2016 Series B Bonds in accordance with the requirements of the Redevelopment Dissolution Law, the OPA, the Pledge Agreement and the Financing Plan, and has and will include such expenditures, prior to their being made, on the Recognized Obligation Payment Schedules in accordance with the Redevelopment Dissolution Law; and, be it further

RESOLVED, The Successor Agency hereby requests the Oversight Board, as authorized by Section 34177.5(f) of the Code, to direct the Successor Agency to undertake the refunding proceedings and as authorized by Sections 34177.5(f) and 34180 of the Code to approve the issuance of the 2016 Series C Bonds pursuant to Section 34177.5(a)(1) of the Code, this Resolution and the Indenture; and, be it further

RESOLVED, The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2016 Series C Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f) of the Code, to recover its costs related to the issuance of the 2016 Series C Bonds from the proceeds of the 2016 Series C Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the 2016 Series C Bonds.

(b) The application of proceeds of the 2016 Series C Bonds by the Successor Agency to the refunding and defeasance of the Prior Bonds and the

refinancing of the Existing Loan Agreements, as well as the payment by the Successor Agency of costs of issuance of the 2016 Series C Bonds, as provided in Section 34177.5(a) of the Code, shall be implemented by the Successor Agency promptly upon sale and delivery of the 2016 Series C Bonds, notwithstanding Section 34177.3 of the Code or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, or any other person or entity other than the Successor Agency.

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) of the Code without any deductions with respect to continuing post-issuance compliance and administration costs related to the 2016 Series C Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183 of the Code. In addition and as provided by Section 34177.5(f) of the Code, if the Successor Agency is unable to complete the issuance of the 2016 Series C Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings of the 2016 Series C Bonds from such property tax revenues pursuant to Section 34183 of the Code without reduction in its Administrative Cost Allowance; and, be it further

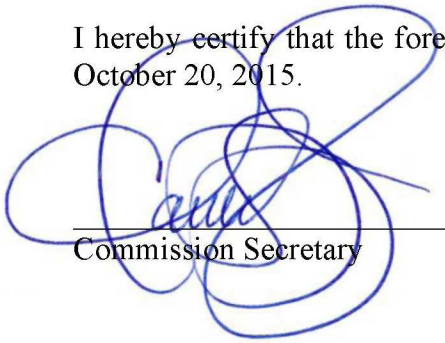
RESOLVED The Successor Agency is hereby authorized and directed to file the Debt Service Savings Analysis, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) of the Code, with the California Department of Finance, the Administrative Officer and Auditor-Controller of the City and County of San Francisco; and, be it further

RESOLVED, The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy and/or reserve account surety bond, or both, for the 2016 Series B Bonds and 2016 Series C Bonds, or any portion thereof, from a municipal bond insurance company if it is determined, upon consultation with the Financial Advisor and the Underwriters, that such municipal bond insurance policy and/or surety bond will reduce the true interest costs with respect to the 2016 Series B Bonds and 2016 Series C Bonds; and, be it further

RESOLVED, That, subject to the preparation and approval of the Official Statement, as described above, this Commission authorizes all actions heretofore taken by the officers and agents of the Successor Agency with respect to the sale and issuance of the 2016 Series B Bonds and the 2016 Series C Bonds herein authorized, the expenditure of the proceeds of the 2016 Series B Bonds and the 2016 Series C Bonds is hereby approved, confirmed and ratified, and the proper officers of the Successor Agency are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other

documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2016 Series B Bonds and the 2016 Series C Bonds in accordance with this Resolution and any certificate, agreement and other document described in the documents herein approved.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of October 20, 2015.



Commission Secretary

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 65 – 2015
Adopted October 20, 2015

AUTHORIZING THE ISSUANCE OF TAX ALLOCATION BONDS FOR THE MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $90,000,000, AND APPROVING AND DIRECTING THE EXECUTION OF AN INDENTURE OF TRUST AND A BOND PURCHASE CONTRACT, AND APPROVAL OF OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, The Redevelopment Agency of the City and County of San Francisco (the "Former Redevelopment Agency") and FOCIL-MB, LLC (the "Master Developer"), as assignee of Catellus Development Corporation, are parties to a Mission Bay South Owner Participation Agreement executed November 16, 1998, as amended by the First Amendment, dated February 17, 2004, by the Second Amendment, dated November 1, 2005, and by the Third Amendment, dated May 21, 2013 (as further amended, the "OPA"), which includes Attachment E thereto, entitled "Mission Bay South Financing Plan" (the "Financing Plan"); and,

WHEREAS, In connection with the execution of the OPA, and as part of the OPA, the Former Redevelopment Agency entered into a series of binding agreements regarding the public and private project to be financed through the OPA, including the Mission Bay South Tax Increment Allocation Pledge Agreement executed November 16, 1998, by and between the City and County of San Francisco and the Former Redevelopment Agency (the "Pledge Agreement"), to which the Master Developer is an express third-party beneficiary; and,

WHEREAS, Under California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. 5194861, all redevelopment agencies in the State of California (the "State"), including the Former Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies; and,

WHEREAS, In June of 2012, the California legislature adopted Assembly Bill 1484 ("AB 1484") amending certain provisions of AB 26 and clarifying that successor agencies are separate public entities, Section 34173 (g) the California Health and Safety Code (the "Code"), and have the authority, with approval of the oversight board and the California Department of Finance, to issue certain bonds, Section 34177.5(a)(4) of the Code ("Section 34177.5(a)(4)"), and the Governor of the State signed the bill and it became effective on June 27, 2012; and,

WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors of the City adopted Ordinance No. 215-12 (the "Implementing Ordinance"), which Implementing Ordinance was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency is a separate legal entity from the City, (b) acknowledged and confirmed that the Successor Agency holds, subject to the applicable rights and restrictions set forth in AB 26 as amended by AB 1484, and as it may be further amended from time to time (collectively referred to in the Implementing Ordinance as the "Redevelopment Dissolution Law"), title to all assets, and all rights, obligations and liabilities of the Former Redevelopment Agency, (c) declared that the name of the Successor Agency is the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco," (d) established the Successor Agency Commission (the "Successor Agency Commission") and delegated to the Successor Agency Commission the authority (excluding authority as to the "Housing Assets," as defined in the Implementing Ordinance) to act in place of the Former Redevelopment Agency Commission to, among other matters: (i) implement, modify, enforce and complete the Former Redevelopment Agency's enforceable obligations, except with respect to certain enforceable obligations for specified affordable housing purposes; (ii) approve all contracts and actions related to the assets transferred to or returned by the Successor Agency, consistent with applicable enforceable obligations; and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Successor Agency Commission deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, including, without limitation, authorizing additional obligations in furtherance of enforceable obligations, and approving the issuance of bonds to carry out the enforceable obligations, subject to any approval of the oversight board of the Successor Agency established pursuant to the provisions of the Redevelopment Dissolution Law (the "Oversight Board"), (e) designated the means by which the five members of the Successor Agency Commission would be determined, and (f) provided for an Executive Director of, and legal counsel to, the Successor Agency; and,

WHEREAS, The Successor Agency is also known as the Office of Community Investment and Infrastructure ("OCII") and its commission is known as the Commission on Community Investment and Infrastructure; and,

WHEREAS, The Financing Plan and the Pledge Agreement pledge tax increment generated from the Mission Bay South Redevelopment Project Area to the Master Developer to reimburse the Master Developer for Infrastructure Costs (as defined in the Financing Plan), which includes using such tax increment revenues to pay debt service on Tax Allocation Debt (as such term is defined in the Financing Plan); and,

WHEREAS, Pursuant to the Financing Plan, the Successor Agency is obligated to issue Tax Allocation Debt so long as any of the Infrastructure (as defined in the Financing Plan) has not been completed or the Infrastructure Costs have not been

reimbursed to the Master Developer from the proceeds of Net Available Increment (as such term is defined in the Financing Plan) or Tax Allocation Debt, the Master Developer has submitted a written request to the Successor Agency, as successor to the Former Redevelopment Agency, requesting the Successor Agency to issue CFD debt or Tax Allocation Debt (as such terms are defined in the Financing Plan), and the staff of the Successor Agency and appropriate Successor Agency consultants have met and conferred with the Master Developer as to the amount and timing of the proposed bond issue, Sections 6.A. of Financing Plan at p. 13-14; and,

WHEREAS, The Master Developer has submitted another written request to the Successor Agency, Letter, November 14, 2014, and the staff of the Successor Agency, appropriate Successor Agency consultants and the Master Developer have met and conferred and have determined that, pursuant to the Financing Plan and the Pledge Agreement but subject to the approval of the Oversight Board and the California Department of Finance, the Successor Agency will issue additional Tax Allocation Debt to reimburse the Master Developer for Infrastructure Costs; and,

WHEREAS, Section 34177.5(a)(4) provides that a successor agency may, subject to the approval of the oversight board and the California Department of Finance, issue bonds or incur other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues, or other funds and the obligation to issue bonds secured by that pledge; and,

WHEREAS, The OPA, including the Financing Plan and the Pledge Agreement, contain an irrevocable pledge of property tax increment, formerly tax increment revenues, to the payment of Infrastructure Costs, and the Successor Agency is obligated, under the OPA, including the Financing Plan and the Pledge Agreement, to issue bonds or incur other indebtedness secured by an irrevocable pledge of tax increment revenues to pay such Infrastructure Costs; and,

WHEREAS, Inasmuch as the requirements of Section 34177.5(a)(4) have been met, in response to the November 14, 2014 request of the Master Developer, the Successor Agency has determined to issue, subject to the approval of the Oversight Board and the California Department of Finance, pursuant to the authority set forth in Section 34177.5(a)(4), its 2016 Series D Bonds (as defined below); and,

WHEREAS, The 2016 Series D will be payable from Tax Revenues, as such termed in defined in the hereinafter mentioned Indenture, on a basis subordinate to the Successor Agency's $56,245,000 initial aggregate principal amount of 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project) (the "2014 Bonds") and certain other debt of the Successor Agency payable on a parity basis with the 2014 Bonds, all as provide in the hereinafter mentioned Indenture; and,

WHEREAS, The Successor Agency has determined to sell the 2016 Series D Bonds to one or more (but not in excess of 5) Approved Institutional Buyers (collectively, the "Purchaser") pursuant to a Bond Purchase Contract (the "Purchase Contract")

among the Successor Agency, the City and County of San Francisco Redevelopment Financing Authority (the "Authority") and the Purchaser; and,

WHEREAS, The following documents and instruments have been made available to the Successor Agency and the public, are on file with the Secretary of the Successor Agency: an Indenture of Trust (the "Indenture") providing for the issuance of the 2016 Series D Bonds, and the Bond Purchase Contract to be used in connection with the sale of the 2016 Series D Bonds (the "Purchase Contract"); and,

WHEREAS, The sale and issuance of the 2016 Series D Bonds are Successor Agency fiscal activities that do not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4), will not independently result in a physical change in the environment, and are not subject to environmental review under CEQA; now therefore, be it

RESOLVED, The Successor Agency Commission finds that:

The Successor Agency has full authority under Section 34177.5(a)(4) of the California Health and Safety Code to issue the 2016 Series D Bonds to reimburse the Master Developer for Infrastructure Costs, as required by the OPA, and upon the Oversight Board's approval and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, all acts and proceedings required by law necessary to make the 2016 Series D Bonds, when executed by the Successor Agency, authenticated and delivered by the trustee for the 2016 Series D Bonds (the "Trustee") and duly issued, the valid, binding and legal special obligations of the Successor Agency, and to constitute the Indenture a valid and binding agreement for the uses and purposes therein set forth, in accordance with its terms, will have been done or taken and the execution and delivery of the Indenture will have been in all respects duly authorized; and, be it further

RESOLVED, Pursuant to this Resolution, the Indenture, and Section 34177.5(a)(4) of the California Health and Safety Code, tax increment bonds of the Successor Agency are hereby authorized to be issued, subject to the approval of the Oversight Board and the California Department of Finance, designated as "Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project)" (the "2016 Series D Bonds"). The aggregate initial amount of the 2016 Series D Bonds shall not exceed $90,000,000, and the initial principal amount of each series of the 2016 Series D Bonds shall be as provided in the Purchase Contract, as executed by the Executive Director as further provided herein. The 2016 Series D Bonds shall be executed in the form set forth in and otherwise as provided in the Indenture; and, be it further

RESOLVED, The Indenture is hereby approved in the form lodged with the Successor Agency's Secretary. The Executive Director and the Deputy Executive Director, Finance and Administration (each being hereinafter referred to as an "Authorized Officer"), each acting alone, are hereby authorized and directed, subject to the Oversight Board's approval, and the California Department of Finance's non-

objection to or approval of the Oversight Board's Resolution, to execute and deliver the Indenture in said form, with such additions thereto or changes therein as are approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by an Authorized Officer. The date, manner of payment, interest rate or rates, interest payment dates. denominations, form, registration, privileges, manner of execution, place of payment terms of redemption and other terms of the 2016 Series D Bonds shall be as provided in the Indenture as finally executed, and be it further

RESOLVED, The Successor Agency hereby approves the sale of the 2016 Series D Bonds to the Purchaser. The Bond Purchase Contract among the Successor Agency, the Authority and the Purchaser is hereby approved in the form lodged with the Successor Agency's Secretary. An Authorized Officer is hereby authorized and directed to accept the offer of the Authority to purchase the 2016 Series D Bonds from the Successor Agency for resale to the Underwriters (pursuant to Sections 6588 and 6589 of the California Government Code) as set forth in the Purchase Contract (provided that the aggregate initial amount of the 2016 Series D Bonds sold thereby is not in excess of $90,000,000, the true interest cost of the 2016 Series D Bonds is not in excess of 9.00% per annum), and, subject to the Oversight Board's approval and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Purchase Contract in said form, with such additions thereto or changes therein as are recommended or approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Purchase Contract by an Authorized Officer; and, be it further

RESOLVED, The Successor Agency hereby approves Citigroup Global Markets Inc. as placement agent with respect to the 2016 Series D Bonds, and enter into an agreement for placement agent services, provided that the fee payable to the placement agent shall not exceed $50,000; and, be it further

RESOLVED, The 2016 Series D Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the 2016 Series D Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the 2016 Series D Bonds, when duly executed and authenticated, to the Purchaser in accordance with written instructions executed on behalf of the Successor Agency by an Authorized Officer, which instructions such officer is hereby authorized and directed to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the 2016 Series D Bonds to the Purchaser in accordance with the Purchase Contract, upon payment of the purchase price therefor; and, be it further

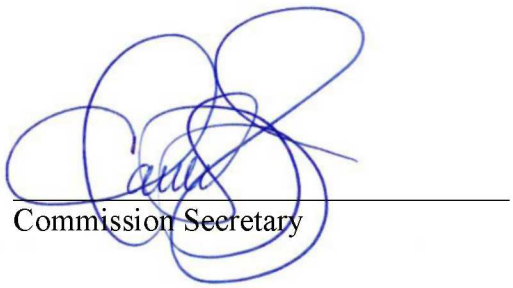
RESOLVED The Successor Agency will spend the proceeds of the 2016 Series D Bonds in accordance with the requirements of the Redevelopment Dissolution Law, the OPA, the Pledge Agreement and the Financing Plan, and has and will include

such expenditures, prior to their being made, on the Recognized Obligation Payment Schedules in accordance with the Redevelopment Dissolution Law; and, be it further

RESOLVED The Successor Agency is hereby authorized and directed to file a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) of the Code, with the California Department of Finance, the Administrative Officer and Auditor-Controller of the City and County of San Francisco; and, be it further

RESOLVED, That this Commission authorizes all actions heretofore taken by the officers and agents of the Successor Agency with respect to the sale and issuance of the 2016 Series D Bonds herein authorized, the expenditure of the proceeds of the 2016 Series D Bonds is hereby approved, confirmed and ratified, and the proper officers of the Successor Agency are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2016 Series D Bonds in accordance with this Resolution and any certificate, agreement and other document described in the documents herein approved.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of October 20, 2015.



Commission Secretary

DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. ▪ GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

February 19, 2016

Ms. Sally Oerth, Deputy Director
City and County of San Francisco
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Dear Ms. Oerth:

Subject: Approval of Oversight Board Actions

The City and County of San Francisco Successor Agency (Agency) notified the California Department of Finance (Finance) of its December 14, 2015 Oversight Board (OB) Resolutions on December 14, 2015. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB actions.

Based on our review and application of the law, Finance made the following determinations:

OB Resolution No. 17-2015

OB Resolution No. 17-2015, approving the issuance of 2016 Series A Tax Allocation Refunding Bonds (2016 Series A) to refund the 2005, 2006, 2009, and 2011 Loan Agreements used to secure the 2005 Series D, 2006 Series B, 2009 Series C, and 2011 Series C bonds issued by City and County of San Francisco Redevelopment Financing Authority (Authority), is approved.

The Agency anticipates achieving approximately $21,390,678 in savings through the issuance of the 2016 Series A refunding bonds.

OB Resolution No. 18-2015

OB Resolution No. 18-2015, approving the issuance of 2016 Series B Tax Allocation Bonds (2016 Series B) and the issuance of 2016 Series C Tax Allocation Refunding Bonds (2016 Series C) to refund the 2009 and 2011 Loan Agreements used to secure the 2009 Series D and 2011 Series D Authority bonds, is approved.

The Agency anticipates achieving approximately $6,833,422 in savings through the issuance of the 2016 Series C refunding bonds.

OB Resolution No. 19-2015

OB Resolution No. 19-2015, approving the issuance of 2016 Series D Tax Allocation Bonds (2016 Series D), is approved.

Finance's approval of the 2016 Series A and C refunding bonds is based on the understanding that no refunding bonds will be issued unless such bonds meet the limitations outlined in HSC section 34177.5 (a).

Following the issuance of the 2016 Series A through D Bonds, the Agency's debt service payment obligations for the bonds should be placed on future Recognized Obligation Payment Schedules for Finance's review and approval.

Please direct inquiries to Wendy Griffe, Supervisor, or Jonathan Cox, Lead Analyst, at (916) 445-1546.

Sincerely,

for

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Tiffany Bohee, Executive Director, City and County of San Francisco
Mr. James Whitaker, Property Tax Manager, San Francisco County

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee, Executive Director

SUBJECT: Commission Resolution Confirming, Subject to the Approval of the Department of Finance, the Issuance and Sale of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series A Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project) in an Aggregate Principal Not to Exceed $125,000,000, Approving Preliminary and Final Official Statements and a Continuing Disclosure Certificate, and Approval of Other Related Documents and Actions; Mission Bay North Redevelopment Project Area

Commission Resolution Confirming, Subject to the Approval of the Department of Finance, the Issuance and Sale of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series B Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project) in an Aggregate Principal Not to Exceed $45,000,000, and Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series C Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project) in an Aggregate Principal Not to Exceed $115,000,000, Approving Preliminary and Final Official Statements and a Continuing Disclosure Certificate, and Approval of Other Related Documents and Actions; Mission Bay South Redevelopment Project Area

Commission Resolution Confirming, Subject to the Approval of the Department of Finance, the Issuance and Sale of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series D Subordinate Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project) in an Aggregate Principal Not to Exceed $90,000,000; Approving Form of Bond Purchase Contract and Authorizing the Negotiated Sale of the Bonds; and Authorizing and Approving Other matters Properly Relating Thereto; Mission Bay South Redevelopment Project Area

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure (OCII) proposes several bond issuances: two refunding bonds to lower the interest cost of existing Mission Bay debt and two new money bonds to fund infrastructure in the Mission Bay South project area. Issuing the new money bonds requires an amendment of the existing FY 15-16 OCII budget.

OCII proposes issuing two refunding bond series: 2015 Series A Tax Allocation Refunding Bonds for Mission Bay North (2015A) and 2015 Series B Tax Allocation Refunding Bonds (2015B) for Mission Bay South. Issuing these bonds would refinance six outstanding Mission Bay tax allocation bonds, four in Mission Bay North (MBN) and two in Mission Bay South (MBS), reducing the anticipated cost of debt service by a net present value of over $13.5 million, assuming current or reasonably foreseeable market conditions.

OCII also proposes issuing two new money bond series for Mission Bay South, Series 2015C & 2015D, with an aggregate principal amount not to exceed $135 million. These bonds would fund infrastructure reimbursements in MBS, enabling the pace of development to continue. The OCII would issue these bonds in two series: up to $45 million in Series 2015C, a parity bond, and up to $90 million in Series 2015D, a subordinate bond.

Issuing the proposed bonds requires the Commission on Community Investment and Infrastructure to approve three bond resolutions. These resolutions approve in form several critical bond documents for each series, which consist of the Bond Indenture, the Bond Purchase Agreement, and, in the case of the refunding issues, the Redemption Agreements, all of which are required to seek Oversight Board and Department of Finance (DOF) approval for the bond sale. The bond resolutions also approve the bond underwriter selections. Finally, the resolutions authorize and direct OCII staff to take all actions necessary to complete the proposed transactions, request the Oversight Board to make certain determinations, direct OCII to proceed with the transaction, and set forth the not to exceed limits for the principal amount of the bonds, the interest rate, and the underwriter's discount. For the 2015D subordinate bonds, the resolution authorizes up to $90 million in bond issuance over a series of issuances, but requires that the Executive Director approve the amount of each issuance.

Issuing the proposed new money bond series requires a budget resolution to amend the FY 15-16 budget to increase OCII's expenditure authority to include the $135 million in bond proceeds from the proposed Series 2015C and 2015D bonds. The budget resolution also authorizes the Executive Director to submit the amended budget to the Mayor and Board of Supervisors.

The proposed bond issuance is being planned under the provisions of OCII's Debt Policy, which was last updated on August 19, 2014. Following DOF approval, or non-objection to the bond issuance, Commission action will be required to approve the Preliminary Official Statement before the proposed transactions can be completed.

Staff recommends approval of the four proposed resolutions authorizing bonding authority and increasing budgetary expenditure authority so that the bond transactions can proceed.

DISCUSSION

Resolutions #63-2015 #64-2015, and #65-2015 would authorize OCII to issue four bonds, two refunding bonds and two new money bonds:

Refunding Bonds

- 2015 Series A Tax Allocation Refunding Revenue Bonds, Mission Bay North
- 2015 Series B Tax Allocation Refunding Revenue Bonds, Mission Bay South

New Money Bonds

- 2015 Series C, Tax Allocation Revenue Bonds, Mission Bay South
- 2015 Series D, Subordinate Tax Allocation Revenue Bonds, Mission Bay South

The enforceable obligation, structure and limits of the proposed bonds are described below.

Enforceable Obligation: Mission Bay North and South Owner Participation Agreements

The bonds described above will be issued pursuant to obligations established under the Mission Bay North and South Owner Participation Agreements "OPAs" between the former San Francisco Redevelopment Agency now OCII, and FOCIL-MB, LLC, ("Master Developer"). These obligations contain protocols for financing infrastructure improvements in the Mission Bay Project Areas, including the sale of bonds. The OPAs are enforceable obligations consistent with Redevelopment Dissolution Law: Cal. Health & Safety Code 34170 et. seq. and have been included on all Recognized Obligation Payment Schedules ("ROPS") to date, including ROPS 15-16A for the period of July to December 2015.

Refunding Bonds: Mission Bay North and South Bonds, Series 2015 A & B

OCII proposes issuing two refunding bonds, Series 2015A and Series 2015B, to refund existing Mission Bay debt and lower the cost of borrowing. Series 2015A would refund Mission Bay North Bonds 2005D, 2006B, 2009C, and 2011C. Series 2015B bonds would refund Mission Bay South Bonds 2009D and 2011D. At current or reasonably foreseeable market interest rates, the proposed refundings would generate gross debt savings of approximately $17.5 million and net present value savings of about $13.5 million. The savings numbers are illustrative and based on current market conditions. Final results will depend upon market conditions at the time the refunding is priced.

OCII debt policy establishes a guideline that, when refunding a bond, present value savings for each refunded bond should be three (3) percent of outstanding bond principal. The present value savings as a percent of refunded principal for each of the proposed refundings ranges from about six (6) percent to nine (9) percent, which exceeds the OCII debt policy guideline. Assuming current market conditions, the proposed refundings would require a combined refunding bond issuance of approximately $200 million. Final results will depend upon market conditions at the time the refunding is priced.

OCII debt policy allows flexibility in the guideline described above. Should market conditions change such that the above metric drops below three (3) percent, staff would support refunding all bonds with positive savings for four reasons. One, as current interest rates are extremely low, it is unlikely greater savings could be realized by waiting for better market conditions. Two, the large size of the proposed transaction makes the marginal issuance cost of each additional bond very small. Three, consolidating the debt portfolio and eliminating individual loans and bonds simplifies state and secondary market reporting and administration. Four, refunding savings will create additional debt capacity, which will allow for additional new money bonds to be issued, advancing the completion of Mission Bay development.

New Money Bonds: Mission Bay South Bonds, Series 2015C & 2015D

OCII proposes issuing two new money bonds, Series 2015C and 2015D to fund infrastructure development in Mission Bay South. New money bonds are required because existing infrastructure funding in Mission Bay South is nearly fully expended. The proceeds of the $56.3 million Series 2014A Mission Bay South bonds, sold in March of 2014, are expected to be spent by calendar year end. Issuing the proposed Series 2015C and 2015D bonds is anticipated to raise up to $125 million in additional infrastructure funding (after costs of issuance and funding bond reserve).

Series 2015C

The proposed 2015C bonds will be issued against existing tax increment and will be issued at parity with the Series 2015B refunding bonds described above. This means the obligation to pay the debt service on the Series 2015C bonds is equal to that of the Series 2015B bonds and any parity bonds. In order to issue parity bonds, the proposed bonds must pass a "parity bonds test," which requires that the available tax increment from current tax rolls cover 125% of the debt service of the outstanding bonds plus the new bonds. The proposed Series 2015C bonds pass this test, will be sized to the maximum amount subject to this test, and will use all the parity debt capacity. As the Series 2015C bonds will be issued at parity with the proposed Series 2015B refunding bonds, OCII is requesting Commission approval to issue both bonds in a single Resolution #64-2015.

Series 2015D

The Series 2015D bonds will be issued against the expected future assessed valuation currently in the pipeline (buildings completed, under construction, or planned) but not yet on the tax rolls. As the parity test does not allow any consideration of future additions to the assessed value, the Series 2015D bonds cannot be structured as a parity bond and must be structured as a subordinate bond. This means that debt service on the Series 2015D bonds will be paid only after debt service is paid on the senior bonds (e.g. 2015B & 2015C and any parity bonds).

The structure of the Series 2015D bonds has certain inherent risks that have been considered and mitigated by OCII. First, because Series 2015D bonds depend on additions to the current tax rolls to pay debt service and such additional revenue may be delayed, repayment is less certain. To account for this uncertainty, the bonds will be structured such that only minimal debt service will be due in the first five years. Second, because investors assume more risk with subordinate bonds, they will require higher interest rates. To mitigate this increased cost, OCII will structure the bonds to accommodate an early call. Given sufficient growth in the tax rolls, an early call will allow the subordinate bonds to be refunded at a future date with lower cost parity bonds, subject to statutory constraints. Third, because the Series 2015D bonds depend on expected assessed valuation to achieve the required debt service coverage, OCII has requested authority to issue $90 million, which would leverage the full expected assessed valuation in Mission Bay South. However, OCII may initially issue only a portion of the $90 million, and issue the remainder of the $90 million authorized amount at a later time. As described in Resolution #65-2015, the amount of each issuance shall be determined by the Executive Director.

As the market has less appetite for subordinate bonds, the Series 2015D bonds will not be offered to the general public but rather, will be sold in a private placement transaction. In a private placement transaction, any investor buying the bonds must be a Qualified Institutional Investor, as defined in the subordinate Bond Indenture, which is generally defined as a "qualified

institutional investor" or certain types of "accredited investors" as defined by Securities Exchange Commission (SEC) regulations. In both instances, the intent is to limit the sale of the subordinate bonds to an investor or investors with "sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of the prospective investment" (SEC Investor Bulletin 9/23/2013). This requirement ensures that only investors with sufficient knowledge to understand the transaction's inherent risks can acquire the bonds. To ensure the bonds are not sold or distributed to small investors, they will be sold only in large quantities. The placement agent will market the bonds to multiple potential accredited investors. However, to ensure that the total financing package described above can be implemented successfully, an affiliate of the master developer has agreed to be the buyer of last resort if there is insufficient market interest.

Bond Structure & Limits

OCII proposes the following "not-to-exceed" limits for the four proposed bond series as detailed below.

Bond Series		**"Not-to-Exceed" Limits in Resolutions**		
		Principal Amount	True Interest Cost	Underwriter's Discount*
MBN 2015A	(Refunding)	$125	5.50%	0.70%
MBS 2015B	(Refunding)	$115	5.50%	0.70%
MBS 2015C	(New Parity Bonds)	$45	5.50%	0.70%
MBS 2015D	(New Subordinate Bonds)	$90	9.00%	0.06%

* For 2015D this will be a placement fee, not an underwriters discount. The Limit set in the Resolution is $50,000 which would round to .06% of $90 million.

The true interest cost listed above is the real cost of taking on the proposed additional debt. As the true interest cost includes all ancillary fees and costs, the true interest cost may be higher than the market interest rate. The underwriter's discount is the difference the price the underwriter pays the issuer and the price at which it sells the offering to the public and reflects the underwriter's fee for issuing the bonds. The Underwriter's discount was established on the advice of OCII's Financial Advisor, based on current industry practice and to accommodate a reasonable range of market conditions.

Underwriter Selection

The resolutions under consideration authorize the selection of the underwriter for Series 2015A, 2015B and 2015C and the selection of the placement agent for Series 2015D. Series 2015A, 2015B, and 2015C utilize an underwriter because the bonds will be publically offered. Series 2015D utilizes a placement agent because the bonds will be offered as a private placement. OCII's recommended selections were made based on a competitive selection process that was

administered according to Section IX.C.5 of the OCII Purchasing Policy, which authorizes OCII staff to select a Contractor from a City and County of San Francisco (CCSF) panel established using the City's competitive selection process. This process is described below.

OCII staff directed Public Financial Managers (PFM), the financial advisor for the proposed transactions, to issue a Request for Proposals (RFP) for bond underwriting services. On July 7th, 2015, PFM issued the RFP and sent it to the members of the City's underwriter panel, giving the panel members ten (10) days to respond. PFM received eight (8) responses. These responses were reviewed by a panel that included Bob Gamble of PFM, Jamie Querubin of the CCSF Controller's Office of Public Finance, and John Daigle, OCII Senior Financial Analyst. The review panel evaluated the proposals on the following criteria: experience in selling California tax allocation bonds, especially since January 1, 2012 (i.e. post dissolution); the number and size of financings in which the firm and the primary service providers participated; the relevance of that experience to the proposed transactions; the depth and quality of the discussion of the structure, credit and marketing of the proposed transactions; and the proposed underwriter's discount. The panel also considered OCII's Local Business Enterprise and Small Business Enterprise contracting goals.

Based on the position of Stifel Nicolaus & Co. ("Stifel") as the leader in post dissolution bond issuance and their sound discussion of the proposed transactions, the panelists ranked Stifel first. Due to the complexity of the MBS credit analysis, the panel recommends assigning Stifel as managing underwriter to the 2015B and 2015C issuances.

The panelists ranked Citigroup Global Markets Inc. ("Citi") second. Although OCII has not used Citi for tax allocation bond underwriting in recent years, because the MBN transaction refunds existing bonds in a project area that is built out, project area specific knowledge is less important to the credit analysis. The panel recommends assigning Citi as the managing underwriter to the 2015A bonds. Using Citi for the 2015A bonds allows OCII to both procure high quality services and diversify its stable of underwriters.

The panelists ranked Backstrom McCarley Berry, LLC ("Backstrom") third. Backstrom has worked with OCII on many financings in recent years, including, as lead underwriter, the Series 2014C bonds and, as co-manager, the 2014A MBS bonds. This experience and knowledge was reflected in Backstrom's proposal. The panel recommends making Backstrom the co-manager for the 2015A, 2015B, and 2015C issuances.

Pursuant to OCII's SBE and LBE policy goals, the panel recommends Blaylock Beal Van as co-manager for the 2015 B and 2015C bonds and Stinson Securities as co-manager for the 2015A bonds. Both firms have provided OCII satisfactory service in co-managers in the past year and, of firms in the SBE category, were ranked highest by the panel.

Based on their demonstrated experience as a private placement agent and their least cost fee structure, the panel recommends Citi as the placement agent for the 2015D issuance.

In Summary, the panel made the following recommendations:

- For the Series 2015A Bonds, Citigroup Global Markets Inc., as managing underwriter and Backstrom, McCarley Berry & Co, LLC and Stinson Securities, LLC as co-managers.

- For the Series 2015B&C Bonds, Stifel, Nicolaus & Company, Inc., as managing underwriter and Backstrom, McCarley Berry & Co, LLC and Blaylock, Beal Van, LLC as co-managers.
- For the Series 2015D Bonds, Citigroup Global Markets, as placement agent.

Budget Amendment

Resolution #62-2015 approves a budget amendment necessary to authorize the expenditure of the $135 million in infrastructure dollars expected to be raised by the issuance of the Series 2015C and 2015D bonds. Currently, the FY15-16 Budget does not include this authority. Although the Series 2015C and 2015D bonds were under consideration at the time the FY15-16 Budget was prepared and submitted to the Commission, because the size of the bond issuance is dependent upon the tax rolls, which were incomplete at the time, the size of the proposed bonds could not be reasonably estimated and therefore could not be included in the budget. As the information necessary to size the bonds is now available, OCII is requesting that the Commission approve a budget amendment to increase the OCII's expenditure authority to include expenditure of the $135 million in anticipated bond proceeds. OCII is also requesting the Commission authorize the Executive Director to submit the amended budget to the Mayor and Board of Supervisors.

Proposed Board Action

Resolution #62-2015	Approving an amended budget to include $135,000,000 expenditure authority for the proceeds of MBS 2015C and MBS 2015D new money bonds and authorizing the OCII Director to submit the amended budget to the Mayor and Board of Supervisors for approval.
Resolution #63-2015	Authorizing the issuance of the $125,000,000 MBN 2015A refunding bonds and approving certain related documents and actions.
Resolution #64-2015	Authorizing the issuance of the $115,000,000 MBS 2015B refunding bonds and the $45,000,000 MBS 2015C parity new money bonds and approving certain related documents and actions.
Resolution #65-2015	Authorizing the issuance of the $90,000,000 MBS 2015D subordinate new money bonds and approving certain related documents and actions.

Next Steps

The estimated timing of next steps is described below:

November 9	Consideration by Oversight Board. Pending approval, distribution of documents to DOF
November 17	Consideration by Commission of Fiscal Consultant contract
December 15	Consideration by Commission of issuance, related staff action and transaction documents, including preliminary offering statements

December 15	Financing Authority consideration of bond related actions.
Early January	Pending approval, Bond Pricing
Late January	Pending approval, Bond Closing

Enabling Law

Redevelopment Dissolution Law grants Successor Agencies the authority to issue bonds, subject to review and approval by the Oversight Board and the Department of Finance, for the purpose of creating savings in the use of tax increment to service debt, to smooth debt service spikes, and to fulfill enforceable obligations including irrevocable pledge of property tax increment and requiring the issuance of bonds secured by this pledge. California Health and Safety Code Section 34177.5(a)(1).

California Environmental Quality Act

The issuance of refunding bonds is not a "project," as defined by the California Environmental Quality Act ("CEQA") in CEQA Guidelines Section 15378(b) (5), because the action will not result in a physical change in the environment and therefore is not subject to environmental review under CEQA.

(Originated by John Daigle, Sr. Financial Analyst)

Tiffany Bohee
Executive Director

Attachment F

AGREEMENT REGARDING THE REDEMPTION, DEFEASANCE AND PAYMENT OF 2005 SERIES D BONDS AND 2005 SERIES D LOAN AGREEMENT

By and Among

CITY AND COUNTY OF SAN FRANCISCO REDEVELOPMENT FINANCING AUTHORITY

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

and

U.S. BANK NATIONAL ASSOCIATION, as Escrow Trustee

Dated as _____ _, 2016

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SCHEDULE A - 2005 Series D Bonds Being Refunded

AGREEMENT REGARDING
THE REDEMPTION, DEFEASANCE AND PAYMENT OF
2005 SERIES D BONDS AND 2005 SERIES D LOAN AGREEMENT

THIS AGREEMENT REGARDING THE REDEMPTION, DEFEASANCE AND PAYMENT OF 2005 SERIES D BONDS AND 2005 SERIES D LOAN AGREEMENT, dated as of _____ _, 2016 (this "Agreement Regarding Redemption"), by and among the CITY AND COUNTY OF SAN FRANCISCO REDEVELOPMENT FINANCING AUTHORITY, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Authority"), the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public entity existing under the laws of the State of California (the "Successor Agency"), as successor agency to the Redevelopment Agency of the City and County of San Francisco (the "Former Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as escrow trustee (the "Escrow Trustee").

W I T N E S S E T H:

WHEREAS, the Successor Agency is, simultaneously with the execution of this Agreement Regarding Redemption, issuing $_____ aggregate principal amount of its 2016 Series C Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project) (the "2016 Series C Bonds");

WHEREAS, the 2016 Series C Bonds are being issued, in part, for the purpose of providing moneys to refund [all/a portion of] of the 2005 Series D Bonds (as hereinafter defined) and provide for the prepayment of the amounts owed by the Successor Agency under the 2005 Series D Loan Agreement (as hereinafter defined);

WHEREAS, in order to accomplish the refunding of the 2005 Series D Bonds and the 2005 Series D Loan Agreement, the Successor Agency will deposit, or cause to be deposited, a portion of the proceeds of the 2016 Series C Bonds and certain other moneys of the Successor Agency with the Escrow Trustee in accordance with this Agreement Regarding Redemption; and

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Agreement Regarding Redemption shall have the respective meanings which such terms are given in Section 1.01 of the Indenture (hereinafter defined). In addition, the following terms defined in this Section 1 shall, for all purposes of this Agreement Regarding Redemption, have the respective meanings herein specified.

"Indenture" means the Indenture of Trust, dated as of _____ _, 2016, by and between the Successor Agency and U.S. Bank National Association, as trustee thereunder2016, relating to the issuance of the 2016 Series C Bonds.

"2005 Series D Bonds" means the Authority's $16,230,000 initial aggregate principal amount of 2005 Series D Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project).

"2005 Series D Indenture" means the Indenture of Trust dated as of July 1, 2005 between the Authority and U.S. Bank National Association, as trustee.

"2005 Series D Loan Agreement" means the Loan Agreement dated as of July 1, 2005, by and among the Former Agency, U.S. Bank National Association, as trustee, and the Authority relating to the Mission Bay North Redevelopment Project Area and entered into in connection with the 2005 Series D Bonds.

SECTION 2. Creation of Escrow Fund. There is hereby created and established with the Escrow Trustee a special and irrevocable escrow fund designated "2005 Series D Escrow Fund" (the "Escrow Fund") to be held in the custody of the Escrow Trustee in trust under this Agreement Regarding Redemption for the benefit of the beneficial owners of the 2005 Series D Bonds.

Moneys on deposit in the Escrow Fund shall be held in the custody of the Escrow Trustee solely for the benefit of the owners of the 2005 Series D Bonds. Except to the extent of any excess to be released as provided in Section 12 hereof, neither the Authority nor the Successor Agency shall have any interest in the funds held in the Escrow Fund. The moneys held hereunder shall be irrevocably pledged and set aside for the payment of the 2005 Series D Bonds and the 2005 Series D Loan Agreement as provided in Section 6 hereof.

SECTION 3. Deposit to the Escrow Fund. Concurrently with the execution and delivery of this Agreement Regarding Redemption, the Successor Agency shall deposit, or cause to be deposited, with the Escrow Trustee $_____ to be derived from the proceeds of the 2016 Series C Bonds, and $_____ to be derived from funds held under reserve accounts established under the 2005 Series D Loan Agreement, for a total deposit of $_____, which amounts the Successor Agency hereby instructs the Escrow Trustee to hold and use as provided in this Agreement Regarding Redemption. The Escrow Trustee shall hold all such amounts uninvested in cash.

SECTION 4. [Reserved]

SECTION 5. Creation of Lien on Escrow Fund. The Escrow Fund created hereby shall be irrevocable, and the Escrow Trustee is hereby appointed to act for the benefit of the owners of the 2005 Series D Bonds, which are hereby granted an express lien on the Escrow Fund, and all moneys from time to time held therein, for the payment of amounts described in Section 6 below. The Escrow Trustee shall hold the moneys on deposit in the Escrow Fund separate and apart from, and not commingled with, any other moneys or investments.

SECTION 6. Use of Escrow Fund. The Escrow Trustee shall use the amounts on deposit in cash in the Escrow Fund to pay the redemption price on the 2005 Series D Bonds on _____ __, 2016, as set forth in Schedule A hereto. All amounts remaining in the Escrow Fund after the payment of such debt service shall be transferred to or upon the direction of the Successor Agency and used to pay debt service on the 2016 Series C Bonds.

As a result of the deposit into and use of the Escrow Fund as described herein, all payment obligations of the Authority with respect to the 2005 Series D Bonds and the Successor Agency under the 2005 Series D Loan Agreement have been discharged in full.

SECTION 7. Notice of Redemption. The Escrow Trustee has heretofore mailed to the owners of the 2005 Series D Bonds a notice of redemption as required by the 2005 Series D Indenture.

SECTION 8. [Reserved]

SECTION 9. Liability of Escrow Trustee.

The Successor Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to the extent permitted by law to indemnify, protect, save and keep harmless the Escrow Trustee and its respective successors, assigns, agents, officers, directors, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Trustee at any time (whether or not also indemnified against the same by the Successor Agency or by any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement Regarding Redemption, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, and any payment, transfer or other application of moneys by the Escrow Trustee in accordance with the provisions of this Agreement Regarding Redemption; provided, however, that the Successor Agency shall not be required to indemnify the Escrow Trustee against the Escrow Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Trustee's agents and employees or the willful breach by the Escrow Trustee of the terms of this Agreement Regarding Redemption. In no event shall the Successor Agency or the Escrow Trustee be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement Regarding Redemption and the resignation or removal of the Escrow Trustee.

The Escrow Trustee undertakes to perform only such duties as are expressly and specifically set forth in this Agreement Regarding Redemption and no implied duties or obligations shall be read into this Agreement Regarding Redemption against the Escrow Trustee.

The Escrow Trustee shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Trustee be liable for any special indirect or consequential damages.

The Escrow Trustee may consult with counsel of its own choice and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

The Escrow Trustee shall not be responsible for any of the recitals or representations contained herein.

Whenever in the administration of this Agreement Regarding Redemption the Escrow Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Trustee, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Successor Agency, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Trustee, be full warrant to the Escrow Trustee for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

The Escrow Trustee may at any time resign by giving written notice to the Authority and the Successor Agency of such resignation. The Authority and the Successor Agency shall promptly appoint a successor Escrow Trustee by the resignation date. Resignation of the Escrow Trustee will be effective upon acceptance of appointment by a successor Escrow Trustee. If the Authority and the Successor Agency do not appoint a successor, the Escrow Trustee may petition any court of competent jurisdiction for the appointment of a successor Escrow Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Trustee.

The liability of the Escrow Trustee to make the payments required by Agreement Regarding Redemption shall be limited to the cash in the Escrow Fund.

The Escrow Trustee shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal, interest, or premiums, if any, on the 2005 Series D Bonds.

No provision of this Agreement Regarding Redemption shall require the Escrow Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

SECTION 10. Sufficiency of Escrow. The Authority agrees that if for any reason the moneys and other funds in the Escrow Fund are insufficient or otherwise unavailable to pay timely principal and premium of, and interest on, the 2005 Series D Bonds identified in Schedule A hereto, the Authority shall continue to be liable therefor in accordance with the terms of the indentures of trust relating to the 2005 Series D Bonds.

SECTION 11. Successor Escrow Trustee. Any corporation into which the Escrow Trustee and the trust created by this Agreement Regarding Redemption may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Trustee shall be a party, shall, if satisfactory to the Successor Agency, be the successor Escrow Trustee under this Agreement Regarding Redemption without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 12. Termination. This Agreement Regarding Redemption shall terminate when all transfers and payments required to be made by the Escrow Trustee under the provisions of Section 6 hereof shall have been made and any moneys remaining in the Escrow Fund at the time of such termination shall have been distributed to the Successor Agency and the Escrow Trustee has made a final report to the Successor Agency.

SECTION 13. Tax-Exempt Nature of Interest on Bonds. The Successor Agency and the Authority each covenants and agrees for the benefit of the owners of the 2005 Series D Bonds that they will not perform or permit to be performed any thing or act in such manner as would cause interest on the 2005 Series D Bonds or the 2016 Series C Bonds to be included in the gross income of the recipients thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and, in particular, it will not use any of the proceeds received from the sale of the 2016 Series C Bonds, directly or indirectly, in any manner which would result in the 2005 Series D Bonds or the 2016 Series C Bonds being classified as "arbitrage bonds" within the meaning of Section 148(a) of the Code.

SECTION 14. Severability. If any one or more of the covenants and agreements provided in this Agreement Regarding Redemption on the part of the Successor Agency or the Escrow Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement Regarding Redemption.

SECTION 15. Successors and Assigns. All of the covenants and agreements in this Agreement Regarding Redemption contained by or on behalf of the Successor Agency, the Authority and the Escrow Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 16. Compensation of Escrow Trustee. For acting under this Agreement Regarding Redemption, the Escrow Trustee shall be entitled to payment of fees for its services and reimbursement of advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Escrow Trustee in connection with its services under this Agreement Regarding Redemption; however, such amount shall never be payable from or become a lien upon the Escrow Fund, which fund shall be held solely for the purposes and subject to the lien set forth in Section 5 of this Agreement Regarding Redemption.

The Successor Agency covenants to indemnify and hold harmless the Escrow Trustee against any loss, liability or expense, including legal fees in connection with the performance of any of its duties hereunder, except the Escrow Trustee shall not be indemnified against any loss, liability or expense resulting from its negligence or willful misconduct. Such indemnification shall survive the termination of this Agreement Regarding Redemption.

SECTION 17. Governing Law. This Agreement Regarding Redemption shall be governed by the applicable laws of the State of California.

SECTION 18. Headings. Any headings preceding the text of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement Regarding Redemption, nor shall they affect its meaning, construction or effect.

SECTION 19. Counterparts. This Agreement Regarding Redemption may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the City and County of San Francisco Redevelopment Financing Authority, the Successor Agency to the Redevelopment Agency of the City and County of San Francisco and U.S. Bank National Association, as Escrow Trustee, have each caused this Agreement Regarding Redemption to be executed, and U.S. Bank National Association, as trustee for the 2005 Series D Bonds, has caused this Agreement Regarding Redemption to be acknowledged, by their duly authorized officers as of the date first above written.

CITY AND COUNTY OF SAN FRANCISCO
REDEVELOPMENT FINANCING
AUTHORITY

By: _____
Treasurer

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

By: _____
Deputy Executive Director,
Finance and Administration

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Trustee

By: _____
Authorized Officer

ACKNOWLEDGEMENT OF
U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE FOR THE 2005 SERIES D BONDS

U.S. Bank National Association, as Trustee for the 2005 Series D Bonds hereby acknowledges the provisions of this Agreement Regarding Redemption and, in particular, Section 7 hereof and, as such provisions are applicable to U.S. Bank National Association, in its capacity as Trustee for the 2005 Series D Bonds agrees to comply therewith. U.S. Bank National Association, as Trustee for the 2005 Series D Bonds, hereby also waives, pursuant to Section 2.03 of the 2005 Series D Loan Agreement, receipt of the written notice of the Successor Agency's intention to prepay the loans made from the proceeds of the 2005 Series D Loan Agreement.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee for the 2005 Series D Bonds

By:_____
Authorized Officer

SCHEDULE A

2005 Series D Bonds Being Refunded*

Maturity Date (August 1)	Principal Amount	Interest Rate
2016	$ 410,000	4.000%
2017	430,000	4.125
2018	445,000	4.250
2019	465,000	4.375
2020	485,000	4.375
2021	505,000	4.500
2022	530,000	4.500
2023	555,000	4.600
2024	580,000	4.625
2025	605,000	4.625
2026	635,000	4.625
2029	2,090,000	4.750
2035	5,185,000	5.000

_____

*To be redeemed on _____ __, 2016 at a price of 100% of the principal amount thereof plus accrued interest thereon, without premium.

Attachment G

AGREEMENT REGARDING THE REDEMPTION, DEFEASANCE AND PAYMENT OF 2009 SERIES D BONDS AND 2009 SERIES D LOAN AGREEMENT

By and Among

CITY AND COUNTY OF SAN FRANCISCO REDEVELOPMENT FINANCING AUTHORITY

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

and

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Trustee

Dated as _____ 1, 2016

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SCHEDULE A - Escrowed Securities
APPENDIX A - Notice of Defeasance

AGREEMENT REGARDING
THE REDEMPTION, DEFEASANCE AND PAYMENT OF
2009 SERIES D BONDS AND 2009 SERIES D LOAN AGREEMENT

THIS AGREEMENT REGARDING THE REDEMPTION, DEFEASANCE AND PAYMENT OF 2009 SERIES D BONDS AND 2009 SERIES D LOAN AGREEMENT, dated as of _____ 1, 2016 (this "Agreement Regarding Redemption"), by and among the CITY AND COUNTY OF SAN FRANCISCO REDEVELOPMENT FINANCING AUTHORITY, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Authority"), the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public entity existing under the laws of the State of California (the "Successor Agency"), as successor agency to the Redevelopment Agency of the City and County of San Francisco (the "Former Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as escrow trustee (the "Escrow Trustee").

W I T N E S S E T H:

WHEREAS, the Successor Agency is, simultaneously with the execution of this Agreement Regarding Redemption, issuing $_____ aggregate principal amount of its 2016 Series B Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project) (the "2016 Series B Bonds");

WHEREAS, the 2016 Series B Bonds are being issued, in part, for the purpose of providing moneys to refund [all/a portion of] of the 2009 Series D Bonds (as hereinafter defined) and provide for the prepayment of the amounts owed by the Successor Agency under the 2009 Series D Loan Agreement (as hereinafter defined);

WHEREAS, in order to accomplish the refunding of the 2009 Series D Bonds and the 2009 Series D Loan Agreement, the Successor Agency will deposit, or cause to be deposited, a portion of the proceeds of the 2016 Series B Bonds and certain other moneys of the Successor Agency with the Escrow Trustee in accordance with this Agreement Regarding Redemption; and

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Agreement Regarding Redemption shall have the respective meanings which such terms are given in Section 1.01 of the Indenture (hereinafter defined). In addition, the following terms defined in this Section 1 shall, for all purposes of this Agreement Regarding Redemption, have the respective meanings herein specified.

"Eligible Securities" shall have the meaning assigned to such term in Section 3 hereof.

"Escrowed Securities" shall have the meaning assigned to such term in Section 3 hereof.

"Indenture" means the Indenture of Trust, dated as of March 1, 2014, as supplemented by the First Supplemental Indenture of Trust dated as of _____ 1, 2016, both by and between the Successor Agency and U.S. Bank National Association, as trustee thereunder2016, pursuant to which the 2016 Series B Bonds were issued.

"2009 Series D Bonds" means the Authority's $49,810,000 initial aggregate principal amount of 2009 Series D Tax Allocation Revenue Bonds (Mission Bay South Redevelopment Project).

"2009 Series D Indenture" means the Indenture of Trust dated as of September 1, 2009, between the Authority and U.S. Bank National Association, as trustee.

"2009 Series D Loan Agreement" means the Loan Agreement dated as of September 1, 2009, by and among the Former Agency, U.S. Bank National Association, as trustee, and the Authority relating to the merged Mission Bay South Redevelopment Project Area and entered into in connection with the 2009 Series D Bonds.

SECTION 2. Creation of Escrow Fund. There is hereby created and established with the Escrow Trustee a special and irrevocable escrow fund designated “2009 Series D Escrow Fund” (the "Escrow Fund") to be held in the custody of the Escrow Trustee in trust under this Agreement Regarding Redemption for the benefit of the beneficial owners of the 2009 Series D Bonds.

Moneys on deposit in the Escrow Fund shall be held in the custody of the Escrow Trustee solely for the benefit of the owners of the 2009 Series D Bonds. Except to the extent of any excess to be released as provided in Section 12 hereof, neither the Authority nor the Successor Agency shall have any interest in the funds held in the Escrow Fund. The moneys held hereunder shall be irrevocably pledged and set aside for the payment of the 2009 Series D Bonds and the 2009 Series D Loan Agreement as provided in Section 6 hereof.

SECTION 3. Deposit to the Escrow Fund. Concurrently with the execution and delivery of this Agreement Regarding Redemption, the Successor Agency shall deposit, or cause to be deposited, with the Escrow Trustee $_____ to be derived from the proceeds of the 2016 Series B Bonds, and $_____ to be derived from funds held under reserve accounts established under the 2009 Series D Loan Agreement, for a total deposit of $_____, which amounts the Successor Agency hereby instructs the Escrow Trustee to hold and use as provided in this Agreement Regarding Redemption.

The Escrow Trustee shall, on _____ __, 2016, use $_____ of such amounts to purchase the security listed on Schedule A attached hereto and made a part hereof (the "Escrowed Securities") (which security the Successor Agency represents are Eligible Securities as hereinafter defined) maturing on the dates and in the amounts necessary to make the transfers described in Section 6 hereof. The remaining $_____ shall be held uninvested in cash.

For purposes of this Agreement Regarding Redemption, the term "Eligible Securities" means direct non-callable obligations of the United States government, United State Treasury STRIPS, and direct non-callable, non-prepayable obligations for which the full and timely payment of principal and interest is unconditionally guaranteed by the United States Government, including interest strips of the Resolution Funding Corporation for which

separation of principal and interest is made by a Federal Reserve Bank in book-entry form, but excluding unit investment trusts in money market mutual funds.

SECTION 4. Investment of Escrow Fund. The Escrow Trustee will purchase the Escrowed Securities in the name of the Escrow Trustee as provided in Section 3 above and will hold such Escrowed Securities, and any earnings received thereon and any reinvestment thereof in the Escrow Fund and disburse such amounts as provided herein. The Escrow Trustee shall collect amounts due and shall sell or otherwise liquidate investments in the Escrow Fund as needed to make the payments and transfers required by this Agreement Regarding Redemption and may sell, liquidate or otherwise dispose of the Escrowed Securities in accordance with Section 8 hereof and may substitute, upon the written direction of the Successor Agency, Eligible Securities subject to the terms and limitations of Section 8 hereof but otherwise shall have no power or duty to sell, transfer or otherwise dispose of the Escrowed Securities.

SECTION 5. Creation of Lien on Escrow Fund. The Escrow Fund created hereby shall be irrevocable, and the Escrow Trustee is hereby appointed to act for the benefit of the owners of the 2009 Series D Bonds, which are hereby granted an express lien on the Escrow Fund, and all moneys from time to time held therein, for the payment of amounts described in Section 6 below. The Escrow Trustee shall hold the moneys on deposit in the Escrow Fund separate and apart from, and not commingled with, any other moneys or investments.

SECTION 6. Use of Escrow Fund. The Escrow Trustee shall use the maturing Escrowed Securities, the interest earnings thereon, and amounts deposited in cash in the Escrow Fund to pay the principal and interest on the 2009 Series D Bonds to and including August 1, 2019, and the redemption price of the 2009 Series D Bonds maturing on and after August 1, 2020, on August 1, 2019. All amounts remaining in the Escrow Fund after the payment of all such debt service shall be transferred to or upon the direction of the Successor Agency and used to pay debt service on the 2016 Series B Bonds.

As a result of the deposit into and use of the Escrow Fund as described herein, all payment obligations of the Successor Agency under the 2009 Series D Loan Agreement have been discharged in full.

SECTION 7. Notice of Redemption. Not less than 30 days prior to August 1, 2019, the Escrow Trustee will mail to the owners of the 2009 Series D Bonds a notice of redemption as required by the 2009 Series D Indenture.

SECTION 8. Reinvestment; Substitution; Liquidation. Interest income and other amounts received by the Escrow Trustee as payments on the Escrowed Securities shall be held as part of the Escrow Fund to be used for the purposes set forth in Section 6 of this Agreement Regarding Redemption and shall be invested by the Escrow Trustee in Eligible Securities but only at the written direction of the Authority and the Successor Agency, provided that (i) such amounts may only be invested in Eligible Securities and (ii) such investments shall have maturities which do not extend beyond the date on which the moneys so invested will be needed to make the transfers required by Section 6 of this Agreement Regarding Redemption.

If the Successor Agency and the Authority, at any time, deliver to the Escrow Trustee written instructions instructing the Escrow Trustee to liquidate, sell or otherwise dispose of any or all securities or investments in the Escrow Fund, purchase or otherwise acquire Eligible

Securities, and/or to release any moneys or securities therein to the Successor Agency, and further delivers to the Escrow Trustee, each of the following:

(a) a revised Schedule A (together with a certification by the Successor Agency that the securities or investments described therein are Eligible Securities);

(b) a report of a nationally recognized firm of independent certified public accountants verifying that the securities or investments described on such Schedule A will provide moneys (excluding reinvestment earnings), available in both time and amount, to enable timely payment of all amounts required in accordance with Section 6; and

(c) an opinion of nationally recognized bond counsel to the effect that the liquidation, sale or other disposition of securities or investments in the Escrow Fund, the purchase or other acquisition of securities or investments and the deposit thereof in the Escrow Fund, or the release of amounts from the Escrow Fund as described in this Section 8 will not adversely affect the exclusion of interest on any of the 2009 Series D Bonds or the 2016 Series B Bonds from federal income taxation or result in loss of the exemption of interest on any of the 2009 Series D Bonds or the 2016 Series B Bonds from State of California personal income taxes;

then the Escrow Trustee shall liquidate, sell or otherwise dispose of the securities in the Escrow Fund, shall purchase (or retain) the securities or investments described in such revised Schedule A and transfer to the Successor Agency, free and clear of the lien of this Agreement Regarding Redemption, any and all amounts in the Escrow Fund not required for the purchase of the investments described on such revised Schedule A, all in accordance with such instructions from the Successor Agency referred to above.

SECTION 9. Liability of Escrow Trustee. The Successor Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to the extent permitted by law to indemnify, protect, save and keep harmless the Escrow Trustee and its respective successors, assigns, agents, officers, directors, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Trustee at any time (whether or not also indemnified against the same by the Successor Agency or by any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement Regarding Redemption, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, and any payment, transfer or other application of moneys by the Escrow Trustee in accordance with the provisions of this Agreement Regarding Redemption; provided, however, that the Successor Agency shall not be required to indemnify the Escrow Trustee against the Escrow Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Trustee's agents and employees or the willful breach by the Escrow Trustee of the terms of this Agreement Regarding Redemption. In no event shall the Successor Agency or the Escrow Trustee be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement Regarding Redemption and the resignation or removal of the Escrow Trustee.

The Escrow Trustee undertakes to perform only such duties as are expressly and specifically set forth in this Agreement Regarding Redemption and no implied duties or obligations shall be read into this Agreement Regarding Redemption against the Escrow Trustee.

The Escrow Trustee shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Trustee be liable for any special indirect or consequential damages.

The Escrow Trustee may consult with counsel of its own choice and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

The Escrow Trustee shall not be responsible for any of the recitals or representations contained herein.

Whenever in the administration of this Agreement Regarding Redemption the Escrow Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Trustee, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Successor Agency, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Trustee, be full warrant to the Escrow Trustee for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

The Escrow Trustee may at any time resign by giving written notice to the Authority and the Successor Agency of such resignation. The Authority and the Successor Agency shall promptly appoint a successor Escrow Trustee by the resignation date. Resignation of the Escrow Trustee will be effective upon acceptance of appointment by a successor Escrow Trustee. If the Authority and the Successor Agency do not appoint a successor, the Escrow Trustee may petition any court of competent jurisdiction for the appointment of a successor Escrow Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Trustee.

The liability of the Escrow Trustee to make the payments required by Agreement Regarding Redemption shall be limited to the cash in the Escrow Fund.

The Escrow Trustee shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal, interest, or premiums, if any, on the 2009 Series D Bonds.

No provision of this Agreement Regarding Redemption shall require the Escrow Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

SECTION 10. Sufficiency of Escrow. The Authority agrees that if for any reason the moneys and other funds in the Escrow Fund are insufficient or otherwise unavailable to pay timely principal and premium of, and interest on, the 2009 Series D Bonds identified in Schedule A hereto, the Authority shall continue to be liable therefor in accordance with the terms of the indentures of trust relating to the 2009 Series D Bonds.

SECTION 11. Successor Escrow Trustee. Any corporation into which the Escrow Trustee and the trust created by this Agreement Regarding Redemption may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Trustee shall be a party, shall, if satisfactory to the Successor Agency, be the successor Escrow Trustee under this Agreement Regarding Redemption without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 12. Termination. This Agreement Regarding Redemption shall terminate when all transfers and payments required to be made by the Escrow Trustee under the provisions of Section 6 hereof shall have been made and any moneys remaining in the Escrow Fund at the time of such termination shall have been distributed to the Successor Agency and the Escrow Trustee has made a final report to the Successor Agency.

SECTION 13. Tax-Exempt Nature of Interest on Bonds. The Successor Agency and the Authority each covenants and agrees for the benefit of the owners of the 2009 Series D Bonds that they will not perform or permit to be performed any thing or act in such manner as would cause interest on the 2009 Series D Bonds or the 2016 Series B Bonds to be included in the gross income of the recipients thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and, in particular, it will not use any of the proceeds received from the sale of the 2016 Series B Bonds, directly or indirectly, in any manner which would result in the 2009 Series D Bonds or the 2016 Series B Bonds being classified as "arbitrage bonds" within the meaning of Section 148(a) of the Code.

SECTION 14. Severability. If any one or more of the covenants and agreements provided in this Agreement Regarding Redemption on the part of the Successor Agency or the Escrow Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement Regarding Redemption.

SECTION 15. Successors and Assigns. All of the covenants and agreements in this Agreement Regarding Redemption contained by or on behalf of the Successor Agency, the Authority and the Escrow Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 16. Compensation of Escrow Trustee. For acting under this Agreement Regarding Redemption, the Escrow Trustee shall be entitled to payment of fees for its services and reimbursement of advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Escrow Trustee in connection with its services under this Agreement Regarding Redemption; however, such amount shall never be payable from or become a lien upon the Escrow Fund, which fund shall be held solely for the purposes and subject to the lien set forth in Section 5 of this Agreement Regarding Redemption.

The Successor Agency covenants to indemnify and hold harmless the Escrow Trustee against any loss, liability or expense, including legal fees in connection with the performance of any of its duties hereunder, except the Escrow Trustee shall not be indemnified against any loss, liability or expense resulting from its negligence or willful misconduct. Such indemnification shall survive the termination of this Agreement Regarding Redemption.

SECTION 17. Governing Law. This Agreement Regarding Redemption shall be governed by the applicable laws of the State of California.

SECTION 18. Headings. Any headings preceding the text of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement Regarding Redemption, nor shall they affect its meaning, construction or effect.

SECTION 19. Amendments. This Agreement Regarding Redemption may be amended or supplemented in writing by the Successor Agency, the Authority and the Escrow Trustee, but only if the Successor Agency and the Authority comply with the provisions of Section 8, if applicable. No such amendment or supplement shall affect the lien or application of amounts in the Escrow Fund for the payment of the 2009 Series D Bonds, as contemplated hereby, and shall not otherwise materially adversely affect the interests of the holders of the 2009 Series D Bonds, all as evidenced by an opinion of counsel delivered to the Escrow Trustee, unless the holders of a majority in aggregate principal amount of the Series 2009 D Bonds consent to such amendment or supplement.

SECTION 20. Counterparts. This Agreement Regarding Redemption may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the City and County of San Francisco Redevelopment Financing Authority, the Successor Agency to the Redevelopment Agency of the City and County of San Francisco and U.S. Bank National Association, as Escrow Trustee, have each caused this Agreement Regarding Redemption to be executed, and U.S. Bank National Association, as trustee for the 2009 Series D Bonds, has caused this Agreement Regarding Redemption to be acknowledged, by their duly authorized officers as of the date first above written.

CITY AND COUNTY OF SAN FRANCISCO
REDEVELOPMENT FINANCING
AUTHORITY

By: _____
Treasurer

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

By: _____
Deputy Executive Director,
Finance and Administration

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Trustee

By: _____
Authorized Officer

ACKNOWLEDGEMENT OF
U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE FOR THE 2009 SERIES D BONDS

U.S. Bank National Association, as Trustee for the 2009 Series D Bonds hereby acknowledges the provisions of this Agreement Regarding Redemption and, in particular, Section 7 hereof and, as such provisions are applicable to U.S. Bank National Association, in its capacity as Trustee for the 2009 Series D Bonds agrees to comply therewith. U.S. Bank National Association, as Trustee for the 2009 Series D Bonds, hereby also waives, pursuant to Section 2.03 of the 2009 Series D Loan Agreement, receipt of the written notice of the Successor Agency's intention to prepay the loans made from the proceeds of the 2009 Series D Loan Agreement.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee for the 2009 Series D Bonds

By:_____
Authorized Officer

SCHEDULE A

Escrowed Securities

Maturity	Rate (%)	Par Amount	Price (%)	Purchase Cost	Accrued Interest	Total Purchase Cost

NOTICE OF DEFEASANCE

Notice to the Holders of Outstanding

$49,810,000
City and County of San Francisco
Redevelopment Financing Authority
2009 Series D Tax Allocation Revenue Bonds
(Mission Bay South Redevelopment Project)

NOTICE IS HEREBY GIVEN that the City and County of San Francisco Redevelopment Financing Authority (the "Authority") has on _____, 2016 from the proceeds of sale of bonds and other sources, irrevocably set aside in an Escrow Fund created for such purpose and held by U.S. Bank National Association, San Francisco, California, as escrow trustee (the "Escrow Trustee") pursuant to an Agreement Regarding Redemption, Defeasance and Payment of 2009 Series D Bonds and 2009 Series D Loan Agreement, dated as of _____ 1, 2016 (the "Agreement Regarding Redemption"), by and among the Authority, the former Redevelopment Agency of the City and County of San Francisco, and the Escrow Trustee, moneys which, when added to the investment earnings therefrom, shall be sufficient to pay the principal and interest on the portion of the captioned bonds identified on Exhibit A hereto (the "Prerefunded Bonds") to and including August 1, 2019, and the redemption price on the Prerefunded Bonds maturing on and after August 1, 2020. The captioned current interest bonds that are not being defeased are also identified on Exhibit A hereto.

In accordance with the terms of the indenture of trust relating to the Prerefunded Bonds, notice of redemption of the Prerefunded Bonds to be redeemed is required to be given by U.S. Bank National Association, as trustee (the "Trustee") for the Prerefunded Bonds, on a date not more than 60 days or less than 30 days prior to the date fixed for redemption thereof.

The moneys so deposited in the Escrow Fund (as defined in the Agreement Regarding Redemption (including the earnings derived from the investment thereof) are irrevocably pledged to the payment of principal or redemption price of and interest on the outstanding Prerefunded Bonds. Said moneys have been invested in obligations for the payment of which the full faith and credit of the United States of America is pledged and which bear interest and mature on such dates as to insure the payment of all principal, premium, as applicable, and interest on the Prerefunded Bonds. Pursuant to the Agreement Regarding Redemption, the Agency may substitute securities for those initially allocated to the Escrow Fund and withdraw moneys from the Escrow Fund subject to the terms and conditions set forth in the Agreement Regarding Redemption.

As a consequence of the foregoing actions and in accordance with the indenture of trust relating to the Prerefunded Bonds, the Prerefunded Bonds are no longer secured by a pledge of Revenues, such pledge and the obligations and covenants of the Authority under said indenture of trust having been fully released and discharged, and the Prerefunded Bonds are payable solely from the moneys set aside in escrow as described above and, if necessary, from other legally available funds of the Authority.

Additional information regarding the foregoing actions may be obtained from U.S. Bank National Association **[contact info to come]**.

Dated: _____ __, 2016

U.S. BANK NATIONAL ASSOCIATION
as Escrow Trustee

EXHIBIT A

$49,810,000
City and County of San Francisco
Redevelopment Financing Authority
2009 Series D Tax Allocation Revenue Bonds
(Mission Bay South Redevelopment Project)

Prerefunded Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Original CUSIP (Base: 79771P)	New CUSIP (Base: 79771P)
2016	$ 885,000	5.250%	R72	
2017	930,000	5.000	R80	
2018	975,000	5.250	R98	
2019	1,030,000	5.500	S22	
2020*	1,085,000	6.000	S30	
2021*	1,150,000	6.250	S48	
2022*	1,220,000	6.250	S55	
2023*	1,300,000	6.250	S63	
2024*	1,380,000	6.000	S71	
2025*	1,465,000	6.000	S89	
2026*	1,550,000	6.125	S97	
2027*	1,645,000	6.250	T21	
2028*	1,750,000	6.250	T39	
2029*	1,855,000	6.375	T47	
2030*	1,975,000	6.500	T54	
2031*	2,105,000	6.500	T62	
2039*	22,685,000	6.625	T70	

*To be redeemed on August 1, 2019 at a price of 100% of the principal amount thereof plus accrued interest thereon, without premium.

CB Draft 02/18/2016

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016

NEW ISSUE
BOOK-ENTRY ONLY

RATING: Standard & Poor's: "___"
(See "RATING" herein)

DAC Bond®

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications, under existing law, the interest on the 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 imposed on individuals and corporations, provided, however, that for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is required to be taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

$125,000,000*
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO
2016 Series A Tax Allocation Refunding Bonds
(Mission Bay North Redevelopment Project)

Dated: Date of Delivery **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 Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2016 Series A Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project) (the "Bonds") 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 _____ 1, 2016, by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee").

Interest on the Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2016. Principal of the Bonds will be payable on the dates and in the respective principal amounts set forth on the inside cover page.

The Bonds 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 Bonds. Beneficial ownership interests in the 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 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 the 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 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS – Redemption Provisions."

The Bonds are being issued for the purpose of providing funds, together with certain other available monies, to (i) refund certain obligations of the former Redevelopment Agency of the City and County of San

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification or filing under the securities laws of any such jurisdiction.

Francisco, as described herein under "INTRODUCTION," (ii) make a deposit to the Reserve Account established under the Indenture, and (iii) pay costs associated with the issuance of the Bonds. See "THE REFUNDING PLAN" and "ESTIMATED RESOURCES AND USES OF FUNDS." The Successor Agency [has applied] [will apply] to certain municipal bond insurers to obtain a municipal bond insurance policy and a reserve surety bond. If a municipal bond insurance policy is obtained, it would guarantee the scheduled payment of the principal of and interest on all or a portion of the Bonds. No assurance can be given as to whether the Successor Agency will purchase a municipal bond insurance policy or a reserve surety bond. See "INTRODUCTION – Reserve Account" and "–Bond Insurance" herein. If obtained, proceeds of the Bonds may also be used to purchase such municipal bond insurance or reserve surety bond.

The Bonds are payable from and secured by Tax Revenues (defined herein), consisting primarily of certain revenues generated from taxes on the property within the Mission Bay North Redevelopment Project Area on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll. No funds or properties of the Successor Agency, other than the Tax Revenues and certain other amounts held under the Indenture, are pledged to secure the Bonds. The Successor Agency has outstanding indebtedness and may incur additional indebtedness that is payable, on an equal priority basis, from the same tax revenues as the Bonds so long as certain conditions precedent have been met at the time such indebtedness is incurred, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Limitations on Additional Indebtedness – *Parity Debt.*"

The Bonds are limited obligations of the Successor Agency, the principal of, premium, if any, and interest on which are payable solely from Tax Revenues and certain other amounts on deposit in the funds and accounts held under the Indenture. The 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 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 Bonds. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power.

The 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. Curls Bartling P.C., Oakland, 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 Bonds will be delivered to the Underwriters through the facilities of DTC in New York, New York on or about _____, 2016.

Citigroup

Backstrom McCarley Berry & Co., LLC **Stinson Securities, LLC**

Dated: _____, 2016

MATURITY SCHEDULE

$_____
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO
2016 Series A Tax Allocation Refunding Bonds
(Mission Bay North Redevelopment Project)

$_____ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP No. (Base: 79770G)[†]

$_____ __% Term Bonds due August 1, 20__, Yield _____%, CUSIP[†] No. 79770G

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data herein is provided by CGS. Copyright© 2016 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database and are included solely for convenience. Neither the Successor Agency nor the Underwriters assume any responsibility for the accuracy of the CUSIP data.

[Map to Come.]

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

Commission Members

Mara Rosales, *Chairperson*
Miguel Bustos
Marily Modejar
Darshan Singh
Leah Pimentel

Successor Agency Staff

Tiffany Bohee, *Executive Director*
Bree Mawhorter, *Deputy Executive Director, Finance and Administration*
James Morales, *Deputy Executive Director and General Counsel*
Sally Oerth, *Deputy Executive Director, Projects and Programs*

CITY AND COUNTY OF SAN FRANCISCO

Edwin M. Lee, *Mayor*

Dennis J. Herrera, *City Attorney*
Benjamin Rosenfield, *Controller*
José Cisneros, *Treasurer*

BOARD OF SUPERVISORS

London Breed, *President, District 5*
John Avalos, *District 11*
David Campos, *District 9*
Malia Cohen, *District 10*
Mark Farrell, *District 2*
Jane Kim, *District 6*
Eric Mar, *District 1*
Aaron Peskin, *District 3*
Katy Tang, *District 4*
Scott Wiener, *District 8*
Norman Yee, *District 7*

SPECIAL SERVICES

Bond Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel
Curls Bartling P.C.
Oakland, California

Financial Advisor
Public Financial Management, Inc.
San Francisco, California

Fiscal Consultant
Urban Analytics, LLC
San Francisco, California

Trustee
U.S. Bank National Association
San Francisco, California

Verification Agent
Causey Demgen & Moore P.C.
Denver, Colorado

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 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 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 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 or the City. 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 or the City 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 entireties 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 a website. 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 Bonds.

The issuance and sale of the 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 AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$125,000,000[*]
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO
2016 Series A Tax Allocation Refunding Bonds
(Mission Bay North Redevelopment Project)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the 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 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."

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 $_____[*] aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series A Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project) (the "**Bonds**"). The Bonds are being issued in accordance with a resolution of the Successor Agency adopted August 18, 2015 (the "**Resolution**"), and an Indenture of Trust, dated as of _____ 1, 2016 (the "**Indenture**"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "**Trustee**"), and pursuant to authority contained in Section 34177.5(a)(4) of the California Health and Safety Code and the Community Redevelopment Law, being Part 1 (commencing with Section 33000 of Division 24 of the California Health and Safety Code) (collectively, the "**Bond Law**"), Section 34177.5(a)(1) of the Dissolution Act (defined below), and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "**Refunding Law**").

The Successor Agency will use the proceeds of the Bonds to: (i) refund certain outstanding obligations of the Former Agency (defined herein); (ii) make a deposit to the Reserve Account established under the Indenture; and (iii) pay costs associated with the issuance of the Bonds, all as more fully described herein under "– The Successor Agency," "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS." The Successor Agency [has applied] [will apply] to certain municipal bond insurers to obtain a municipal bond insurance policy and a reserve surety bond. If a municipal bond insurance policy is obtained, it would guarantee the scheduled payment of the principal of and interest on all or a portion of the Bonds. No assurance can be given as to whether the Successor Agency will purchase a municipal bond insurance policy or a reserve surety bond. See "– Reserve Account" and "–

[*] Preliminary, subject to change.

Bond Insurance" herein. If obtained, proceeds of the Bonds may be used to purchase such municipal bond insurance or reserve surety bond.

The City and County of San Francisco

The City and County of San Francisco (referred to herein as 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 a 40-minute drive to the south, and the wine country is about an hour's drive to the north. The California Department of Finance Demographic Research Unit estimated the City's population at 845,602 as of January 1, 2015.

The General Fund of the City is not liable for the payment of the principal of, premium, if any, or interest on the Bonds, and 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 Bonds. The 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 (the "**Board of Supervisors**") of the City and County of San Francisco in 1948, to exercise the powers granted by the California Community Redevelopment Law (Sections 33000 et seq. of the California Health and Safety Code) (the "**Redevelopment Law**").

As a result of Assembly Bill No. 26 ("**AB 26**") enacted on June 29, 2011, 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, 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. AB 26 was amended on June 27, 2012 by Assembly Bill No. 1484 ("**AB 1484**"), enacted as Chapter 26, Statutes of 2012, and as further amended 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 wind down of former redevelopment agency affairs are 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 "**Dissolution Act**"). See also "THE SUCCESSOR AGENCY" for further discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

Under the Dissolution Act, a successor agency is authorized to issue bonds and other indebtedness if certain criteria is met, subject to the approval of such successor agency's oversight board and the approval by the Department of Finance of the State of California (the "**California Department of Finance**"). The Successor Agency is issuing the Bonds to refund certain loan agreements entered into in connection with bonds issued by the City and County of San Francisco Redevelopment Financing Authority in order to reimburse the master developer within the Project Area for a portion of its

expenditures for infrastructure within the Project Area. See "THE PROJECT AREA – Mission Bay North Owner Participation Agreement."

The issuance of the Bonds is subject to the approval of the Successor Agency's Oversight Board and the California Department of Finance pursuant to the Dissolution Act. All such approvals have been obtained. See "THE BONDS – Authority for Issuance."

The Project Area

The Redevelopment Plan for the Mission Bay North Redevelopment Project Area (the "**Project Area**") was adopted by the Board of Supervisors on October 26, 1998 and approved by the Mayor on October 30, 1998. The Project Area is an approximately 65-acre area located approximately two (2) miles south of the financial district of the City.

Tax Allocation Financing

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 adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter 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 agency obligations. Tax Revenues (as defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security of Bonds; Equal Security") consist of a portion of such incremental tax revenues, and are generated from approximately 20 acres out of the approximately 65 acres that make up the Project Area. See "THE PROJECT AREA."

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of the same revenues pledged to the bonds or obligations being refunded, and to be payable from and further secured by moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency (the "**Redevelopment Property Tax Trust Fund**"), which 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 REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE CITY CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND.**

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."

Security and Sources of Payment for the Bonds

The Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture and payable from and secured by the Tax Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security for the Bonds; Equal Security." Tax Revenues do not include the

20% of gross tax increment revenue from the Project Area that, prior to the Dissolution Act, was required to be deposited in the Low and Moderate Income Housing Fund of the Former Agency.

The Dissolution Act requires the auditor-controller of the City and County of San Francisco (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 Redevelopment Property Tax Trust Fund in accordance with the Dissolution Act. The Dissolution Act further provides that bonds authorized thereunder issued by a successor agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the 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 34177.5(g) of the Dissolution Act provides that any bonds authorized to be issued by the Successor Agency 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, will be included in the Successor Agency's Recognized Obligation Payment Schedule (defined herein) and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to the Dissolution Act. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule."

The 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 its Oversight Board and the California Department of Finance for approval. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act." Taxes levied on the property within the Project Area 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 Area, to the extent that such taxes constitute tax revenues, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the City Controller to the Successor Agency's Redevelopment Obligation Retirement Fund on January and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule." Moneys deposited by the City Controller into the Successor Agency's Redevelopment Obligation Retirement Fund (the "**Retirement Fund**") representing Tax Revenues will first be deposited by the Successor Agency in 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 Bonds are secured by and payable solely from the Tax Revenues and moneys on deposit in the Special Fund and the Funds and Accounts established under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act" and "TAX REVENUES AND DEBT SERVICE." The Project Area, and the real and personal property therein, do not serve as security for the Bonds.

The Bonds are limited obligations of the Successor Agency, the principal of, premium, if any, and interest on which are payable solely from Tax Revenues and certain other amounts on deposit in the funds and accounts held under the Indenture. The 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 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, property or its full faith and credit to the payment of debt service on the Bonds. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power. See "TAX REVENUES AND DEBT SERVICE."

Limited Obligation; Parity Debt

The Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture and are payable solely from and secured by a pledge of Tax Revenues derived from the Project Area and amounts on deposit in the Special Fund and the Funds and Accounts established under the Indenture.

The pledge of Tax Revenues to secure the Bonds is on a parity with the pledge thereof to pay debt service on the four loan agreements described below* (collectively, the "**Existing Loan Agreements**") entered into by the Former Agency in order to finance redevelopment activities within, or of benefit to, the Project Area, to the extent said amounts owed thereunder are not refunded as contemplated herein by the Bonds. See "THE REFUNDING PLAN." The Existing Loan Agreements, collectively outstanding in the aggregate principal amount of $_____, are as follows:

(i) Loan Agreement dated as of July 1, 2005 among the Former Agency, U.S. Bank National Association, as trustee, and the City and County of San Francisco Redevelopment Financing Authority (the "**Authority**") (the "**2005 Loan Agreement**");

(ii) Loan Agreement dated as of August 1, 2006 among the Former Agency, The Bank of New York Trust Company, N.A., as trustee, and the Authority (the "**2006 Loan Agreement**");

(iii) Loan Agreement dated as of September 1, 2009 among the Former Agency, U.S. Bank National Association, as trustee, and the Authority (the "**2009 Loan Agreement**"); and

(iv) Loan Agreement dated as of March 1, 2011 among the Former Agency, U.S. Bank National Association, as trustee, and the Authority (the "**2011 Loan Agreement**").

Under the Dissolution Act, the Successor Agency has assumed all of the rights, liabilities and obligations of the Former Agency under the Existing Loan Agreements. The Successor Agency has the right to issue additional indebtedness payable on a parity with the Bonds and Existing Loan Agreements from Tax Revenues, assuming certain conditions are satisfied. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Limitations on Additional Indebtedness – *Parity Debt.*"

Reserve Account

The Indenture established a Reserve Account for all bonds issued thereunder to be held by the Trustee and to be maintained in an amount at least equal to the Reserve Requirement as defined therein. Amounts in the Reserve Subaccount of the Reserve Account shall be used to pay the Reserve Requirement (defined herein) for the Bonds. The Successor Agency [has applied] [will apply] to certain municipal bond insurers to obtain a reserve surety bond to satisfy the Reserve Requirement. No assurance can be given as to whether the Successor Agency will obtain a reserve surety bond to satisfy the Reserve Requirement. The Successor Agency's decision as to deposit a reserve surety bond in the Reserve Account will be made at or about the time of the pricing of the Bonds and will be based upon, among other things, market conditions at the time of such pricing. See "SECURITY AND SOURCES OF

* Preliminary, subject to change

PAYMENT FOR THE BONDS – Special Fund; Deposit of Tax Revenues – *Reserve Account*."

Bond Insurance

The Successor Agency has applied to certain municipal bond insurers to obtain a municipal bond insurance policy to insure the principal of and interest on the Bonds when due. If a municipal bond insurance policy is obtained, it would guarantee the scheduled payment of the principal of and interest on all or a portion of the Bonds as determined by the Successor Agency prior to the issuance of the Bonds. No assurance can be given as to whether the Successor Agency will obtain a municipal bond insurance policy. The Successor Agency's decision as to whether to purchase a municipal bond insurance policy if offered by a municipal bond insurer will be made at or about the time of the pricing of the Bonds and will be based upon, among other things, market conditions at the time of such pricing. If the Successor Agency purchases a municipal bond insurance policy to insure all or a portion of the principal of and interest on Bonds, information regarding the municipal bond insurer will be included in the final Official Statement.

Risk Factors

Certain events could affect the ability of the Successor Agency to pay debt service on the 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 Bonds.

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, 2016 (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 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 Bonds, the security for the Bonds, the Indenture, the Successor Agency, the Former Agency, the City, the Project Area and certain other information relevant to the issuance of the Bonds. All references herein to the Indenture, the Bond Law, the Refunding Law, the Redevelopment Law, the Dissolution Act, the Constitution and laws of the State are qualified in their entirety by reference to the complete text thereof and all references to the 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, 2015 are included in APPENDIX A – "SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015." Urban Analytics, LLC (the "**Fiscal Consultant**") is providing consulting services to the Successor Agency with respect to the Project Area and their projected taxable values and anticipated tax increment revenues. The Fiscal Consultant will provide a report in substantially the form

attached hereto as APPENDIX B – "REPORT OF FISCAL CONSULTANT." The proposed form of legal opinion of Bond Counsel relating to the 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 Bonds are available upon written request from the Trustee, U.S. Bank 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.

THE REFUNDING PLAN

General. The proceeds of the Bonds will be applied, together with certain other available funds, to pay [all or a portion of] the Existing Loan Agreements entered into by the Former Agency and the Authority reflecting loans from the Authority to the Former Agency of the proceeds of certain bonds issued by the Authority for the benefit of the Former Agency, as described further below. The Former Agency used such loaned bond proceeds to finance or refinance its redevelopment activities in the Project Area.

Payment of Existing Loan Agreements and Refunding of the Related Outstanding Authority Bonds. The following table details the series, maturity dates and principal amounts of the outstanding bonds of the Authority ("**Authority Bonds**") and related Existing Loan Agreements, a portion or all of which may be refunded with the proceeds of the Bonds. The specific Authority Bonds and related Existing Loan Agreements to be refunded with the proceeds of the Bonds (collectively, the "**Refunded Obligations**") will be determined by the Successor Agency at the time that the Successor Agency and the Underwriters (defined herein) execute the bond purchase contract. **The Refunded Obligations to be refunded, dates and amounts are subject to change by the Successor Agency in its sole discretion and will be determined at the time of the pricing of the Bonds**.

Refunded Obligations*

Series Designation	Issue Date	Maturity Date	CUSIP (Base: 79771P)	Principal Amount Outstanding	Principal Amount to be Redeemed*	Redemption Date
2005 Series D[(1)]						
2006 Series B[(2)]						
2009 Series C[(3)]						
2011 Series C[(4)]						
Total						

[(1)] Debt service on this series of bonds is payable from loan payments pursuant to the 2005 Loan Agreement.

[(2)] Debt service on this series of bonds is payable form loan payments pursuant to the 2006 Loan Agreement.

[(3)] Debt service on this series of bonds is payable form loan payments pursuant to the 2009 Loan Agreement.

[4] Debt service on this series of bonds is payable form loan payments pursuant to the 2011 Loan Agreement.
Source: _____.
* Preliminary, subject to change.

The refunding of each series of Refunded Obligations will be effected by depositing a portion of the proceeds of the Bonds, together with other available monies, into a special and irrevocable escrow fund (each, an "**Escrow Fund**") established for such series of Refunded Obligations in accordance with an Agreement regarding Redemption, Defeasance and Payment of such Refunded Obligations (each, a "**Redemption Agreement**"). Each Redemption Agreement will be dated the date of the issuance and delivery of the Bonds and will be by and between the Authority, the Successor Agency and the trustee for the applicable series of Refunded Obligations, as escrow trustee thereunder (the "**Escrow Trustee**"). The amounts deposited in each Escrow Fund will be held as cash or will be invested in direct noncallable obligations of, or unconditionally guaranteed by, the United States of America ("**Escrowed Securities**"). The Escrowed Securities will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that such amounts together with any amounts held as cash in such Escrow Funds, will provide sufficient monies to pay interest on the series of Refunded Obligations to which it relates as the same shall become due and to pay the redemption price (i.e., 100% of the principal amount of such series of Authority Bonds) so refunded on the redemption date therefor.

Upon such deposit and investment and compliance with or provision for compliance with certain notice requirements set forth in the indenture related to a series of Refunded Obligations, the liability of the Authority and the Successor Agency therefor will cease and the series of Refunded Obligations will no longer be outstanding under its indenture, except that the Owners of such Refunded Obligations will be entitled to payment thereof solely from the amounts on deposit in the applicable Escrow Fund held by the Escrow Trustee.

Verification. Causey Demgen & Moore P.C., independent certified public accountants, will verify, from the information provided to them, the mathematical accuracy, as of the date of delivery of the Bonds, of computations relating to the adequacy of the maturing principal amounts of the Escrowed Securities deposited into an Escrow Fund pursuant to each Redemption Agreement and the interest to be earned thereon, together with any amounts held as cash in such Escrow Fund, to pay the interest coming due on the related series of Refunded Obligations and to pay, on the redemption date therefor, the redemption price of such Refunded Obligations. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:	
Par Amount	
Plus Original Issue Premium	
Plus Other Money[(1)]	
Total Sources	
Uses:	
2005 Series D Escrow Fund	
2006 Series B Escrow Fund	
2009 Series C Escrow Fund	
2011 Series C Escrow Fund	
Reserve Account	
Costs of Issuance[(2)]	
Underwriters' Discount	
Total Uses	

[(1)] Reflects moneys held in funds and accounts relating to the Refunded Obligations.

[(2)] Includes legal, financing and consultant fees, rating agency fee, verification agent fees, the fees for the reserve surety and bond insurance, if any, and other miscellaneous expenses.

THE BONDS

Authority for Issuance

The Bonds were authorized for issuance pursuant to the Indenture, the Refunding Law, Redevelopment Law and the Dissolution Act. Issuance of the Bonds and the execution of the related documents was authorized by the Successor Agency pursuant to the Resolution, and approved by the Successor Agency's Oversight Board pursuant to a resolution of the Oversight Board adopted on December 14, 2015 (the "**Oversight Board Resolution**").

Written notice of the Oversight Board Resolution was provided to the California Department of Finance, as required by the Dissolution Act, on December 14, 2015. On _____, 2016, which is within the time period allotted under the 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 Bonds. A copy of the California Department of Finance's letter is set forth in APPENDIX G.

Description of the Bonds

The 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.

The Bonds will be dated, and shall bear interest from their date of delivery to the original purchasers thereof. The Bonds will be issued in the aggregate amount, will bear interest at the 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. See APPENDIX F – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Interest on the Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2016 (each, an "**Interest Payment Date**"). Interest on the Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each 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) day of the month preceding an Interest Payment Date (the "**Record Date**") and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to July 15, 2016, in which event it shall bear interest from the date of delivery of the Bonds to the original purchasers thereof, provided, however, that if at the time of authentication of a Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Book-Entry Only System

The Bonds will be issued as fully registered bonds and 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 Bonds. Individual purchases may be made in book-entry only form. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds so purchased. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal, premium, if any, and interest evidenced by the Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the 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 Bonds. In this Official Statement, the term "**Beneficial Owner**" means the person for whom the DTC Participant acquires an interest in the Bonds.

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 or redemption price of or interest on the 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 Bonds, (ii) confirmation of ownership interests in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the 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 Participants, Indirect Participants or Beneficial Owners with respect to the payments or the providing of notice to DTC Participants, Indirect Participants or Beneficial Owners or the selection of the Bonds for redemption. See APPENDIX F – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions[*]

Optional Redemption. The Bonds maturing on or prior to August 1, 20__, are not subject to optional redemption. The Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the Successor Agency, prior to their maturity dates, as a whole, or in part, by such maturities as shall be determined by the Successor Agency, and by lot, within a maturity on any date on or after August 1, 20__, from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds that are Term Bonds maturing on August 1, 20__, are also subject to mandatory sinking fund redemption in part by lot on August 1, 20__ and on August 1 in each year thereafter as set forth below, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium; provided, however, that in lieu of mandatory sinking fund redemption thereof, such Term Bonds may be purchased by the Successor Agency as described below.

Term Bonds of 20__

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed

[*] Maturity.

Purchase in Lieu of Redemption. In lieu of redemption of the Term Bonds pursuant to the preceding paragraphs, the Successor Agency may purchase such 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 Term Bonds so purchased by the Successor Agency in any twelve-month period ending on June 1 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed on the next succeeding August 1.

Selection of Bonds for Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall 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 shall 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 shall 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 shall be redeemed as shall equal $5,000 for each number assigned to it and so selected.

Notice of Redemption; Rescission. Notice of redemption will be mailed by first class mail no less than thirty (30) and nor more than sixty (60) days prior to the redemption date (i) to any Insurer and the Bondowners (i.e., Cede & Co. as nominee of DTC) or in the event that the book-entry only system is

[*] Preliminary, subject to change.

discontinued, to the respective registered owners of the Bonds designated for redemption at their addresses appearing on the registration books for the Bonds, and (ii) to the Securities Depositories and one or more Information Services. Neither failure to receive such notice nor any defect in the notice so mailed nor any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner to notify the Beneficial Owner so affected will affect the sufficiency of the proceedings for redemption of such Bonds or the cessation of accrual of interest thereon on the redemption date.

The Successor Agency may 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 shall 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 shall 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 shall have any liability to Owners or any other party related to or arising from such rescission of redemption.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and premium, if any, and interest on, the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Transfer and Exchange. If the Bonds are not in book-entry form, then the Bonds may be transferred or exchanged at the Principal Corporate Trust Office of the Trustee, provided that the Trustee shall not be required to register the transfer or exchange of (i) any Bonds during the period 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. 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.

DEBT SERVICE SCHEDULE

Set forth below for the Bonds is a table showing scheduled principal, interest and total debt service.

Year (Amount Payable as of August 1)	Existing Loan Agreements [1]	2016 Series A Bonds			Total Debt Service
		Principal	Interest	Debt Service	
Total					

[1] Reflects outstanding debt service on the Existing Loan Agreements and the related Authority Bonds not being refunded by the Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

Under the Indenture, the Successor Agency has pledged all of its right, title and interest in and to the Tax Revenues to payment of the Bonds, subject to a parity pledge thereof to secure the Existing Loans, if any, described herein. See "– Parity Debt." The Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture, and are payable solely from and secured by a pledge of, security interest in and lien on (a) all the Tax Revenues and amounts in the Special Fund, (b) all other moneys deposited with the Trustee from time to time in the funds and accounts established under the Indenture, including the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account; and (c) investment income with respect to any moneys held by the Trustee in such funds and accounts established under the Indenture. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The Bonds are not a debt of the City, the State, or any of its political subdivisions, and neither the City, the State, nor any of its political subdivisions is liable therefor, nor in any event will the 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 principal of, premium, if any, and interest on the Bonds are payable solely from Tax Revenues and certain other funds pledged therefor under the Indenture. The 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, the City, or any persons executing the Bonds are liable personally on the Bonds by reason of their issuance. 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 Project Area 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 Dissolution Act for permitted administrative costs of the City Controller, constitute the amounts required under the Dissolution Act to be deposited by the City Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the "on or after January 1, 1989" reference from paragraph (a) above.

Allocation of Taxes Pursuant to the Dissolution Act

Prior to the enactment of the 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. The Dissolution Act requires that all property tax increment derived from all former project areas be deposited in a Redevelopment Property Tax Trust Fund for the Successor Agency held and maintained by the City Controller. **DISCUSSIONS HEREIN REGARDING TAX INCREMENT REVENUES OR TAX REVENUES REFER TO THOSE MONEYS DEPOSITED BY THE CITY CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND.** Pursuant to the Dissolution Act the pledge of the Tax Revenues as defined herein, to repay the Bonds is made as if the Bonds had been issued prior to the effective date of Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date.

The Dissolution Act authorizes bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency (the "**Redevelopment Property Tax Trust Fund**"), which 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 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 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 Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the City Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved 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 Dissolution Act, the Successor Agency has covenanted to take all actions necessary to ensure that the Bonds will be included in each of the Successor Agency's Recognized Obligation Payment Schedule as prepared from time to time under the 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 – "REPORT OF FISCAL CONSULTANT" 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 does not receive, on an annual basis, all allocable tax revenues, unless required to pay debt service or other enforceable obligations. See the tables for the Project Area under "TAX REVENUES AND DEBT SERVICE – Historical and Current Assessed Valuation and Tax Revenues for the Project Area."

Taxes levied on the property within the Project Area 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 Area, to the extent they constitute tax revenues, less administrative costs, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the City Controller to the Successor Agency's Redevelopment Obligation Retirement Fund established pursuant to

the Dissolution Act on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the 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 Dissolution Act has only required that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the 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 Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (such as the Former Agency) the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, 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 Dissolution Act 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."* The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area.

Despite the provisions of the Dissolution Act that appear to permit the Successor Agency to use tax increment revenue that does not constitute Tax Revenues to pay debt service on the Bonds, the Bonds are secured by and payable solely from the Tax Revenues and moneys in the Special Fund and on deposit in the Funds and Accounts established under the Indenture, and that tax revenues attributable to project areas are not available for payment of debt service on the 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, 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 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 Bonds.

The City maintains a tax loss reserve account which, as of _____, held approximately $_____. As of October 23, 2015, the overall delinquency rate for Fiscal Year 2014-15 for all

secured properties in the Project Area was 0.2% (less than one percent). See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

Housing Set-Aside. Prior to the 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. This twenty percent (20%) set-aside requirement was eliminated by the Dissolution Act. However, the Former Agency is bound by a contractual agreement with respect to the Project Area to continue to set aside at least 20% of total tax revenues. Accordingly, Tax Revenues **do not** include any amounts that, prior to dissolution, would have been required to be deposited in the Former Agency's Low and Moderate Income Housing Fund with respect to the Project Area.

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). The enactment of AB 1290 created several significant changes in the Redevelopment Law, including the following:

(a) time limitations for redevelopment agencies to incur and repay loans, advances and indebtedness that are payable from tax increment revenues. (This time limitation has since been eliminated by recent legislation. See "THE PROJECT AREA – Redevelopment Plan – *Redevelopment Plan Limits*" for a discussion of the elimination of certain time limitations);

(b) limitations on the use of the proceeds of loans, advances and indebtedness for auto malls and other sales tax generating redevelopment activities, as well as for city and county administrative buildings. However, AB 1290 confirmed the authority of a redevelopment agency to make loans to rehabilitate commercial structures and to assist in the financing of facilities or capital equipment for industrial and manufacturing purposes;

(c) provisions affecting the housing set-aside requirements of an agency, including severe limitations on the amount of money that is permitted to accumulate in the Successor Agency's housing set-aside fund. However, these limitations are such that an agency will be able (with reasonable diligence) to avoid the severe penalties for having "excess surplus" in its housing set-aside fund; and

(d) provisions relating primarily to the formation of new redevelopment project areas, including (i) changes in the method of allocation of tax increment revenues to other taxing entities affected by the formation of redevelopment project areas, (ii) restrictions on the finding of "blight" for purposes of formation of a redevelopment project area, and (iii) new limitations with respect to incurring and repaying debt and the duration of the new redevelopment plan.

AB 1290 also established 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 Area 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 Area. 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 the schools. The proportion of pass-through payments received by each of these Taxing Entities and ERAF is shown in the following table.

Pass-through Shares By Taxing Entity

Taxing Entity	Pass-through
General Fund	0.56588206
Children's Fund	0.03000000
Library Fund	0.02500000
Open Space	0.02500000
S.F. Community College	0.01444422
S.F. Schools Superintendent	0.00097335
S.F. Unified School District	0.07698857
Bay Area Air Quality Board	0.00208539
BART	0.00632528
ERAF*	0.25330113
Total	1.00000000

* ERAF is not itself a Taxing Entity; revenue deposited to ERAF is distributed to schools.
Source: City Controller.

The Dissolution Act requires the City Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed for Statutory Pass-Through Amounts to the Taxing Entities for each six month period before amounts are distributed by the City Controller from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund each January 2 and June 1, 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 below), (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency's Redevelopment Obligation 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, pass-through payments, and the Successor Agency's administrative cost allowance for the applicable six-month period, and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. 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 Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments, 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 six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed for 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. The Successor Agency is of the opinion that the provisions of AB 1290, including the time limitations provided in AB 1290, will not have an adverse impact on the payment of debt service on the Bonds. Additionally, certain of these time limitations have been removed by recent legislation. See "– Recognized Obligation Payment Schedule" for further information regarding applicable periods and dates

and see "THE PROJECT AREA – The Redevelopment Plan – *Redevelopment Plan Limits*" for information regarding eliminated time limits.

The total Statutory Pass-Through Amounts for Fiscal Year 2015-16 is estimated to be $3.5 million. However, the Successor Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the tax revenues and the Statutory Pass-Through Amounts will effectively result in adequate Tax Revenues for the payment of principal and interest on the Bonds when due. See "– Recognized Obligation Payment Schedule." See also "TAX REVENUES AND DEBT SERVICE" for additional information regarding the Statutory Pass-Through Amounts applicable to the Successor Agency and the revenues derived from the Project Area. Section 33607.5(e) of the Redevelopment Law sets forth a process pursuant to which such payments may be subordinated to debt service on newly-issued bonds or loans. The Successor Agency notified the Taxing Entities of its intent to subordinate the Statutory Pass-Through Amounts to debt service on the Bonds. With the expiration of the requisite 45-day period, on February 26, 2016 with no disapproval notice from the Taxing Entities, the Successor Agency is deemed to have the approval of all Taxing Entities to subordinate the payment of the Statutory Pass-Through Amounts to debt service on the Bonds. The Statutory Pass-Through Amount paid through ERAF to the schools is assumed to be subordinated with the Statutory Pass-Through Amount paid directly to the schools. See also "CERTAIN RISK FACTORS – Subordination of ERAF."

Security for the Bonds; Equal Security

Pursuant to Section 34177.5(g) of the Dissolution Act, except as provided in the Indenture, the Bonds will be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, and all of the moneys in the Special Fund, the Debt Service Fund, the Interest Account, the Principal 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 Tax Revenues and such moneys, no funds or properties of the Successor Agency will be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

As defined in the Indenture, "**Allocable Tax Revenues**" means all taxes annually allocable *without regard to the Plan Limit* following the Closing Date, to the Successor Agency with respect to the Project Area 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 as provided in the Redevelopment Plan, including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the Bonds and any Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area and shall also include all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations (but excluding payments to the Successor Agency with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code); but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund, and also excluding 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 Bonds or under the Parity Debt Instruments pursuant to Section 33607.5(e) of the Redevelopment Law.

As defined in the Indenture, "**Tax Revenues**" means, all taxes annually allocated *within the Plan Limit* and paid to the Successor Agency with respect to the Project Area following the date of delivery of bonds issued thereunder, 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 and other applicable State laws and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by

reason of tax exemptions and tax rate limitations (but excluding payments to the Successor Agency with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code); and including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the Bonds, the Existing Loans and any Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area, but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and investment earnings on amounts on deposit hereunder, and also excluding 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 Bonds or under the Parity Debt Instruments pursuant to Section 33607.5(e) of the Redevelopment Law. The Successor Agency's collection of Tax Revenues in the Project Area are subject to certain limitations set forth in their respective redevelopment plans. See "THE PROJECT AREA." No amounts deposited into the Redevelopment Property Tax Trust Fund reflecting tax revenues from other of the Successor Agency's project areas is pledged to, or anticipated to be available for, payment of debt service on the Bonds.

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 Tax Revenues available in any six-month period to pay the principal of and interest on the 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 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 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 Bonds and the holders of any additional Parity Debt, 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 in the Bonds or in the Indenture.

Special Fund; Deposit of Tax Revenues

The Indenture establishes the Mission Bay North Redevelopment Project 2016 Series A Special Fund (the "**Special Fund**") to be held by the Successor Agency. The Successor Agency shall transfer all of the Tax Revenues received in any Bond Year ratably to the Special Fund, to the special funds [created with respect to the Existing Loans], and the special funds created with respect to any additional Parity Debt, promptly upon receipt thereof by the Successor Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred for deposit in such Bond Year (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, if applicable, and (ii) with respect to the Existing Loans and any additional Parity Debt (other than additional bonds issued pursuant to a Supplemental Indenture) pursuant to the Existing Loan Agreements and the applicable Parity Debt Instruments. If there nonetheless remains insufficient Tax Revenues to make the transfers and deposits required above, then the Successor Agency shall transfer such Tax Revenues for deposit pro rata based on the full amounts required to be so deposited.

All Tax Revenues received by the Successor Agency with respect to any Bond Year in excess of the amount required to be deposited during a Bond Year into the Special Fund and any other special funds mentioned above will be released from the pledge under the Indenture for the security of the Bonds and any Parity Debt and may be applied by the Successor Agency for any lawful purpose. 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.

Debt Service Fund. 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. The Indenture requires the Successor Agency to transfer from the Special Fund to the Trustee (i) on or before the fourth (4th) business day preceding each Interest Payment Date, the amount necessary to pay interest coming due on the Bonds, (ii) on or before the fourth (4th) business day preceding August 1, the amount then due to pay principal on the Bonds, and (iii) at any time that the amount on deposit in the Reserve Account is less than the Reserve Requirement, the amount necessary to maintain the Reserve Requirement at the requisite amount.

Upon receipt, the Trustee shall deposit the following amounts, at the following times, 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 an 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 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 will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Outstanding Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

Principal Account. The Trustee will 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 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 Outstanding Serial Bonds and the Outstanding Term Bonds, including by mandatory sinking account redemption, as it becomes due and payable.

Reserve Account. The Indenture establishes a "**Reserve Account**" to be held by the Trustee for the benefit of the Owners of the Bonds. 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 the Bonds and any other bonds issued pursuant to a Supplemental Indenture, the lesser of (i) one hundred twenty five percent (125%) of average Annual Debt Service on such bonds and (ii) Maximum Annual Debt Service on such bonds; subject to the limitations and conditions in the Indenture. The Reserve Requirement for the Bonds is $_____. Amounts on deposit in the Reserve Account will be available to pay debt service on the Bonds.

The Successor Agency [has applied] [will apply] to certain municipal bond insurers to obtain a reserve surety bond to satisfy the Reserve Requirement. No assurance can be given as to whether the Successor Agency will obtain a reserve surety bond to satisfy the Reserve Requirement. The Successor Agency's decision as to whether to deposit a reserve surety bond in the Reserve Account will be made at or about the time of the pricing of the Bonds and will be based upon, among other things, market conditions at the time of such pricing.

If the Reserve Requirement for the Bonds will be satisfied by the delivery of a reserve surety for the Bonds by the surety provider to the Trustee on the Closing Date for deposit in the Reserve Subaccount for the Bonds. The Trustee will draw on the reserve surety in accordance with its terms and conditions and with the terms of the Indenture. The amounts available under the reserve surety for the Bonds 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 or for the retirement of the Bonds then Outstanding. The Trustee will comply with all documentation relating to the reserve surety as required to maintain the reserve surety 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 any reserve surety or to fund the Reserve Account with cash if, at any time that the Bonds are Outstanding, amounts are not available under the reserve surety. Additionally, the Successor Agency will have no obligation to replace the reserve surety or to deposit any cash in the Reserve Account in the event that any rating assigned to the Surety Provider by S&P or Moody's is lowered or withdrawn.

If the Successor Agency obtains a reserve surety bond and elects to deposit it in the Reserve Account, information regarding the municipal bond insurer issuing the Reserve Surety will be included in the final Official Statement.

Parity Debt

The pledge of Tax Revenues from the Project Area for the Bonds under the Indenture is on a parity with the lien on and pledge thereof to the Existing Loan Agreements. The Successor Agency expects to use the Bonds to prepay all or a portion of the Existing Loan Agreements. See "REFUNDING PLAN."

Property Tax Administration Fees

Pursuant to the Dissolution Act, the City Controller charges the Successor Agency a fee to recover property tax administration costs. This administration fee is approximately 0.02% 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 2014-15, the County's administrative charge to the Successor Agency for all of its project areas, including the Project Area, was $49,156. For Fiscal Year 2015-16, it is expected to be approximately $34,000. See also "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure – *Property Tax Administrative Costs*."

Limitations on Additional Indebtedness

Parity Debt. In addition to the Bonds, the Successor Agency may issue additional bonds or incur other loans, advances or indebtedness, which are secured by and payable from Tax Revenues on a parity with the lien established under the Indenture for payment of the Bonds to finance or refinance redevelopment activities with respect to the Project Area ("**Parity Debt**") in such principal amount as shall be determined by the Successor Agency, subject to the following specific conditions 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;

(b) The Tax Revenues received or to be received for the then current Fiscal Year based on the most recent taxable valuation of property in the Project Area 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, shall be at least equal to one hundred twenty five percent (125%) of Maximum Annual Debt Service on the Bonds and any other Parity Debt that will be

outstanding immediately following the issuance of such Parity Debt, and Allocable Tax Revenues for the then current Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the City shall be at least equal to one hundred and twenty five percent (125%) of Maximum Annual Debt Service on the Bonds, any Existing Loan Agreements and any other Parity Debt that will be outstanding immediately following the issuance of such Parity Debt;

(c) The Successor Agency shall certify that the aggregate principal of and interest on the Bonds, [the Existing Loan Agreements] and any other Parity Debt (including the Parity Debt to be incurred) and Subordinate Debt coming due and payable will not exceed the maximum amount of Tax Revenues permitted under any Plan Limit to be allocated and paid to the Successor Agency with respect to the Project Area after the issuance of such Parity Debt.

(d) 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;

(e) If the Existing Loan Agreements are in effect at the time of issuance of such Parity Debt and are not being discharged in full in connection therewith, the Successor Agency will comply with the requirements of such Existing Loan Agreements; and

(f) The Successor Agency shall deliver to the Trustee a certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

[Parity Debt issued solely for refunding purposes shall not be required to meet the requirements set forth in (b) above in the event that debt service on the Bonds and all Parity Debt is reduced in each Bond Year as a result of such refunding.]

Subordinate. Nothing contained in the Indenture prevents the Successor Agency from issuing and selling any bonds, notes, 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 Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues that is subordinate to the pledge of and lien upon the Tax Revenues under the Indenture for the security of the Bonds and Existing Loan Agreements (collectively, "**Subordinate Debt**").

Recognized Obligation Payment Schedule

The Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the California Department of Finance for approval, a Recognized Obligation Payment Schedule (the "**Recognized Obligation Payment Schedule**") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Prior to 2016, Recognized Obligation Payment Schedules were required to be submitted for such approval not less than 90 days prior to each January 2 and June 1 up to and including 90 days prior to January 2, 2016 (or October 4, 2015 for the period covering January 2, 2016 through June 30, 2016).

Commencing on February 1, 2016, successor agencies will be transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies will be required to file Recognized Obligation Payment Schedules with the California Department of Finance and the county auditor-controller for approval each February 1 for the July 1 through June 30 period immediately following such February 1 commencing with the July 1, 2016 through June 30, 2017 period.

Commencing on September 22, 2015, 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" Recognized Obligation Payment Schedule. If approved by the California Department of Finance, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the California Department of Finance or the Oversight Board. The county auditor-controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the California Department of Finance and the county auditor-controller.

As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency's low and moderate income housing fund.

A reserve may be included on the Recognized Obligation Payment Schedule 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 the six-month period.

There are strong incentives for the Successor Agency to submit Recognized Obligation Payment Schedules on time. If the Successor Agency does not timely submit a Recognized Obligation Payment Schedule to the Oversight Board and California Department of Finance, then the Successor Agency will be subject to a $10,000 per day civil penalty for every day the schedule is late. Additionally, if the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the California Department of Finance within ten (10) days of the deadline, then the Successor Agency's maximum administrative cost allowance may be reduced by up to 25%. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof for the Bonds, see "CERTAIN RISK FACTORS – Recognized Obligation Payment Schedule."

In the Indenture, the Successor Agency acknowledges that, due to the passage of the Dissolution Act, it will need to take certain actions to ensure that it collects sufficient Tax Revenues to make the deposits as and when required to be made into the Special Fund pursuant to the Indenture, and in order to ensure the payment of debt service on the Bonds on a timely basis. The Successor Agency covenants that it will take all such actions as required to make the deposits as and when required to be made into the Special Fund pursuant to the Indenture, and to make the timely payment of debt service on the Bonds. The Successor Agency further acknowledges that the provisions of the Dissolution Act require that it establish the Retirement Fund, into which all tax revenues are required to be deposited. The Successor Agency has heretofore established the Retirement Fund as required by Section 34170.5(a) of the California Health and Safety Code, and covenants that it shall continue to hold and maintain the Retirement Fund so long as any of the Bonds are Outstanding. The Successor Agency hereby agrees that it will hold the Special Fund, as well as any special funds established with respect to any [Existing Loan Agreements] or any future Parity Debt, as an account within Retirement Fund and will continue to deposit all Tax Revenues, as and when received, into the Special Fund and such other special funds as required by

the Indenture in order to ensure that all Tax Revenues are available for the payment of debt service on the Bonds, [any Existing Loan Agreements], and any Parity Debt on a timely basis.

The Successor Agency further covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds, any Existing Loan Agreements and any Parity Debt on the date, at the place and in the manner provided in the Bonds and the applicable Parity Debt Instruments, and that it will take all actions required under the Dissolution Act to include scheduled debt service on any [Existing Loan Agreements], Bonds and any additional Parity Debt, all amounts required to be deposited in the Special Fund and the special funds relating to any Parity Debt and any [Existing Loan Agreements] pursuant to and in accordance with the Indenture, as well as any amount required under the Indenture to replenish the Reserve Account and the reserve accounts relating to the [Existing Loans], Bonds and any Parity Debt, and amounts due to any Insurer under an insurance policy or reserve surety in a Recognized Obligation Payment Schedule (as defined in the Dissolution Act) for each six-month period so as to enable the City-Controller to distribute from the Redevelopment Property Tax Trust Fund on each January 2 and June 1 all amounts required for the Successor Agency to pay principal of, and interest on, the [Existing Loans], Bonds and any Parity Debt coming due in the respective six-month period and pay amounts owed to any Insurer. Specifically, the Successor Agency covenants that it will place on the Recognized Obligation Payment Schedule for approval by the Oversight Board and California Department of Finance, all amounts required by the Indenture to be deposited and held by the Successor Agency in the Special Fund and the special funds relating to the Existing Loans and any other Parity Debt, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act. The Successor Agency also covenants to calculate the amount of Tax Revenues received during each six-month period, as described above, to ensure that Tax Revenues are properly credited to and deposited in the Special Fund, as required by the Indenture.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved 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, and will be included in the Successor Agency's Recognized Obligation Payment Schedule.

Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue, and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the California Department of Finance to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the Department's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the California Department of Finance, then the California Department of Finance's review of such payments in each future Recognized Obligation Payment Schedule will be limited to confirming that they are required by the prior enforceable obligation.

On February 19, 2016, the California Department of Finance issued its determination letter with regards to the issuance of the Bonds. See APPENDIX G – "CALIFORNIA DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS."

THE SUCCESSOR AGENCY

The Successor Agency was established by the Board of Supervisors of the City following dissolution of the Former Agency pursuant to the Dissolution Act. 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 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**" 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:

Name	Occupation	First Appointed	Term Expires*
Marily Mondejar	Community Organizer	2012	November 3, 2018
Mara Rosales	Attorney	2012	November 3, 2018
Darshan Singh	Businessman	2012	November 3, 2016
Miguel Bustos	Banker	2014	November 3, 2016
Leah Pimentel	Consultant	2015	November 3, 2016

* Although a Commission Member's term expires, he/she serves until a successor Commission Member is appointed.

The Successor Agency currently employs approximately 46 full-time equivalent positions. The Executive Director, Tiffany Bohee, was appointed to that position in February 2012. The other principal full-time staff positions are: the Deputy Executive Director, Finance and Administration; the Deputy Executive Director, Project and Programs; and the Deputy Executive Director and General Counsel. Each project area in which the Successor Agency continues to implement redevelopment plans is managed by a project manager. There are separate staff support divisions with real estate and housing development specialists, architects, engineers and planners, and the Successor Agency has its own fiscal, legal, administrative and property management staffs.

Effect of the 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 Resolution No. 11-12 (the "**Establishing Resolution**") adopted by the Board of Supervisors of the City on January 24, 2012 and signed by the Mayor on January 26, 2012, and Sections 34171(j) and 34173 of the Dissolution Act, the Board of Supervisors of the City confirmed the City's role as successor to the Former Agency.

Pursuant to Ordinance No. 215-12 finally passed by the Board of Supervisors of the City on October 2, 2012 and signed by the Mayor on October 4, 2012, 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 an "oversight board" and review or approval by the California Department of Finance, including the issuance of bonds such as the Bonds.

AB 1484. On June 27, 2012, the Dissolution Act was amended by AB 1484, which clarified that successor agencies are separate political entities and that the 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 Dissolution Act was further amended by SB 107, which, among other things, changed the submission of the Recognized Obligation Payment Schedule to annually (as discussed above), expanded the definition of enforceable obligations, reduced the oversight board actions required to be submitted to the Department of Finance for approval and added a new provision to the Health and Safety Code specifically relating to the Successor Agency (i.e., Section 34177.7). See "– Continuing Activities" below for more information relating to Section 34177.7 and "THE PROJECT AREA – The Redevelopment Plan – *Redevelopment Plan Limits*" below for information regarding the elimination of certain time limits.

Oversight Board

The Oversight Board was formed pursuant to the Establishing Resolution. The Oversight Board is governed by a seven-member governing board, with four (4) members appointed by the Mayor, and one (1) member appointed by each of the Bay Area Rapid Transit District (BART), the Chancellor of the California Community Colleges, and the County Superintendent of Education.

Department of Finance Finding of Completion

The 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 within the project areas of the former redevelopment agencies. 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.

State Controller Asset Transfer Review

The Dissolution Act requires that any asset of a former redevelopment agency transferred to a city, county or other local agency after January 1, 2011, be sent back to the successor agency. The Dissolution Act further requires that the State Controller review any such transfer. On September 23, 2014, the State Controller notified the Successor Agency of its review of such transfers by the Former Agency. Specifically, the State Controller found that $660,830 (0.09%) of the assets transferred by the Former Agency after January 1, 2011 were unallowable and must be turned over to the Successor Agency. The Successor Agency received these funds back from the City in late November 2014.

Continuing Activities

The Former Agency was organized in 1948 by the Board of Supervisors of the City 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, including the Project Area. 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 and South Redevelopment Project Areas; (ii) the Hunters Point Shipyard Redevelopment Project Area and Zone 1/Candlestick Site of the Bayview Hunters Point Project Area B; and (iii) the Transbay Redevelopment Project Area. Further, the Dissolution Act now expressly provides (pursuant to Section 34177.7) 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 Ownership 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*".

In addition, the Successor Agency continues to manage the Former Agency's assets such as the Yerba Buena Center and other real property and assets of the Former Agency that must be wound down under the Dissolution Act as well as the retained housing obligations which include ensuring the development of affordable housing in the Major Approved Development Projects as well as fulfilling a replacement housing obligation.

THE PROJECT AREA

The Redevelopment Plan

General. 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. The Mission Bay North Redevelopment Plan was adopted by the Board of Supervisors on October 26, 1998.

The Project Area is an approximately 65-acre area located in the southeastern section of the City, bounded by Seventh Street on the west, Fourth and Third Streets on the east, Townsend and King Streets on the North and Mission Creek on the South. Of the approximately 65 acres that make up the Project Area, Tax Revenues are generated from approximately 20 acres.

Formerly rail yards, underutilized industrial and warehouse and vacant land, the Project Area is a mixed-use, mixed-income neighborhood, well-served by public transit including Caltrain and MUNI. The area includes a mix of market rate and affordable housing, new parks and open space, a new public library and retail to serve residents and the larger community.

Development in the Project Area began in 2000. The build-out of the Project Area is nearing completion. To date, 2,835 residential units have been built in 14 projects, including 674 affordable units. Completed market rate projects include the Beacon, a 595 unit condominium project that also contains a Safeway grocery store, as well as the Arterra, a 269 unit LEED-certified condominium project, major rental developments by AvalonBay Communities (823 units in three buildings), UDR (193 units), and condominium projects developed by Signature Properties (199 units in two buildings) and Opus West (110 units). These developments include approximately 117,000 square feet of retail space and 65,000 square feet of office space. Park and open space development in the Project Area is complete, and a new branch library serving Mission Bay and the larger community has opened. The last project (129 units) in the Project Area is currently under construction, housing being built by Integral Group as 40 market rate and 80 below market rental units.

Redevelopment Plan Limits. The following table provides plan limitation information regarding the Project Area.

Mission Bay North Redevelopment Project Area
Plan Limit[(1)] Summary

	Plan Limit Termination Dates			Revenue Limits		
Approximate Area Size (acres)	Plan Adoption Date	Last Day to Incur Debt	Plan Duration	Last Day to Repay Debt	Total Tax Increment Limit	Limit on Bonds Outstanding[(4)]
65[(2)]	10/26/98	10/26/18[(3)]	10/26/28	10/26/43	No limit	$190,000,000

(1) SB 107 eliminated some of these limits. See paragraphs below.
(2) Of the approximately 65 acres that make up the Mission Bay North Redevelopment Project Area, Tax Revenues are generated from approximately 20 acres.
(3) The Successor Agency may not incur debt for purposes other than financing low and moderate income housing after October 26, 2018.
(4) This limit represents the amount of bonded indebtedness that can be outstanding at any one time. Following issuance of the Bonds, bonded indebtedness in the aggregate principal amount of $_____ will be outstanding with respect to the Project Area.

Source: Successor Agency.

The Project Area Plan includes a limit of October 26, 2028 as the last day on which debt can be issued to meet the Successor Agency's low and moderate income housing requirements and of October 26, 2018 as the last day on which debt can be issued for any other purpose. However, the plan does not contain a limit on the amount of tax increment that may be collected in the Project Area. The last date to repay indebtedness under the plan is October 26, 2043. As discussed below, this tax increment limitation no longer applies.

On September 22, 2015, the Governor signed SB 107, which effected changes to the Dissolution Act. Solely for the purposes of the payment of enforceable obligations, including the Bonds, and for no

other purpose whatsoever, a successor agency is not subject to the limitations relating to time, number of tax dollars, or any other matters set forth in Sections 33333.2, 33333.4, and 33333.6 of the Redevelopment Law and included within the redevelopment plans. Under this change, the Successor Agency will continue to be allocated revenue from all former project areas until such time as all enforceable obligations have been repaid. The amount of indebtedness that may be outstanding at any one time is $190 million of which approximately $____ million was outstanding as of _____, 2016, which includes approximately $____ million in housing-related tax allocation debt which is payable from tax increment deposited in the Successor Agency's Low and Moderate Income Housing Fund.

See also APPENDIX B – "REPORT OF FISCAL CONSULTANT" for more information relating to the Project Area.

Land Use

Land Use Breakdown. The table below shows the breakdown of land use by the number of parcels and secured assessed valuation.

Mission Bay North Redevelopment Project Area
Land Use Breakdown for Fiscal Year 2015-16

Land Use	Secured Assessed Valuation	% of Total Valuation	No. of Parcels	% of Total Parcels
Commercial	$ 235,287,752	14.5%	39	2.7%
Residential				
Condominiums	1,000,634,029	61.7	1,343	94.6
Other Residential	251,327,348	15.5	3	0.2
Vacant	4,676,392	0.3	10	0.7
Publicly Owned/Other	129,765,900	8.0	24	1.7
Total	$1,621,691,420	100.0%	1,419	100.0%

Sources: County Assessor; Urban Analytics.

Land Use Entitlements. The table below sets forth the land use entitlements in the Project Area, as of _____, 2016.

Mission Bay North Redevelopment Project Area
Current Entitlements and Construction Status in the Project Area

Entitlement	Completed	Under Construction	Total Completed or Under Construction	Total Size of Entitlement	% Completed or Under Construction
Residential	2,835 units	129 units	2,964 units	2,964 units	100%
Retail	117,000 s.f.	–	117,000 s.f.	117,000 s.f.	100%
Office	65,000 s.f.	–	65,000 s.f.	65,000 s.f.	100%
Parks and Open Space	6.55 acres	–	6.55 acres	6.55 acres	100%

Sources: Successor Agency; Mission Bay Development Group.

Status of Development

The development of all parcels in the Project Area is complete, with the exception of one parcel on which Integral Group is in the process of constructing 129 units of rental housing (described above).

Construction for this last project commenced in the 1st quarter of 2015 and is expected to be completed in the 4th quarter of 2016.

Property Tax Exemption of Certain Properties

General. Under California law, certain properties are exempt from property taxation including properties owned or leased by governmental entities or by certain nonprofit corporations.

As discussed below, certain properties are currently exempt from property taxes and expected to remain exempt and taxes therefrom are not included in calculations of Tax Revenues. Further, as development continues, property transfers may occur to entities, or for uses, which render such properties exempt from property taxation. In most cases, agreements are in place for payments in lieu of taxes, each, a "**PILOT Agreement**" equal to the property taxes due if such parcels were taxable. Payments under a PILOT Agreement are considered Tax Revenues, pledged to payment of the Bonds, and are included in Allocable Tax Revenues for purposes of satisfying the requirements of issuance of additional Parity Debt under the Indenture. However, such payments are not included in the definition of Allocable Tax Revenues set forth in the Existing Loan Agreements, which means that such amounts may not be considered in connection with the delivery of Parity Debt until such time that neither of the Existing Loan Agreements remain in effect. **It is possible that a parcel subject to property tax which is included in the projections of Tax Revenues may be converted by change of use, transfer or condemnation, to a parcel exempt from taxation, in whole or in part.**

Currently Exempt Parcels. Eleven privately-owned parcels in the Project Area with public rights-of-way or railroad rights-of-way or have an assessed valuation for land and improvements of zero are not included in Tax Revenues. These parcels are currently not taxed and are not expected to be subject to property taxation in the foreseeable future. No property taxes are expected to be generated by these parcels and no amounts from these parcels are included in Tax Revenues.

Mission Bay North Owner Participation Agreement

In order to facilitate the implementation of the Mission Bay North Redevelopment Plan, the Successor Agency and Catellus Development Corporation, a Delaware corporation, as successor in interest to the original landowner (collectively, "**Catellus**") entered into the Mission Bay North Owner Participation Agreement (the "**OPA**"), dated November 16, 1998 (as subsequently amended), regarding the development of property within the Project Area. Under the OPA, Catellus was obligated to construct or cause to be constructed all of the public improvements in the Project Area (the "**Infrastructure**") in accordance with obligations outlined in the OPA. FOCIL acquired parcels in the Project Area from Catellus. As a result of its acquisitions, FOCIL was required to assume all of Catellus' obligations under the OPA to construct the Infrastructure.

The OPA includes a Financing Plan (the "**Financing Plan**") under which the Former Agency committed Net Available Increment from the Project Area to be used towards the payment of costs of the Infrastructure. "**Net Available Increment**" is defined in the Financing Plan to mean the tax increment revenues arising under the Mission Bay North Redevelopment Plan and received by the Former Agency, exclusive of: (i) Housing Increment (calculated solely at 20% of the total tax revenues received by the Successor Agency pursuant to the Mission Bay North Redevelopment Plan); (ii) tax increment revenues required by the Redevelopment Law to be paid to other taxing agencies (initially, 20% of the total tax increment revenues received by the Successor Agency, and otherwise pursuant to the Redevelopment Law and Mission Bay North Redevelopment Plan); and (iii) tax increment revenues needed to pay Agency Costs (as defined in the Financing Plan) not otherwise paid from other sources. Pursuant to the Tax Increment Allocation Pledge Agreement, dated as of November 16, 1998 (the "**Tax Allocation Agreement**") between the City and the Former Agency, all Net Available Increment produced from the Project Area and any interest earnings thereon shall be irrevocably pledged by the Former Agency as a

first pledge for the payment of principal of and interest on indebtedness of the Former Agency incurred for the purpose of financing or refinancing the construction of the Infrastructure.

The Successor Agency, as successor to the Former Agency, is issuing the Bonds in furtherance of its obligations under the OPA to finance the acquisition of the Infrastructure.

The OPA provides that Catellus is responsible (which responsibility has been assumed by FOCIL) for constructing the Infrastructure and that the Successor Agency will provide financing of a portion of the costs of the Infrastructure through the issuance of tax allocation bonds, the establishment of one or more community facilities districts ("**CFDs**") under the Mello-Roos Act, or through direct acquisition from Net Available Increment. Pursuant to the OPA, CFDs have issued bonds (the "**CFD Bonds**") secured by special taxes levied on property in such community facility district to pay for the Infrastructure. As of January 1, 2016, $19.8 million aggregate principal amount of such CFD Bonds is outstanding. Any Net Available Increment available after payment of tax allocation bonds (including, the Bonds) may be used to pay, if necessary, the principal of, and interest and any premium on, the CFD Bonds, offset special taxes due with respect to CFD Bonds and pay for Infrastructure directly.

The Former Agency and Catellus entered into an Acquisition Agreement (the "**Acquisition Agreement**") dated as of June 1, 2001, as supplemented as of October 1, 2002 and assumed by FOCIL in 2004. Under the terms of the Acquisition Agreement, the Successor Agency will acquire the Infrastructure from FOCIL upon completion of various discrete components of infrastructure and inspection thereof by the City.

As provided in the Financing Plan, FOCIL agrees to pay certain shortfalls in the available tax increment needed to pay debt service on tax allocation bonds issued by the Successor Agency (including the Bonds) to finance Infrastructure within or benefiting the Project Area by reductions in assessed values. This payment obligation applies to tax increment generated by property in the Project Area owned by FOCIL. To further evidence its obligations under the Financing Plan, FOCIL has entered into the Mission Bay North Tax Allocation Debt Promissory Note and shall require that any successor or transferee with a Net Worth (as defined in the Financing Plan) equal to or greater than $25,000,000 execute a similar Tax Allocation Debt Promissory Note in order for FOCIL to be released from the promissory note relating to such property. All of the taxable property in the Project Area has been transferred by FOCIL to third parties and all such third parties have posted promissory notes as required by the OPA. Such promissory note requirement does not apply to property owned by individual homeowners and homeowner's associations.

TAX REVENUES AND DEBT SERVICE

Pursuant to the Indenture, Tax Revenues are to be deposited by the Successor Agency into the Special Fund. Thereafter, moneys in the Special Fund shall be transferrable by the Successor Agency to the Trustee for deposit in the Debt Service Fund, administered by the Trustee and applied to the payment of the principal of and interest on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Fund; Deposit of Tax Revenues." The Successor Agency has retained the Fiscal Consultant to provide projections of taxable assessed valuation, tax increment revenue and Tax Revenues from developments in the Project Area.

Historical and Current Assessed Valuation and Tax Revenues for the Project Area

General. The tables below set forth the following information for the Project Area: (i) the property taxable values and Tax Revenues (which do not include payments under PILOT Agreements, see "THE PROJECT AREA–Property Tax Exemption of Certain Properties") received from the Project Area for Fiscal Years 2011-12 to 2015-16; (ii) information on concentration of assessed value for Fiscal Year 2015-16; and (iii) estimated debt service coverage. Based on assessment roll data provided by the offices

of the San Francisco Assessor, San Francisco Controller, and State Board of Equalization, the total assessed valuation for Fiscal Year 2015-16 in the Project Area, after deducting all exemptions except the homeowner's exemption which is reimbursed by the State, is $1.6 billion in the Project Area. This represents a 4.4% gain over Fiscal Year 2014-15 valuations.

Table 1
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay North Redevelopment Project Area
Property Taxable Values and Tax Revenues
(Dollars in Thousands)

	2011-12	2012-13	2013-14	2014-15	2015-16
Secured Property Assessed Values[1]:					
Real Property	$1,230,789	$1,608,579	$1,513,906	$1,555,482	$1,621,691
SBE Rolls	-	-	-	-	-
Total Secured Assessed Value	$1,230,789	$1,608,579	$1,513,906	$1,555,482	$1,621,691
Unsecured Assessed Value	14,623	13,673	19,497	18,029	21,190
Total Assessed Value	$1,245,412	$1,622,252	$1,533,403	$1,573,511	$1,642,882
Base Year Values:					
Secured	$ 25,586	$ 25,586	$ 25,586	$ 25,586	$ 25,586
Unsecured	818	818	818	818	818
Increase Over Base-Year Values:					
Secured	$1,205,203	$ 1,582,99	$1,488,320	$1,529,896	$1,596,105
Unsecured	13,805	12,855	18,678	17,211	20,372
Secured Tax Rate	0.010000	0.010000	0.010000	0.010000	0.010000
Unsecured Tax Rate	0.010040	0.010000	0.010000	0.010000	0.010000
Tax Increment Revenue[2]					
Secured Property	$ 12,052	$ 15,830	$ 14,883	$ 15,299	$ 15,961
Unsecured Property	$ 139	$ 129	187	172	204
Gross Tax Increment Revenue	$ 12,191	$ 15,958	$ 15,070	$ 15,471	$ 16,165
Less: 20% Housing Set-Aside	$ 2,438	$ 3,192	3,014	3,094	3,233
Less: AB 1290 Pass-through Obligation[3]	-	-	-	-	-
Less: Apportioned County Admin Fee[4]	2	3	3	3	3
Tax Increment Revenues	$ 9,750	$ 12,764	$ 12,053	$ 12,374	$ 12,929

(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. The Successor Agency may receive other revenues, including supplemental taxes, prior-year escape assessments and payments in lieu of taxes.

(3) Future AB 1290 payments for this Project Area have been subordinated to the Bonds and existing Parity Debt and accordingly are not deducted from Tax Revenues.

(4) Property tax administration fees are deducted by the City Controller from total Successor Agency revenue; figures shown are estimates based on the Project Area's proportionate share of total Successor Agency revenue.

Sources: City and County of San Francisco; Urban Analytics.

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Ten Largest Property Owners by Valuation. The table below summarizes the ten largest property owners based on Fiscal Year 2015-16 assessed valuation.

Table 2
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay North Redevelopment Project Area
Ten Largest Property Owners by Assessed Valuation for Fiscal Year 2015-16
(Assessed Values Exclude Homeowner Subventions)

Property/Taxpayer	Assessed Value	% of Total Assessed Value	Land Use
MVP I LLC Delaware* (1: 2011-12)	$ 141,243,772	8.6%	Apartments/Retail
Avalonbay Communities Inc	127,491,666	7.8	Apartments/Retail
United Dominion Realty LP	125,741,133	7.7	Apartment Building
Mission Bay North Financing LP	109,657,022	6.7	Apartments/Retail
Beacon LP* (4: 2014-15)	78,924,713	4.8	Retail
Deerfield King Street LLC	7,231,510	0.4	Apartments/Retail
Oxford Management LLC	6,951,161	0.4	Condominium
Safeway	5,717,335	0.3	Retail
Mission Bay Housing Partners LP	5,686,573	0.3	Apartments/Retail
Fosters Creative Entertainment CNCP	4,821,059	0.3	Commercial
Total Ten Largest:	**613,465,944**	37.3%	Apartments/Retail
All Other	1,029,415,842	62.7	
Total for the Area:	**$1,642,881,786**	100.0%	
Ten Largest as Percentage of Incremental Assessed Value:		*38.0%*	

*Owner has the indicated number of appeals pending in the years shown.
Sources: County Assessor; Urban Analytics.

Projected Tax Revenues and Debt Service Coverage

Set forth below are tables showing projected gross tax increment revenue, projected Tax Revenues, net tax increment revenue and estimated debt service coverage. The below projections reflect the existing redevelopment plan limitations for the Project Area and assume approximately 1.525%

annual growth in gross tax increment revenues beginning in Fiscal Year 2016-17 through the maturity of the Bonds.

The Successor Agency believes that the assumptions (set forth in the footnotes below and in APPENDIX B – "REPORT OF THE FISCAL CONSULTANT") upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur. See "CERTAIN RISK FACTORS." Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material.

The AB 1290 obligations for the Project Area have been subordinated to debt service payments on the Bonds in accordance with the statutory procedure therefor. Such subordinated AB 1290 obligations are therefore not deducted from Tax Revenues in the tables below for the Project Area. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – *Assembly Bill 1290; Statutory Pass-Throughs*."

Table 3
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay North Redevelopment Project Area
Projected Tax Revenues

Fiscal Year Ending June 30	Gross Tax Increment	Portion Applied to Housing	Property Tax Admin Fee	Projected Tax Revenues	Subordinate Pass Through Payments	Net Tax Increment

Table 4
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay North Redevelopment Project Area
Estimated Annual Debt Service Coverage

Fiscal Year Ending June 30	Projected Tax Revenues	Existing Loan Agreements Debt Service	2016 Series A Bonds Debt Service	Total Debt Service	Debt Service Coverage Ratio

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 does not track properties through to the point of sale to third parties, the actual impact on assessed valuation cannot be reasonably determined.

Assessment Appeals

Appeals of assessments by property owners in the Project Area can result in future reductions in assessed valuations that affect the Successor Agency. 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 instead 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 of the City and County of San Francisco (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 improve.

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.

Appeal filings in the Project Area for the past six (6) years are shown in the table below for the secured roll. The tables compare 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 board of assessment appeals, granted a hearing but denied an adjustment in valuation, or granted an adjustment in valuation.

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Table 5
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay North Redevelopment Project Area
Assessment Appeals

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate*
2014-15	Resolved	7	$ 148,878,483	$ 128,481,247	$ 148,823,483	100.0%
2014-15	Pending	4	48,125,725	45,500,000	[TBD]	[TBD]
2013-14	Resolved	25	209,890,737	175,515,205	209,506,124	99.8%
2013-14	Pending	-	-	-	-	-
2012-13	Resolved	87	653,026,295	470,055,935	651,147,382	99.7%
2012-13	Pending	-	-	-	-	-
2011-12	Resolved	91	521,811,296	357,685,446	515,663,675	98.8%
2011-12	Pending	1	112,532,181	100,854,297	-	[TBD]
2010-11	Resolved	61	612,310,729	392,245,088	601,503,237	98.2%
2010-11	Pending	-	-	-	-	-
2009-10	Resolved	98	434,703,349	320,176,185	426,276,964	98.1%
2009-10	Pending	-	-	-	-	-
All Years	Resolved	369	$2,580,620,889	$1,844,159,106	$2,552,920,865	98.9%
All Years	Pending	5	$ 160,657,906	$ 146,354,297	[TBD]	[TBD]
Potential exposure to reductions in valuation from pending appeals using retention rate**:						$1,724,480

* 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.
** Estimated based on the County Valuation for pending appeals across all years multiplied by the difference between 100% and the retention rate for resolved appeals across all years.

Source: San Francisco County Assessment Appeals Board. Data as of 12/8/2015.

Pending appeals have been filed by two (2) of the largest property owners in the Project Area, specifically MVP I LLC Delaware, which has one (1) appeal pending on its Fiscal Year 2011-12 valuation, and Beacon LP, which as four (4) appeals pending on its Fiscal Year 2014-15 valuation.

Were the City Controller to change its policy of deducting appeal-related tax refunds solely from taxing entities and not from the Successor Agency or were the Assessor to extend Proposition 8 reductions to future rolls for properties granted prior-year reductions, applying the retention rate of 98.9% to the valuation currently subject to pending appeals, the estimated reduction in prior-year assessed valuation would be $1.7 million or approximately $14,000 in Tax Revenues. 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 City's Assessment Appeals Board (the "**Assessment Appeals Board**") across the Project Area, 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 $14.3 million for the Project Area and approximately $114,000 in Tax Revenues[; this also includes multi-year appeals and does not necessarily indicate an equivalent reduction in future revenue.]

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 Bonds. The following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the Bonds and 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 BONDS – Recognized Obligation Payment Schedule," the Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Tax revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the City Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the distribution date, unless a Last and Final Recognized Obligation Payment Schedule is filed in which event no periodic filing requirements apply. In instances where a Last and Final Recognized Obligation Payment schedule is not filed, if the Successor Agency were to fail to submit an approved Recognized Obligation Payment Schedule 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 Redevelopment Property Tax Trust Fund for such six-month or twelve-month period, as applicable, would be distributed to Taxing Entities as more fully described in the section of this Official Statement entitled, "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule," the availability of Tax Revenues to the Successor Agency to pay debt service on the Bonds could be adversely affected for such period. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedule."

Certain Uncertainties Regarding the 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 Dissolution Act has only required that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the 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 Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (such as the Former Agency) the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act 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*." The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area. Due to the pledge of Tax Revenues securing the Bonds and the Existing Loan Agreements, Tax Revenues will be used for such purposes 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.

To the extent that tax increment revenue generated from other project areas is available after payment of all obligations required to be paid from such amounts, the excess tax increment revenue might, under the Dissolution Act, may also be available to pay debt service on the Bonds.

Concentration of Tax Base

In the Project Area, approximately 37.3% of the total assessed value and 38.0% of the total incremental assessed value is attributable to its ten (10) largest assessees. The failure or financial difficulty of one or more of such large developments could have a significant detrimental impact on the Project Area's assessed value and consequently on the amount of Tax Revenues of the Project Area available to secure the Bonds. See "TAX REVENUES AND DEBT SERVICE" and "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure."

Estimates of Tax Revenues

To estimate the tax revenues ultimately available to pay debt service on the Bonds, the Successor Agency has made certain assumptions with regard to the present and future assessed valuation of taxable property in the Project Area, future tax rates, growth in tax revenues over time, percentage of taxes collected, other senior obligations, the amount of funds available for investment and the interest rate at which those funds will be invested. See APPENDIX B – "REPORT OF FISCAL CONSULTANT." The Successor Agency believes these assumptions to be reasonable, but there are no assurances that these assumptions will be realized. To the extent that the assessed valuation, the tax rates, the percentages collected, the amount of the funds available for investment or the interest rate at which they are invested, are less than the Successor Agency's assumptions, the Tax Revenues would be less than those projected and may be insufficient to pay debt service on the Bonds.

Subordination of ERAF

The Successor Agency has obtained the approval of the Taxing Entities to subordinate payment of their AB 1290 Statutory Pass-Through Amounts to the payment of debt service on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – *Assembly Bill 1290; Statutory Pass-Throughs.*" 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 have also been subordinated, given that the Taxing Entities, to whom the amounts deposited in ERAF will be distributed, 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 Bonds. The Statutory Pass-Through Amount for ERAF for Fiscal Year 2015-16 is approximately $1 million. 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 Bonds will have a materially adverse effect on its ability to pay debt service on the Bonds.

Reduction in Tax Base and Assessed Values

Tax revenues allocated to the Redevelopment Property Tax Trust Fund constitute the ultimate source of payment on the Bonds, the Existing Loans and any Parity Debt. Such tax revenues are determined by the amount of the incremental taxable value of property in the Project Area, the current rate or rates at which property in the Project Area is taxed and the percentage of taxes collected in the Project Area. A reduction of the taxable values of property in the Project Area 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 Area, relocation out of the Project Area 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. As discussed above under the

caption "THE PROJECT AREA – Property Tax Exemption of Certain Properties," several significant properties within the Project Area are exempt from property taxes and have contractually agreed to make payments under PILOT Agreements. 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. These risks may be greater where, as here, the Project Area has a high concentration of major taxpayers. See "TAX REVENUES AND DEBT SERVICE – Ten Largest Property Owners by Valuation," above. See "TAX REVENUES AND DEBT SERVICE – Assessment Appeals" above.

The potential exposure of the Successor Agency's tax increment revenue to appeals were the City Controller either to change its policy of deducting appeal-related tax refunds solely from taxing entities and not from the Successor Agency or 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 a Project Area to the amount of roll valuation in pending appeals for the Project Area. Applying the retention rate of 98.9% to the aggregate valuation currently subject to pending appeals in the Project Area, the Fiscal Consultant estimates a reduction in valuation of $1.7 million approximately $14,000 in total Tax Revenues.

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 owner 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 one percent (1%) of the overall assessed value for the Project Area for Fiscal Year 2015-16.

Article XIIIA 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 Tax Revenues to be available to it to make payments with respect to the Bonds, the Successor Agency has assumed 1.525% inflationary increases. The projected 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 Tax Revenues. See "TAX REVENUES AND DEBT SERVICE" and "LIMITATIONS ON TAX REVENUES – Tax Limitations – *Article XIIIA of California Constitution*" herein.

In addition to the other limitations on and the required application under the Dissolution Act of tax revenues on deposit in the Redevelopment Property Tax Trust Fund, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing tax revenues allocated to the Redevelopment Property Tax Trust Fund 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 Tax Revenues and adversely affect the source of repayment and security of the 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 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 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 "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 Area, which may arise out of successful appeals by property owners, will affect the amount of present or future Tax Revenues.

Assessors have the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of properties affected by particular negative economic conditions. Although the Assessor's office has not indicated how many parcels are currently subject to Proposition 8 reductions, these temporary reductions in value and any restorations of previously-reduced values are incorporated into the 2015-16 roll data shown in the tables under "TAX REVENUES AND DEBT SERVICE."

Two (2) of the ten (10) largest property taxpayers in the Project Area have pending property tax appeals. See "TAX REVENUES AND DEBT SERVICE – Ten Largest Property Owners by Valuation," and "– Assessment Appeals" for a description of pending appeals and the potential impact on Tax Revenues if the appeals are granted.

State Budget Issues; Changes in the Law

AB 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its Fiscal Years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills 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 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 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 Dissolution Act or other laws or the Constitution of the State resulting in a reduction of Tax Revenues, or that otherwise have an adverse effect on the Successor Agency's ability to pay debt service on the Bonds.

Certain litigation is challenging some of the terms of the Dissolution Act, and it is anticipated that there will be additional future legislation in this area. The Successor Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future.

The Dissolution Act is new and implementation of its provisions have been and will 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, and the Dissolution Act could be subject to further legislative or judicial review. The Successor Agency cannot predict the outcome or impact of any such interpretations or reviews, on the availability of Tax Revenues to pay the Bonds.

Development Risks

Although the Project Area is almost completely developed, the remaining development within the Project Area will be subject to all the risks generally associated with real estate development. Projected development within the Project Area 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 Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be affected. If such events lead to a decline in assessed values, they could cause a reduction in Tax Revenues. In addition, if there is a decline in the general economy of the Project Area, the owners of property within the Project Area 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 Area. In addition, the insolvency or bankruptcy of one or more large owners of property within the Project Area 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 Area could depreciate substantially and owners of property may be less willing or able to pay property taxes.

Earthquake. The City is in a seismically active area, where damaging earthquakes have occurred and are likely to occur again along the two earthquake fault lines that affect San Francisco, which are the San Andreas fault line and the Hayward fault line. Significant recent 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 environs. 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.

According to the Community Safety element of the General Plan of the City and County of San Francisco (October 2012) (the "**Community Safety Element**"), a working group of earthquake scientists formed by the National Earthquake Prediction Evaluation Council concluded in 2008 that there is a 67% likelihood of one or more major earthquakes (magnitude 6.7 or greater and capable of resulting in substantial damage) occurring in the Bay Area in the next 30 years (*http://earthquake.usgs.gov/regional/nca/ucerf/*). This means that a major quake is twice as likely to occur as it is not to occur.

The final Mission Bay Subsequent Environmental Impact Report (1998) ("**Final SEIR**") describes the Mission Bay area as underlain by as much as 45 feet of fill, 10 to 70 feet of weak, compressible clay known as Bay Mud, 1 to 30 feet of alluvium, and 1 to 40 feet of stiff to hard clay known as Old Bay Clay, which overlie Franciscan bedrock (consisting primarily of layered shale and sandstone). The groundwater table is between 1 and 18 feet below the ground surface. The Final SEIR states that the Mission Bay area is in a Seismic Hazards Zone for liquefaction and susceptible to earthquake-related groundshaking that would be strong enough to damage buildings and infrastructure, and possible result in injury or loss of life. Finally, the Final SEIR notes that the San Francisco Building Code would require seismically resistant construction in the Mission Bay project area to reduce injury and loss of life during earthquakes: piles must be driven to depths between 30 and about 200 feet to support major structures and to reduce the effects of groundshaking and liquefaction.

Flood. According to the Final SEIR, structures and roadways in the Mission Bay development – including property in the Project Area – could be subject to tidal flooding during the 100-year flood event. Flooding would occur more frequently if sea levels were to rise, as they are currently expected to do. If sea levels were to rise, groundwater levels in the Mission Bay area could rise approximately the same amount.

To mitigate the risk of flooding, the Successor Agency previously required and the City and the Successor Agency currently requires developers of property in Mission Bay to incorporate specific measures designed by a licensed engineer; the measures may include: setback from the water's edge; installation of seawalls, dikes, and/or berms during construction of infrastructure; reduction of the amount of excavation for utilities or basements; and use of topsoil to raise the level of public open spaces.

***Sea Level Rise*.** 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 – including property in Mission Bay – is at risk for inundation because of low elevation and subsidence over time due to compaction from buildings and soil desiccation. The Community Safety Element notes that best available projections for California and the Bay Area currently assume 12-18 inches of sea level rise by 2050 and 21-55 inches of sea level rise by 2100, given current carbon emissions trends, although it also notes that these projections are likely to change over time as climate science progresses.

***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 runups that have occurred in the prehistoric past, there is considerable uncertainty over the extent of tsunami runup that could occur.

The Final SEIR states that the Mission Bay area is in an area subject to tsunami inundation hazards (as defined in the Community Safety Element of the General Plan) but that the likelihood of tsunami inundation is very slight.

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 Area 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 Area and could result in a significant reduction in Tax Revenues. Such reduction of Tax Revenues could have an adverse effect on the Successor Agency's payment of debt service on the Bonds.

Bond Insurance Risk Factors

The Successor Agency [has applied] [will apply] for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The Successor Agency has yet to determine whether an insurance policy will be purchased with the Bonds, which decision remains at its sole and absolute discretion. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Bond Insurance Policy (the "**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 Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the 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 the bond insurer at such time and in such amounts as would have been due absence such prepayment by the Successor Agency unless the bond insurer 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 the bond insurer without appropriate consent. The bond insurer may direct and must consent to any remedies and the bond insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the bond insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the bond insurer and its claim paying ability. The bond insurer'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 the bond insurer and of the ratings on the Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "RATING" herein.

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

Neither the Successor Agency nor Underwriters have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer 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 Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "INTRODUCTION – Bond Insurance" herein for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

No Validation Proceeding Undertaken

California Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a "validation proceeding," for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the Bonds, California Government Code Section 53511 authorizes a local agency to "bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness." Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters herein adjudicated or which could have been adjudicated, against all persons: "The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive."

The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the Bonds and specifying the related deadline for any challenge to the Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within thirty (30) days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the Bonds and the Oversight Board Resolution on January 13, 2016.

It is possible that a lawsuit challenging the Dissolution Act or specific provisions thereof based on the inability of successor agencies to meet their obligations to bondholders as those obligations become due, or to pay any other of their other obligations, could be successful and that the mechanisms currently provided for under the Dissolution Act to provide for distribution of Tax Revenues to the Successor Agency for payment on the Bonds could be impeded and result in a delinquency or default in the timely payment of principal of, and interest on, the Bonds.

Any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the Bonds could be subject to the same issues regarding an impairment of contract or unconstitutional taking without just compensation as raised in the Syncora Lawsuit (see "LITIGATION" herein). The Successor Agency believes that the aforementioned considerations would provide some protections against the adverse consequences upon the Successor Agency and the availability of Tax Revenues for the payment of debt service on the Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Successor Agency does not guarantee that any lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the Bonds.

Reductions in Unitary Values

As the result of the adoption of AB 454 (Chapter 921, Statutes of 1987), a portion of the county-wide unitary values assigned to public utilities was allocated to the Project Area. Any substantial reduction in the values of public utility properties, either because of deregulation of a utility industry or for any other reason, will have an adverse impact on the amount of Tax Revenues. For further information concerning unitary values, see "LIMITATIONS ON TAX REVENUES – Taxation of Unitary Property." No utility unitary tax revenue is included in projections of Tax Revenues.

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 Area. 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 Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Reduction in Inflation Rate

As described in greater detail below, Article XIIIA 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 Bonds could reduce Tax Revenues. See "LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIIIA 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 BONDS – Allocation of Taxes Pursuant to the Dissolution Act – *Teeter Plan*." Such plan may be discontinued at any time.

Investment Risk

All funds held by the Trustee under the Indenture and all funds held by the Successor Agency in the Special Fund, into which all Tax Revenues are initially deposited, are required to be invested in Permitted Investments as provided in the Indenture. 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 Bonds.

Bankruptcy and Foreclosure

The payment of the property tax revenue from which 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 Bonds and the enforceability of the obligation to make payments on the 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 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 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 interest on the Bonds and/or to redeem 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 "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure – *Delinquencies*," 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. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Successor Agency to pay debt service on the 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 2016 Bond payments. 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 Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of Allocable Tax Revenues received by the Successor Agency from the Project Area. As discussed herein, the Successor Agency does not receive on an annual basis all Tax Revenues, unless required to pay debt services and other obligations under the OPA.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 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**"), and the Successor Agency has covenanted in the Indenture to comply with certain provisions of the Tax Code. The interest on the Bonds could become includable gross income for purposes of federal income taxation retroactive to the date of issuance of the 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 Bonds. The 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 Bonds was undertaken it would not adversely affect the market value of the Bonds. See "TAX MATTERS."

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or if a secondary market exists, that the 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 market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including, without limitation, amendments to the Tax Code), or by any state constitutional amendments, court decisions, changes in interpretation of the 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 Bonds for audit examination, or the course or result of any IRS audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

Parity Obligations

As described in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Limitations on Additional Indebtedness – *Parity Debt*," the Successor Agency may issue or incur obligations payable from Tax Revenues on a parity with its pledge of Tax Revenues to payment of debt service on the Bonds

and the Existing Loan Agreements. The existence of and the potential for additional Parity Debt increases the risks associated with the Successor Agency's payment of debt service on the Bonds in the event of a decrease in the Successor Agency's collection of Tax Revenues.

In connection with the OPA, the Agency has covenanted to issue additional Parity Debt if tax increment revenue increases in sufficient amount to support such Parity Debt. See "THE PROJECT AREA – Mission Bay North Owner Participation Agreement."

Bonds are Limited Obligations

The 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 Bonds are payable solely from Tax Revenues allocated to the Successor Agency from the Project Area and certain other funds pledged therefor under the Indenture. The 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 BONDS." No Owner of the 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 Bonds.

Limited Recourse on Default

If the Successor Agency defaults on its obligations under the Indenture, the Trustee has the right to accelerate the Bonds. 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 Bonds.

LIMITATIONS ON TAX REVENUES

The Bonds are secured by a pledge of Tax Revenues attributable to the Project Area. The Successor Agency does not have any independent power to levy and collect property taxes; accordingly, the amount of Tax Revenues available to the Successor Agency for payment of the principal of and interest on the 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 which 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 which becomes a lien on secured property has priority over all other liens 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 county clerk 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 which 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 which 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 of a 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 of a 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. Previously, statutes enabled the assessment of such changes only as of the next January 1 tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments for up to fourteen (14) months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Area, 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 Dissolution Act allow administrative costs of the county auditor-controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before moneys are deposited into the Redevelopment Property Tax Trust Fund.

Taxation of Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case, values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year,

each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the one percent tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to one hundred and two percent (102%) of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than one hundred and two percent (102%) of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization. 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.

Tax Limitations – Article XIIIA of California Constitution

Article XIIIA of the State Constitution, known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to one percent (1%) of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIIIA 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 XIIIA 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 XIIIA 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 XIIIA, 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 XIIIA 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 (currently projected at 1.525%) 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 on the Successor Agency's receipt of Tax Revenues as a result of such challenge or change.

Article XIIIB of California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIIIB to the California Constitution which has been subsequently amended several times. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The base year for establishing such appropriation limit is fiscal year 1978-79 and the limit is to be adjusted annually to reflect changes in population, cost of living and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIIIB include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. 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 XIIIB or any statutory provision enacted in implementation thereof. 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. Woosely* and *Brown v. Community Redevelopment Agency*.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the California Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on bonded indebtedness issued by a taxing entity (not the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies. Tax Revenues do not include any such amounts.

Articles XIIIC and XIIID of California Constitution

On November 5, 1996, California voters approved Proposition 218 – Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges – Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID 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 XIIIC of the California Constitution by adding an expansive definition for the term "tax," which previously was not

defined under the California Constitution. The 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 XIIIA, Article XIIIB, Article XIIIC and Article XIIID 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

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 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 imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency and the users of the facilities financed or refinanced from the proceeds of the Bonds comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds. The Successor Agency have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 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 (excluding bond houses and brokers) at which each Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the 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 this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Code, original issue premium is amortized on an annual basis over the term of the Bonds (said term being the shorter of the applicable maturity date of the Bonds or the call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium 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 Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

The form of Bond Counsel's opinion to be delivered on the date of issuance of the Bonds is set forth in Appendix E hereto.

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

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 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 Bonds. In the opinion of counsel to the Successor Agency, 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 Bonds as it becomes due.

A number of other lawsuits have been filed in the State that challenge the Dissolution Act or the application of certain of its provisions. The Successor Agency is unable to predict the likely outcome of these actions 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 Dissolution Act or on the Successor Agency's ability to make payments of principal of and interest on the Bonds.

CONTINUING DISCLOSURE

The Successor Agency has covenanted for the benefit of the Owners of the 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 report for the 2015-16 fiscal year (the "**Annual Report**") and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Successor Agency, or the Dissemination Agent, if any, on behalf of the Successor Agency, with the MSRB. The notices of events will also 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."

In the past five years, the Successor Agency believes that neither the Former Agency nor the Successor Agency have failed to comply in any material respect with any previous undertakings in accordance with S.E.C. Rule 15c2-12 to provide annual reports or notices of certain enumerated events. The Former Agency failed on occasion to file notices of bond insurer-related rating downgrades on a timely basis, however, such failures were only with respect to downgrades below the underlying rating of the bond. Additionally, due to the dissolution of the Former Agency and delays in the preparation of audited financials for Fiscal Year ended 2012 for the Successor Agency, the Successor Agency and the Former Agency filed their respective audited financial statements approximately thirty (30) days late. The Former Agency had, however, filed unaudited financial statements for the Former Agency for the first (7) seven months of the fiscal year in a timely manner. Additionally, certain tabular information related to a merged project area was not aggregated as required by the applicable continuing disclosure agreement. However, all of the required information was available for the component areas of such merged project area. The Successor Agency has filed notices of all bond rating downgrades and the missing tabular information noted above. The Successor Agency has also established procedures that it believes are sufficient to ensure future compliance with its continuing disclosure undertakings.

LEGAL MATTERS

Certain legal matters incident to the issuance, sale and delivery of the Bonds are subject to the approving legal opinion of Jones Hall, A Professional Law Corporation, as Bond Counsel. Certain legal matters incident to the issuance of the Bonds will be passed upon for the Successor Agency by its General Counsel. Curls Bartling P.C. 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 Stradling Yocca Carlson & Rauth, A Professional Corporation.

Bond Counsel's engagement is limited to a review of the legal procedures required for the authorization, issuance and sale of the Bonds, and the exemption of interest on the Bonds from federal income taxation and California personal income taxes. See "TAX MATTERS" herein and APPENDIX E – "FORM OF BOND COUNSEL FINAL OPINION."

Fees payable to Bond Counsel and Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

FINANCIAL ADVISOR

Public Financial Management, Inc. has served as Financial Advisor to the Successor Agency and provided advice with respect to the sale of the Bonds. The Financial 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 Financial 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 Bonds. The Financial 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 Financial Advisor will receive compensation contingent upon the sale and delivery of the Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of, among other things, the mathematical computations of the amounts deposited in the Escrow Funds to pay, when due, the redemption price of and accrued interest on the Refunded Authority Bonds will be verified by Causey Demgen & Moore P.C.

RATING

Standard & Poor's Rating Service, a Standard & Poor's Financial Services LLC business ("**S&P**"), has assigned a rating to the Bonds of "___." Such rating reflects only the view of such organization, and an explanation of the significance of the rating may be obtained by contacting S&P. Such rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that such 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 such rating may have an adverse effect on the market price of the 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, 2015, are included as part of APPENDIX A – "SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015." 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 Bonds, the Successor Agency has engaged Urban Analytics, LLC to serve as fiscal consultant and prepare a Fiscal Consultant Report. See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

UNDERWRITING

The Bonds will be sold to Citigroup Global Markets, Inc., as representative of itself and Backstrom McCarley Berry & Co., LLC and Stinson Securities, LLC (collectively, the "**Underwriters**"), pursuant to a bond purchase contract (the "**Purchase Contract**") between the Successor Agency and the Underwriters. The Underwriters have agreed to purchase the Bonds for $_____ (which amount represents the $_____ aggregate principal amount of the Bonds, plus [net] issue premium in the amount of $_____, less an underwriters' discount of $_____).

The initial public offering prices of the Bonds may be changed from time to time by the Underwriters. The Purchase Contract for the Bonds provides that the Underwriters will purchase all of the Bonds if any are purchased 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.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and

TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Bonds.

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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 shall 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:_____
Deputy Executive Director,
Finance and Administration

APPENDIX A

SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

APPENDIX B

REPORT OF FISCAL CONSULTANT

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Successor Agency of the Redevelopment Agency of the City and County of San Francisco (the "Successor Agency") in connection with its issuance of $_____ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series A Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project) (together, the "Bonds"). The Bonds are being issued in accordance with Section 34177.5(a)(1) of the California Health and Safety Code (the "Redevelopment Law"), Article 11, Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law"), the resolution of the Successor Agency adopted August 18, 2015 (the "Resolution"), and the Indenture of Trust, dated as of _____ 1, 2016 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (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, 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 City'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 http://ww.emma.msrb.org/.

"Listed Events" means any of the events listed in Section 5(a) 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 _____, 2016, 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 Area" means the Mission Bay North Redevelopment Project Area.

"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 the Annual Report Date, commencing with the report for the 2014-15 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, with a copy to the Trustee and the Participating Underwriters. 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 the Project Area 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 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 shall provide to the MSRB (with a copy to the Trustee and the Participating Underwriters) a notice, in substantially the form attached 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 Area as of the end of the fiscal year to which the Annual Report pertains;

2. The top ten taxpayers by valuation in the Project Area for the fiscal year to which the Annual Report pertains in a form substantially similar to that in the Official Statement;

3. Assessed valuations and tax increment revenue for the fiscal year to which the Annual Report pertains, by means of an update to the "Property Taxable Values, Tax Revenues and Delinquency Rates" table as shown in Table 1 of the Official Statement with an indication of the amount of unsecured valuation and secured valuation;

4. Estimated debt service coverage for obligations of the Successor Agency in the Project Area for the fiscal year to which the Annual Report pertains by means of an update to the "Estimated Annual Debt Service Coverage" table shown in Table 4 of the Official Statement;

5. Assessment appeals for the fiscal year to which the Annual Report pertains by means of an update to the "Assessment Appeals" table shown in Table 5 of the Official Statement; and

6. The two most recently submitted Recognized Obligation Payment Schedules approved by the State Department of Finance and prepared in accordance with the then applicable law.

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, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) days after 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. 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; and
9. Bankruptcy, insolvency, receivership or similar proceedings.

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 governmental 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, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Unless described in Section 5(a)(5), adverse tax opinions or 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; and
7. Appointment of a successor or additional trustee or the change of the name of a trustee.

(c) If the Successor Agency determines that knowledge of the occurrence of a Listed Event under subsection (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.

(d) If the Successor Agency determines that the Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the Successor Agency, the Successor Agency shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The Successor Agency hereby agrees that the undertaking set forth in this Disclosure Agreement 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 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 or 5(a), 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 Agreement. 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 Executive Director, Finance and Administration
To the Participating Underwriters:	Citigroup Global Markets, Inc. One Sansome Street, 27th Floor San Francisco, CA 94104 Fax: _____ Attention: Alexander Zaman
To the Trustee:	U.S. Bank National Trust 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: _____, 2016

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

By:_____
Deputy Executive Director, 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
Name of Issue:	Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series A Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project)
Date of Issuance:	_____, 2016

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 5.17 of the Indenture. 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:_____

cc: Trustee and Participating Underwriters

APPENDIX E

FORM OF BOND COUNSEL FINAL OPINION

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 Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 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 Bonds. The 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 the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest 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, corporate and municipal debt issues, and money market instrument (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 the DTC 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 Bonds within a maturity 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 such other DTC nominee) will consent or vote with respect to the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the 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 payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 redemption proceeds, distributions, and dividend payments 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 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, 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, 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.

APPENDIX G

CALIFORNIA DEPARTMENT OF FINANCE
DETERMINATION LETTER APPROVING THE BONDS

CB Draft 02/18/2016

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016

NEW ISSUE
BOOK-ENTRY ONLY

UNDERLYING RATING: Standard & Poor's: "___"
(See "RATING" herein)

DAC Bond®

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications, under existing law, the interest on the 2016 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 imposed on individuals and corporations, provided, however, that for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is required to be taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the 2016 Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

$45,000,000*
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
2016 Series B
Tax Allocation Bonds
(Mission Bay South Redevelopment Project)

$115,000,000*
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
2016 Series C
Tax Allocation Refunding Bonds
(Mission Bay South Redevelopment Project)

Dated: Date of Delivery

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 2016 Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2016 Series B Tax Allocation Bonds (Mission Bay South Redevelopment Project) (the "2016B Bonds") and the 2016 Series C Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project) (the "2016C Bonds" and together with the 2016B Bonds, the "2016 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, 2014, as amended and supplemented by a First Supplemental Indenture of Trust, dated as of _____ 1, 2016, each by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee").

Interest on the 2016 Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2016. Principal of the 2016 Bonds will be payable on the dates and in the respective principal amounts set forth on the inside cover page.

The 2016 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 2016 Bonds. Beneficial ownership interests in the 2016 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 2016 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 the 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."

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification or filing under the securities laws of any such jurisdiction.

The 2016 Bonds of each Series are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE 2016 BONDS – Redemption Provisions."

The proceeds of the 2016B Bonds will be used to (i) finance or refinance certain redevelopment activities of the Successor Agency in the Project Area, (ii) make a deposit to the 2016 Reserve Subaccount established under the Indenture, (iii) fund capitalized interest on the 2016B Bonds through _____ 1, 2016, and (iv) pay costs associated with the issuance of the 2016B Bonds. The 2016C Bonds are being issued for the purpose of providing funds, together with certain other available monies, to (i) refund certain obligations of the Former Agency, as described herein under "INTRODUCTION," (ii) make a deposit to the 2016 Reserve Subaccount, and (iii) pay costs associated with the issuance of the 2016C Bonds. See "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS." The Successor Agency [has applied] [will apply] to certain municipal bond insurers to obtain a municipal bond insurance policy and a reserve surety bond. If a municipal bond insurance policy is obtained, it would guarantee the scheduled payment of the principal of and interest on all or a portion of the 2016 Bonds. No assurance can be given as to whether the Successor Agency will purchase a municipal bond insurance policy or a reserve surety bond. See "INTRODUCTION – Reserve Account" and "– Bond Insurance" herein. If obtained, proceeds of the 2016C Bonds may also be used to purchase such municipal bond insurance or reserve surety bond.

The 2016 Bonds are payable from and secured by Tax Revenues (defined herein), consisting primarily of certain revenues generated from taxes on the property within the Mission Bay South Redevelopment Project Area on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll. No funds or properties of the Successor Agency, other than the Tax Revenues and certain other amounts held under the Indenture, are pledged to secure the 2016 Bonds. The Successor Agency has outstanding indebtedness and may incur additional indebtedness that is payable, on an equal priority basis, from the same tax revenues as the 2016 Bonds so long as certain conditions precedent have been met at the time such indebtedness is incurred, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Limitations on Additional Indebtedness – *Parity Debt.*"

The 2016 Bonds are limited obligations of the Successor Agency, the principal of, premium, if any, and interest on which are payable solely from Tax Revenues and certain other amounts on deposit in the funds and accounts held under the Indenture. The 2016 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 2016 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 2016 Bonds. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power.

The 2016 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. Curls Bartling P.C., Oakland, 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 2016 Bonds will be delivered to the Underwriters through the facilities of DTC in New York, New York on or about _____, 2016.

Stifel

Backstrom McCarley Berry & Co., LLC **Blaylock Beal Van, LLC**

Dated: _____, 2016

MATURITY SCHEDULES

$_____
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO
2016 Series B Tax Allocation Bonds
(Mission Bay South Redevelopment Project)

$_____ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP No. (Base: 79770G)[‡]

$_____ ____% Term Bonds due August 1, 20__, Yield ____%, CUSIP No.[†] 79770G ___

$_____
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO
2016 Series C Tax Allocation Refunding Bonds
(Mission Bay South Redevelopment Project)

$_____ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP No. (Base: 79770G)[†]

$_____ __% Term Bonds due August 1, 20__, Yield _____%, CUSIP[†] No. 79770G

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data herein is provided by CGS. Copyright© 2016 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database and are included solely for convenience. Neither the Successor Agency, the Authority nor the Underwriters assume any responsibility for the accuracy of the CUSIP data.

[Map to Come.]

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

Commission Members

Mara Rosales, *Chairperson*
Miguel Bustos
Marily Modejar
Darshan Singh
Leah Pimentel

Successor Agency Staff

Tiffany Bohee, *Executive Director*
Bree Mawhorter, *Deputy Executive Director, Finance and Administration*
James Morales, *Deputy Executive Director and General Counsel*
Sally Oerth, *Deputy Executive Director, Projects and Programs*

CITY AND COUNTY OF SAN FRANCISCO

Edwin M. Lee, *Mayor*

Dennis J. Herrera, *City Attorney*
Benjamin Rosenfield, *Controller*
José Cisneros, *Treasurer*

BOARD OF SUPERVISORS

London Breed, *President, District 5*
John Avalos, *District 11*
David Campos, *District 9*
Malia Cohen, *District 10*
Mark Farrell, *District 2*
Jane Kim, *District 6*
Eric Mar, *District 1*
Aaron Peskin, *District 3*
Katy Tang, *District 4*
Scott Wiener, *District 8*
Norman Yee, *District 7*

SPECIAL SERVICES

Bond Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel
Curls Bartling P.C.
Oakland, California

Financial Advisor
Public Financial Management, Inc.
San Francisco, California

Fiscal Consultant
Urban Analytics LLC
San Francisco, California

Trustee
U.S. Bank National Association
San Francisco, California

Verification Agent
Causey Demgen & Moore P.C.
Denver, Colorado

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 2016 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 2016 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 2016 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 or the City. 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 or the City 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 entireties 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 a website. 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 2016 Bonds.

The issuance and sale of the 2016 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 AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2016 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

**$45,000,000*
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO
2016 Series B
Tax Allocation Bonds
(Mission Bay South Redevelopment Project)**

**$115,000,000*
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO
2016 Series C
Tax Allocation Refunding Bonds
(Mission Bay South Redevelopment Project)**

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the 2016 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 2016 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."

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 $45,000,000* aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series B Tax Allocation Bonds (Mission Bay South Redevelopment Project) (the "**2016B Bonds**") and its $_____* aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series C Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project) (the "**2016C Bonds**" and together with the 2016B Bonds, the "**2016 Bonds**" and individually, each a "**Series**"). The 2016 Bonds are being issued in accordance with a resolution of the Successor Agency adopted August 18, 2015 (the "**Resolution**"), and an Indenture of Trust, dated as of March 1, 2014 as amended and supplemented by a First Supplemental Indenture of Trust, dated as of _____ 1, 2016 (the "First Supplemental Indenture of Trust" and together with the Indenture of Trust, the "**Indenture**"), each by and between the Successor Agency and U.S. Bank National Association, as trustee (the "**Trustee**"), and, as applicable, pursuant to authority contained in Section 34177.5(a)(4) of the California Health and Safety Code and the Community Redevelopment Law, being Part 1 (commencing with Section 33000 of Division 24 of the California Health and Safety Code) (collectively, the "**Bond Law**"), Section 34177.5(a)(1) of the Dissolution Act (defined below), and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "**Refunding Law**").

The Successor Agency will use the proceeds of the 2016B Bonds to: (i) finance or refinance certain redevelopment activities of the Successor Agency within or of benefit to the Project Area including worked performed in accordance with the OPA (defined herein); (ii) fund the 2016 Reserve

* Preliminary, subject to change.

Subaccount established under the Indenture; (iii) fund capitalized interest on the 2016B Bonds through _____ 1, 2016; and (iv) pay costs associated with the issuance of the 2016B Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS." The 2016C Bonds are being issued by the Successor Agency for the purpose of providing funds, together with certain other available monies, to: (i) refund certain outstanding obligations of the Former Agency (defined herein); (ii) make a deposit to the 2016 Reserve Subaccount; and (iii) pay costs associated with the issuance of the 2016C Bonds, all as more fully described herein under "– The Successor Agency," "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS." The Successor Agency [has applied] [will apply] to certain municipal bond insurers to obtain a municipal bond insurance policy and a reserve surety bond. If a municipal bond insurance policy is obtained, it would guarantee the scheduled payment of the principal of and interest on all or a portion of the 2016 Bonds. No assurance can be given as to whether the Successor Agency will purchase a municipal bond insurance policy or a reserve surety bond. See "– Reserve Account" and "– Bond Insurance" herein. If obtained, proceeds of the 2016C Bonds may be used to purchase such municipal bond insurance or reserve surety bond.

The City and County of San Francisco

The City and County of San Francisco (referred to herein as 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 a 40-minute drive to the south, and the wine country is about an hour's drive to the north. The California Department of Finance Demographic Research Unit estimated the City's population at 845,602 as of January 1, 2015.

The General Fund of the City is not liable for the payment of the principal of, premium, if any, or interest on the 2016 Bonds, and 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 2016 Bonds. The 2016 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 (the "**Board of Supervisors**") of the City and County of San Francisco in 1948, to exercise the powers granted by the California Community Redevelopment Law (Sections 33000 et seq. of the California Health and Safety Code) (the "**Redevelopment Law**").

As a result of Assembly Bill No. 26 ("**AB 26**") enacted on June 29, 2011, 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, 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. AB 26 was amended on June 27, 2012 by Assembly Bill No. 1484 ("**AB 1484**"), enacted as Chapter 26, Statutes of 2012, and as further amended 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 wind down of former redevelopment agency affairs are 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 "**Dissolution Act**"). See also "THE SUCCESSOR AGENCY" for further discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

Under the Dissolution Act, a successor agency is authorized to issue bonds and other indebtedness if certain criteria is met, subject to the approval of such successor agency's oversight board and the approval by the Department of Finance of the State of California (the "**California Department of Finance**"). The Successor Agency is issuing the 2016B Bonds to provide funds to reimburse the master developer within the Project Area for a portion of its expenditures for infrastructure within the Project Area, and the Successor Agency is issuing the 2016C Bonds to refund certain loan agreements entered into in connection with bonds issued by the City and County of San Francisco Redevelopment Financing Authority in order to reimburse the master developer within the Project Area for a portion of its expenditures for infrastructure within the Project Area. See "PLAN OF FINANCE" and "THE PROJECT AREA – Mission Bay South Owner Participation Agreement."

The issuance of the 2016B Bonds was subject to the approval of the Board of Supervisors pursuant to the Redevelopment Law. The issuance of the 2016 Bonds is also subject to the approval of the Successor Agency's Oversight Board and the California Department of Finance pursuant to the Dissolution Act. All such approvals have been obtained. See "THE 2016 BONDS – Authority for Issuance."

The Project Area

The Redevelopment Plan for the Mission Bay South Redevelopment Project Area (the "**Project Area**") was adopted by the Board of Supervisors on November 2, 1998. The Project Area is an approximately 238-acre area located approximately two (2) miles south of the financial district of the City.

Tax Allocation Financing

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 adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter 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 agency obligations. Tax Revenues (as defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Security of Bonds; Equal Security") consist of a portion of such incremental tax revenues, and are generated from approximately 51.4 acres out of the approximately 238 acres that make up the Project Area. See "THE PROJECT AREA."

The Dissolution Act authorizes refunding bonds, including the 2016C Bonds, to be secured by a pledge of the same revenues pledged to the bonds or obligations being refunded, and to be payable from and further secured by moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency (the "**Redevelopment Property**

Tax Trust Fund"), which 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 REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE CITY CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND.**

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."

Security and Sources of Payment for the 2016 Bonds

The 2016 Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture and payable from and secured by the Tax Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Security for the 2016 Bonds; Equal Security." Tax Revenues do not include the 20% of gross tax increment revenue from the Project Area that, prior to the Dissolution Act, was required to be deposited in the Low and Moderate Income Housing Fund of the Former Agency.

The Dissolution Act requires the auditor-controller of the City and County of San Francisco (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 Redevelopment Property Tax Trust Fund in accordance with the Dissolution Act. The Dissolution Act further provides that bonds authorized thereunder issued by a successor agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the 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 34177.5(g) of the Dissolution Act provides that any bonds authorized to be issued by the Successor Agency 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, will be included in the Successor Agency's Recognized Obligation Payment Schedule (defined herein) and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to the Dissolution Act. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Recognized Obligation Payment Schedule."

The 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 its Oversight Board and the California Department of Finance for approval. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Allocation of Taxes Pursuant to the Dissolution Act." Taxes levied on the property within the Project Area 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 Area, to the extent that such taxes constitute tax revenues, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the City Controller to the Successor Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Recognized Obligation Payment Schedule." Moneys deposited by the City Controller into the Successor Agency's Redevelopment Obligation Retirement Fund (the "**Retirement Fund**") representing Tax Revenues will first be deposited by the Successor Agency in 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 2016 Bonds are secured by and payable solely from the Tax Revenues and moneys on deposit in the Special Fund and the Funds and Accounts established under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Allocation of Taxes Pursuant to the Dissolution Act" and "TAX REVENUES AND DEBT SERVICE." The Project Area, and the real and personal property therein, do not serve as security for the 2016 Bonds.

The 2016 Bonds are limited obligations of the Successor Agency, the principal of, premium, if any, and interest on which are payable solely from Tax Revenues and certain other amounts on deposit in the funds and accounts held under the Indenture. The 2016 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 2016 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, property or its full faith and credit to the payment of debt service on the 2016 Bonds. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power. See "TAX REVENUES AND DEBT SERVICE."

Limited Obligation; Parity Debt

The 2016 Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture and are payable solely from and secured by a pledge of Tax Revenues derived from the Project Area and amounts on deposit in the Special Fund and the Funds and Accounts established under the Indenture.

The pledge of Tax Revenues to secure the 2016 Bonds is on a parity with the pledge thereof to: (a) pay debt service on the Successor Agency's 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project) (the "**2014 Bonds**") and (b) pay debt service on the two loan agreements described below* (the "**Existing Loan Agreements**") entered into by the Former Agency in order to finance redevelopment activities within, or of benefit to, the Project Area, to the extent said amounts owed thereunder are not refunded by the 2016 Bonds. See "THE REFUNDING PLAN." The Existing Loan Agreements are as follows:

(i) Loan Agreement dated as of August 1, 2009 (the "**2009 Loan Agreement**") among the Former Agency, U.S. Bank National Association, as trustee, and the City and County of San Francisco Redevelopment Financing Authority (the "**Authority**"); and

(ii) Loan Agreement dated as of March 1, 2011 (the "**2011 Loan Agreement**") among the Former Agency, U.S. Bank National Association, as trustee, and the Authority.

Under the Dissolution Act, the Successor Agency has assumed all of the rights, liabilities and obligations of the Former Agency under the Existing Loan Agreements. The Successor Agency has the right to issue additional indebtedness payable on a parity with the 2016 Bonds and 2014 Bonds from Tax Revenues, assuming certain conditions are satisfied. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Limitations on Additional Indebtedness – *Parity Debt.*"

* Preliminary, subject to change.

Reserve Account

The Indenture established a Reserve Account for all bonds issued thereunder to be held by the Trustee and to be maintained in an amount at least equal to the Reserve Requirement as defined therein. The First Supplemental Indenture also establishes a 2016 Reserve Subaccount within the Reserve Account. Amounts in the 2016 Reserve Subaccount and amounts in the 2014 Reserve Subaccount of the Reserve Account shall be used to pay the Reserve Requirement (defined herein) for the 2016 Bonds and the 2014 Bonds. The Successor Agency [has applied] [will apply] to certain municipal bond insurers to obtain a reserve surety bond to satisfy the Reserve Requirement. No assurance can be given as to whether the Successor Agency will obtain a reserve surety bond to satisfy the Reserve Requirement. The Successor Agency's decision as to deposit a reserve surety bond in the Reserve Account will be made at or about the time of the pricing of the 2016 Bonds and will be based upon, among other things, market conditions at the time of such pricing. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Special Fund; Deposit of Tax Revenues – *Reserve Account*."

Bond Insurance

The Successor Agency has applied to certain municipal bond insurers to obtain a municipal bond insurance policy to insure the principal of and interest on the 2016 Bonds when due. If a municipal bond insurance policy is obtained, it would guarantee the scheduled payment of the principal of and interest on all or a portion of the 2016 Bonds as determined by the Successor Agency prior to the issuance of the 2016 Bonds. No assurance can be given as to whether the Successor Agency will obtain a municipal bond insurance policy. The Successor Agency's decision as to whether to purchase a municipal bond insurance policy if offered by a municipal bond insurer will be made at or about the time of the pricing of the 2016 Bonds and will be based upon, among other things, market conditions at the time of such pricing. If the Successor Agency purchases a municipal bond insurance policy to insure all or a portion of the principal of and interest on 2016 Bonds, information regarding the municipal bond insurer will be included in the final Official Statement.

Risk Factors

Certain events could affect the ability of the Successor Agency to pay debt service on the 2016 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 2016 Bonds.

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, 2016 (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 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 2016 Bonds, the security for the 2016 Bonds, the Indenture, the Successor Agency, the Former Agency, the City, the Project Area and certain other information relevant to the issuance of the 2016 Bonds. All references herein to the Indenture, the Bond Law, the Refunding Law, the Redevelopment Law, the Dissolution Act, the Constitution and laws of the State are qualified in their entirety by reference to the complete text thereof and all references to the 2016 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, 2015 are included in APPENDIX A – "SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015." Urban Analytics, LLC, San Francisco, California (the "**Fiscal Consultant**") is providing consulting services to the Successor Agency with respect to the Project Area and their projected taxable values and anticipated tax increment revenues. The Fiscal Consultant will provide a report in substantially the form attached hereto as APPENDIX B – "REPORT OF FISCAL CONSULTANT." The proposed form of legal opinion of Bond Counsel relating to the 2016 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 2016 Bonds are available upon written request from the Trustee, U.S. Bank 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 2016B Bonds will be used to reimburse FOCIL-MB, LLC ("**FOCIL**"), the master developer within the Project Area, for a portion of its costs in constructing Infrastructure within the Project Area, including _____. Such reimbursement is required pursuant to an owner participation agreement (the "**OPA**") between the Successor Agency, as successor to the Former Agency, and FOCIL, as successor developer. See "THE PROJECT AREA – Mission Bay South Owner Participation Agreement." Proceeds of the 2016B Bonds will also be used to make a deposit to the 2016 Reserve Subaccount, fund capitalized interest on the 2016B Bonds through _____ 1, 2016 and to pay costs of issuance of the 2016B Bonds. The 2016C Bonds are being issued to refund all or part of the Existing Loan Agreements. See "THE REFUNDING PLAN."

THE REFUNDING PLAN

General. The proceeds of the 2016C Bonds will be applied, together with certain other available funds, to pay [all or a portion of] the Existing Loan Agreements entered into by the Former Agency and the Authority reflecting loans from the Authority to the Former Agency of the proceeds of certain bonds issued by the Authority for the benefit of the Former Agency in connection with the Project Area, as described further below. The Former Agency used such loaned bond proceeds to finance or refinance its redevelopment activities in the Project Area.

Payment of Existing Loan Agreements and Refunding of the Related Outstanding Authority Bonds. The following table details the series, maturity dates and principal amounts of the outstanding bonds of the Authority ("**Authority Bonds**") and related Existing Loan Agreements, a portion or all of which may be refunded with the proceeds of the 2016C Bonds. The specific Authority Bonds and related Existing Loan Agreements to be refunded with the proceeds of the 2016C Bonds (collectively, the "**Refunded Obligations**") will be determined by the Successor Agency at the time that the Successor Agency and the Underwriters (defined herein) execute the bond purchase contract. **The Refunded Obligations to be refunded, dates and amounts are subject to change by the Successor Agency in its sole discretion and will be determined at the time of the pricing of the 2016 Bonds**.

Refunded Obligations*

Series Designation	Issue Date	Maturity Date	CUSIP (Base: 79771P)	Principal Amount Outstanding	Principal Amount to be Redeemed*	Redemption Date
2009 Series D(1)	09/03/2009	08/01/2039		$34,930,000	$34,930,000	08/01/2019
2011 Series D(2)	03/18/2011	08/01/2041		$44,985,000	$44,985,000	02/01/2021
Total						

(1) Debt service on this series of bonds is payable from loan payments pursuant to the 2009 Loan Agreement.
(2) Debt service on this series of bonds is payable from loan payments pursuant to 2011 Loan Agreement.
Source: _____.
* Preliminary, subject to change.

The refunding of each series of Refunded Obligations will be effected by depositing a portion of the proceeds of the 2016C Bonds, together with other available monies, into a special and irrevocable escrow fund (each, an "**Escrow Fund**") established for such series of Refunded Obligations in accordance with an Agreement regarding Redemption, Defeasance and Payment of such Refunded Obligations (each, a "**Redemption Agreement**"). Each Redemption Agreement will be dated the date of the issuance and delivery of the 2016C Bonds and will be by and between the Authority, the Successor Agency and the trustee for the applicable series of Refunded Obligations, as escrow trustee thereunder (the "**Escrow Trustee**"). The amounts deposited in each Escrow Fund will be held as cash or will be invested in direct noncallable obligations of, or unconditionally guaranteed by, the United States of America ("**Escrowed Securities**"). The Escrowed Securities will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that such amounts together with any amounts held as cash in such Escrow Funds, will provide sufficient monies to pay interest on the series of Refunded Obligations to which it relates as the same shall become due and to pay the redemption price (i.e., 100% of the principal amount of such series of Authority Bonds) so refunded on the redemption date therefor.

Upon such deposit and investment and compliance with or provision for compliance with certain notice requirements set forth in the indenture related to a series of Refunded Obligations, the liability of the Authority and the Successor Agency therefor will cease and the series of Refunded Obligations will no longer be outstanding under its indenture, except that the Owners of such Refunded Obligations will be entitled to payment thereof solely from the amounts on deposit in the applicable Escrow Fund held by the Escrow Trustee.

Verification. Causey Demgen & Moore P.C., independent certified public accountants, will verify, from the information provided to them, the mathematical accuracy, as of the date of delivery of the 2016C Bonds, of computations relating to the adequacy of the maturing principal amounts of the Escrowed Securities deposited into an Escrow Fund pursuant to each Redemption Agreement and the

interest to be earned thereon, together with any amounts held as cash in such Escrow Fund, to pay the interest coming due on the related series of Refunded Obligations and to pay, on the redemption date therefor, the redemption price of such Refunded Obligations. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2016 Bonds are as follows:

Sources:	***2016B Bonds***	***2016C Bonds***	***Total***
Par Amount			
Plus Original Issue Premium			
Plus Other Money[(1)]			
Total Sources			
Uses:			
2016 Series B Project Fund			
2016 Series B Capitalized Interest Account			
2016 Reserve Subaccount			
2009 Series D Escrow Fund			
2009 Series D Escrow Fund			
2011 Series D Escrow Fund			
Costs of Issuance[(2)]			
Underwriters' Discount			
Total Uses			

(1) Reflects moneys held in funds and accounts relating to the Refunded Obligations.
(2) Includes legal, financing and consultant fees, rating agency fee, verification agent fees, the fees for the reserve surety and bond insurance, if any, and other miscellaneous expenses.

THE 2016 BONDS

Authority for Issuance

The 2016 Bonds were authorized for issuance pursuant to the Indenture, the Refunding Law, the Redevelopment Law and the Dissolution Act. Issuance of the 2016 Bonds and the execution of the related documents was authorized by the Successor Agency pursuant to the Resolution, and approved by the Successor Agency's Oversight Board pursuant to the a resolution of the Oversight Board adopted on December 14, 2015 (the "**Oversight Board Resolution**").

Written notice of the Oversight Board Resolution was provided to the California Department of Finance, as required by the Dissolution Act, on December 14, 2015. On _____, 2016, which is within the time period allotted under the 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 2016 Bonds. A copy of the California Department of Finance's letter is set forth in APPENDIX G.

Description of the 2016 Bonds

The 2016 Bonds of each Series will be issued in the form of fully registered bonds without coupons and in principal denominations of $5,000 or any integral multiple thereof.

The 2016 Bonds of each Series will be dated, and shall bear interest from their date of delivery to the original purchasers thereof. The 2016 Bonds of each Series 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. See APPENDIX F – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Interest on each Series of the 2016 Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2016 (each, an "**Interest Payment Date**"). Interest on the 2016 Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each 2016 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) day of the month preceding an Interest Payment Date (the "**Record Date**") and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to July 15, 2016, in which event it shall bear interest from the date of delivery of the 2016 Bonds to the original purchasers thereof, provided, however, that if at the time of authentication of a 2016 Bond, interest thereon is in default, such 2016 Bond shall 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 2016 Bonds will be issued as fully registered bonds and 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 2016 Bonds. Individual purchases may be made in book-entry only form. Purchasers will not receive certificates representing their beneficial ownership interest in the 2016 Bonds so purchased. So long as DTC, or its nominee, Cede & Co., is the registered owner of the 2016 Bonds, payments of principal, premium, if any, and interest evidenced by the 2016 Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the 2016 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 2016 Bonds. In this Official Statement, the term "**Beneficial Owner**" means the person for whom the DTC Participant acquires an interest in the 2016 Bonds.

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 or redemption price of or interest on the 2016 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 2016 Bonds, (ii) confirmation of ownership interests in the 2016 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the 2016 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 Participants, Indirect Participants or Beneficial Owners with respect to the payments or the providing of notice to DTC Participants, Indirect Participants or Beneficial Owners or the selection of the 2016 Bonds for redemption. See APPENDIX F – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions[*]

Optional Redemption. The 2016 Bonds maturing on or prior to August 1, 20__, are not subject to optional redemption. The 2016 Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the Successor Agency, prior to their maturity dates, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot, within a maturity on any date on or after August 1, 20__, from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount of the 2016 Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The 2016B Bonds that are Term Bonds maturing on August 1, 20__, are also subject to mandatory sinking fund redemption in part by lot on August 1, 20__ and on August 1 in each year thereafter as set forth below, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the date of redemption, without premium; provided, however, that in lieu of mandatory sinking fund redemption thereof, such Term Bonds may be purchased by the Successor Agency as described below.

2016B Term Bonds of 20__

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed

* Maturity.

The 2016C Bonds that are Term Bonds maturing on August 1, 20__, are also subject to mandatory sinking fund redemption in part by lot on August 1, 20__ and on August 1 in each year thereafter as set forth below, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium; provided, however, that in lieu of mandatory sinking fund redemption thereof, such Term Bonds may be purchased by the Successor Agency as described below.

2016C Term Bonds of 20__

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed

* Maturity.

[*] Preliminary, subject to change.

Purchase in Lieu of Redemption. In lieu of redemption of the Term Bonds pursuant to the preceding paragraphs, the Successor Agency may purchase such 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 Term Bonds so purchased by the Successor Agency in any twelve-month period ending on June 1 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed on the next succeeding August 1.

Selection of Bonds for Redemption. Whenever any 2016 Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof to the extent 2016 Bonds are no longer held in book-entry form. In the event of redemption by lot of 2016 Bonds, the Trustee shall assign to each 2016 Bond then Outstanding a distinctive number for each $5,000 of the principal amount of each such 2016 Bond. The 2016 Bonds to be redeemed shall be the 2016 Bonds that were assigned the numbers so selected, but only so much of the principal amount of each such 2016 Bond of a denomination of more than $5,000 shall be redeemed as shall equal $5,000 for each number assigned to it and so selected.

Notice of Redemption; Rescission. Notice of redemption will be mailed by first class mail no less than thirty (30) and nor more than sixty (60) days prior to the redemption date (i) to any Insurer and the Bondowners (i.e., Cede & Co. as nominee of DTC) or in the event that the book-entry only system is discontinued, to the respective registered owners of the 2016 Bonds designated for redemption at their addresses appearing on the registration books for the 2016 Bonds, and (ii) to the Securities Depositories and one or more Information Services. Neither failure to receive such notice nor any defect in the notice so mailed nor any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner to notify the Beneficial Owner so affected will affect the sufficiency of the proceedings for redemption of such 2016 Bonds or the cessation of accrual of interest thereon on the redemption date.

The Successor Agency may 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 shall 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 2016 Bonds then called for redemption, and such cancellation shall 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 shall have any liability to Owners or any other party related to or arising from such rescission of redemption.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and premium, if any, and interest on, the 2016 Bonds so called for redemption shall have been duly deposited with the Trustee, such 2016 Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Transfer and Exchange. If the 2016 Bonds are not in book-entry form, then the 2016 Bonds may be transferred or exchanged at the Principal Corporate Trust Office of the Trustee, provided that the Trustee shall not be required to register the transfer or exchange of (i) any 2016 Bonds during the period established by the Trustee for selection of the 2016 Bonds for redemption, or (ii) any 2016 Bonds selected by the Trustee for redemption pursuant to the Indenture. So long as Cede & Co. is the registered owner of the 2016 Bonds, transfers and exchanges of the 2016 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 2016 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 2016 Bond to replace a 2016 Bond which has been mutilated, lost, destroyed or stolen.

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DEBT SERVICE SCHEDULE

Set forth below for the 2016 Bonds is a table showing scheduled principal, interest and total debt service for each Series.

Year (Amount Payable as of August 1)	2014 Bonds Debt Service	2016B Bonds			2016C Bonds[1]			
		Principal	Interest	Debt Service	Principal	Interest	Debt Service	Total Debt Service
Total								

[1] The proceeds of the 2016C Bonds are expected to be used to pay all of the Existing Loan Agreements and refund the related Authority Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS

General

Under the Indenture, the Successor Agency has pledged all of its right, title and interest in and to the Tax Revenues to payment of the 2016 Bonds, subject to a parity pledge thereof to secure the 2014 Bonds and Existing Loans, if any, described herein. See "– Parity Debt." The 2016 Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture, and are payable solely from and secured by a pledge of, security interest in and lien on (a) all the Tax Revenues and amounts in the Special Fund, (b) all other moneys deposited with the Trustee from time to time in the funds and accounts established under the Indenture, including the 2016 Series B Capitalized Interest Account (with respect to the 2016B Bonds only) the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account; and (c) investment income with respect to any moneys held by the Trustee in such funds and accounts established under the Indenture. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The 2016 Bonds are not a debt of the City, the State, or any of its political subdivisions, and neither the City, the State, nor any of its political subdivisions is liable therefor, nor in any event will the 2016 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 principal of, premium, if any, and interest on the 2016 Bonds are payable solely from Tax Revenues and certain other funds pledged therefor under the Indenture. The 2016 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, the City, or any persons executing the 2016 Bonds are liable personally on the 2016 Bonds by reason of their issuance. 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 Project Area 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 Dissolution Act for permitted administrative costs of the City Controller, constitute the amounts required under the Dissolution Act to be deposited by the City Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the "on or after January 1, 1989" reference from paragraph (a) above.

Allocation of Taxes Pursuant to the Dissolution Act

Prior to the enactment of the 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. The Dissolution Act requires that all property tax increment derived from all former project areas be deposited in a Redevelopment Property Tax Trust Fund for the Successor Agency held and maintained by the City Controller. **DISCUSSIONS HEREIN REGARDING TAX INCREMENT REVENUES OR TAX REVENUES REFER TO THOSE MONEYS DEPOSITED BY THE CITY CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND.** Pursuant to the Dissolution Act the pledge of the Tax Revenues as defined herein, to pay the 2016 Bonds is made as if the 2016 Bonds had been issued prior to the effective date of Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date.

The Dissolution Act authorizes bonds, including the 2016 Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency (the "**Redevelopment Property Tax Trust Fund**"), which 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 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 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 Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the City Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved 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 2016 Bonds. Pursuant to the Dissolution Act, the Successor Agency has covenanted to take all actions necessary to ensure that the 2016 Bonds will be included in each of the Successor Agency's Recognized Obligation Payment Schedule as prepared from time to time under the 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 – "REPORT OF FISCAL CONSULTANT" 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 does not receive, on an annual basis, all allocable tax revenues, unless required to pay debt service or other enforceable obligations. See the tables for the Project Area under "TAX REVENUES AND DEBT SERVICE – Historical and Current Assessed Valuation and Tax Revenues for the Project Area."

Taxes levied on the property within the Project Area 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 Area, to the extent they constitute tax revenues, less administrative costs, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the City Controller to the Successor Agency's Redevelopment Obligation Retirement Fund established pursuant to

the Dissolution Act each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the 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 Dissolution Act has only required that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the 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 Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (such as the Former Agency) the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, 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 Dissolution Act 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."* The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area.

Despite the provisions of the Dissolution Act that appear to permit the Successor Agency to use tax increment revenue that does not constitute Tax Revenues to pay debt service on the 2016 Bonds, the 2016 Bonds are secured by and payable solely from the Tax Revenues and moneys in the Special Fund and on deposit in the Funds and Accounts established under the Indenture, and that tax revenues attributable to project areas are not available for payment of debt service on the 2016 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, 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 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 2016 Bonds.

The City maintains a tax loss reserve account which, as of _____, held approximately $_____. As of October 23, 2015, the overall delinquency rate for Fiscal Year 2014-15 for all

secured properties in the Project Area was 0.4% (less than one percent). See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

Housing Set-Aside. Prior to the 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. This twenty percent (20%) set-aside requirement was eliminated by the Dissolution Act. However, the Former Agency is bound by a contractual agreement with respect to the Project Area to continue to set aside at least 20% of total tax revenues. Accordingly, Tax Revenues **do not** include any amounts that, prior to dissolution, would have been required to be deposited in the Former Agency's Low and Moderate Income Housing Fund with respect to the Project Area.

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). The enactment of AB 1290 created several significant changes in the Redevelopment Law, including the following:

(a) time limitations for redevelopment agencies to incur and repay loans, advances and indebtedness that are payable from tax increment revenues. (This time limitation has since been eliminated by recent legislation. See "THE PROJECT AREA – The Redevelopment Plan – *Redevelopment Plan Limits*" for a discussion of the elimination of certain time limitations);

(b) limitations on the use of the proceeds of loans, advances and indebtedness for auto malls and other sales tax generating redevelopment activities, as well as for city and county administrative buildings. However, AB 1290 confirmed the authority of a redevelopment agency to make loans to rehabilitate commercial structures and to assist in the financing of facilities or capital equipment for industrial and manufacturing purposes;

(c) provisions affecting the housing set-aside requirements of an agency, including severe limitations on the amount of money that is permitted to accumulate in the Successor Agency's housing set-aside fund. However, these limitations are such that an agency will be able (with reasonable diligence) to avoid the severe penalties for having "excess surplus" in its housing set-aside fund; and

(d) provisions relating primarily to the formation of new redevelopment project areas, including (i) changes in the method of allocation of tax increment revenues to other taxing entities affected by the formation of redevelopment project areas, (ii) restrictions on the finding of "blight" for purposes of formation of a redevelopment project area, and (iii) new limitations with respect to incurring and repaying debt and the duration of the new redevelopment plan.

AB 1290 also established 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 Area 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 Area. 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 the schools. The proportion of pass-through payments received by each of these Taxing Entities and ERAF is shown in the following table.

Pass-through Shares By Taxing Entity

Taxing Entity	Pass-through
General Fund	0.56588206
Children's Fund	0.03000000
Library Fund	0.02500000
Open Space	0.02500000
S.F. Community College	0.01444422
S.F. Schools Superintendent	0.00097335
S.F. Unified School District	0.07698857
Bay Area Air Quality Board	0.00208539
BART	0.00632528
ERAF*	0.25330113
Total	1.00000000

* ERAF is not itself a Taxing Entity; revenue deposited to ERAF is distributed to schools.
Source: City Controller.

The Dissolution Act requires the City Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed for Statutory Pass-Through Amounts to the Taxing Entities for each six month period before amounts are distributed by the City Controller from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund each January 2 and June 1, 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 below), (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency's Redevelopment Obligation 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, pass-through payments, and the Successor Agency's administrative cost allowance for the applicable six-month period, and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. 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 Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments, 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 six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed for 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. The Successor Agency is of the opinion that the provisions of AB 1290, including the time limitations provided in AB 1290, will not have an adverse impact on the payment of debt service on the 2016 Bonds. Additionally, certain of these time limitations have been removed by recent legislation. See "– Recognized Obligation Payment Schedule" for further information regarding applicable periods and dates

and see "THE PROJECT AREA – The Redevelopment Plan – *Redevelopment Plan Limits*" for information regarding eliminated time limits.

The total Statutory Pass-Through Amounts for Fiscal Year 2015-16 is estimated to be $5,576,756. However, the Successor Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the tax revenues and the Statutory Pass-Through Amounts will effectively result in adequate Tax Revenues for the payment of principal and interest on the 2016 Bonds when due. See "– Recognized Obligation Payment Schedule." See also "TAX REVENUES AND DEBT SERVICE" for additional information regarding the Statutory Pass-Through Amounts applicable to the Successor Agency and the revenues derived from the Project Area. Section 33607.5(e) of the Redevelopment Law sets forth a process pursuant to which such payments may be subordinated to debt service on newly-issued bonds or loans. The Successor Agency notified the Taxing Entities of its intent to subordinate the Statutory Pass-Through Amounts to debt service on the 2016 Bonds. With the expiration of the requisite 45-day period, on February 26, 2016 with no disapproval notice from the Taxing Entities, the Successor Agency is deemed to have the approval of all Taxing Entities to subordinate the payment of the Statutory Pass-Through Amounts to debt service on the 2016 Bonds. The Statutory Pass-Through Amount paid through ERAF to the schools is assumed to be subordinated with the Statutory Pass-Through Amount paid directly to the schools. See also "CERTAIN RISK FACTORS – Subordination of ERAF."

Security for the 2016 Bonds; Equal Security

Pursuant to Section 34177.5(g) of the Dissolution Act, except as provided in the Indenture, the 2016 Bonds will be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, and all of the moneys in the Special Fund, the Debt Service Fund, the Interest Account, the Principal 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 Tax Revenues and such moneys, no funds or properties of the Successor Agency will be pledged to, or otherwise liable for, the payment of principal of or interest on the 2016 Bonds.

As defined in the Indenture, "**Allocable Tax Revenues**" means all taxes annually allocable *without regard to the Plan Limit* following the Closing Date, to the Successor Agency with respect to the Project Area 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 as provided in the Redevelopment Plan, including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the 2014 Bonds, 2016 Bonds and any Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area and shall also include all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations (but excluding payments to the Successor Agency with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code); but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund, and also excluding 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 2014 Bonds, 2016 Bonds or under the Parity Debt Instruments pursuant to Section 33607.5(e) of the Redevelopment Law.

As defined in the Indenture, "**Tax Revenues**" means, all taxes annually allocated *within the Plan Limit* and paid to the Successor Agency with respect to the Project Area following the date of delivery of bonds issued thereunder, 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 and other applicable State laws and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by

reason of tax exemptions and tax rate limitations (but excluding payments to the Successor Agency with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code); and including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the 2014 Bonds, the 2016 Bonds, the Existing Loans and any Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area, but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and investment earnings on amounts on deposit hereunder, and also excluding 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 2014 Bonds or under the Parity Debt Instruments pursuant to Section 33607.5(e) of the Redevelopment Law. The Successor Agency's collection of Tax Revenues in the Project Area are subject to certain limitations set forth in their respective redevelopment plans. See "THE PROJECT AREA." No amounts deposited into the Redevelopment Property Tax Trust Fund reflecting tax revenues from other of the Successor Agency's project areas is pledged to, or anticipated to be available for, payment of debt service on the 2016 Bonds.

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 Tax Revenues available in any six-month period to pay the principal of and interest on the 2016 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 2016 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 2016 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 2014 Bonds, 2016 Bonds and the holders of any additional Parity Debt, 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 in the 2016 Bonds or in the Indenture.

Special Fund; Deposit of Tax Revenues

The First Supplemental Indenture establishes the "Mission Bay South Redevelopment Project 2014 Series A Special Fund (the "**Special Fund**") to be held by the Successor Agency. Pursuant to the First Supplemental Indenture, the 2016 Bonds are equally secured with the 2014 Bonds (together, with the 2016 Bonds, the "**Bonds**") by amounts on deposit in the Special Fund. The Successor Agency shall transfer all of the Tax Revenues received in any Bond Year ratably to the Special Fund, to the special funds created with respect to the Existing Loans, and the special funds created with respect to any additional Parity Debt, promptly upon receipt thereof by the Successor Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred for deposit in such Bond Year (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, if applicable, and (ii) with respect to the Existing Loans and any additional Parity Debt (other than additional bonds issued pursuant to a Supplemental Indenture) pursuant to the Existing Loan Agreements and the applicable Parity Debt Instruments. If there nonetheless remains insufficient Tax Revenues to make the transfers and deposits required above, then the Successor Agency shall transfer such Tax Revenues for deposit pro rata based on the full amounts required to be so deposited.

All Tax Revenues received by the Successor Agency with respect to any Bond Year in excess of the amount required to be deposited during a Bond Year into the Special Fund and any other special funds

mentioned above will be released from the pledge under the Indenture for the security of the Bonds and any Parity Debt and may be applied by the Successor Agency for any lawful purpose. 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.

Debt Service Fund. 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. The Indenture requires the Successor Agency to transfer from the Special Fund to the Trustee (i) on or before the fourth (4th) business day preceding each Interest Payment Date, the amount necessary to pay interest coming due on the Bonds, (ii) on or before the fourth (4th) business day preceding August 1, the amount then due to pay principal on the Bonds, and (iii) at any time that the amount on deposit in the Reserve Account is less than the Reserve Requirement, the amount necessary to maintain the Reserve Requirement at the requisite amount.

Upon receipt, the Trustee shall deposit the following amounts, at the following times, 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 an 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 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 will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Outstanding Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

Principal Account. The Trustee will 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 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 Outstanding Serial Bonds and the Outstanding Term Bonds, including by mandatory sinking account redemption, as it becomes due and payable.

Reserve Account. The Indenture establishes a "**Reserve Account**" to be held by the Trustee for the benefit of the Owners of the Bonds. 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 the 2014 Bonds, the 2016 Bonds and any other bonds issued pursuant to a Supplemental Indenture, the lesser of (i) one hundred twenty five percent (125%) of average Annual Debt Service on such bonds and (ii) Maximum Annual Debt Service on such bonds; subject to the limitations and conditions in the Indenture.

The Trustee shall establish a "**2016 Reserve Subaccount**" within the Reserve Account for the 2016 Bonds. The Reserve Requirement for the 2016 Bonds is $_____. There is currently $4,919,780.25 in the 2014 Reserve Subaccount. Amounts on deposit in the 2014 Reserve Subaccount will be available to pay debt service on the 2014 Bonds and the 2016 Bonds, and amounts on deposit in the 2016 Reserve Subaccount will be available to pay debt service on the 2014 Bonds and the 2016 Bonds.

The Successor Agency [has applied] [will apply] to certain municipal bond insurers to obtain a reserve surety bond to satisfy the Reserve Requirement. No assurance can be given as to whether the Successor Agency will obtain a reserve surety bond to satisfy the Reserve Requirement. The Successor Agency's decision as to whether to deposit a reserve surety bond in the Reserve Account will be made at or about the time of the pricing of the 2016 Bonds and will be based upon, among other things, market conditions at the time of such pricing.

If the Reserve Requirement for the 2016 Bonds will be satisfied by the delivery of a reserve surety for the 2016 Bonds by the surety provider to the Trustee on the Closing Date for deposit in the 2016 Reserve Subaccount for the 2016 Bonds. The Trustee will draw on the reserve surety in accordance with its terms and conditions and with the terms of the Indenture. The amounts available under the reserve surety for the 2016 Bonds 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 or for the retirement of any Series of 2016 Bonds then Outstanding. The Trustee will comply with all documentation relating to the reserve surety as required to maintain the reserve surety 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 any reserve surety or to fund the 2016 Reserve Subaccount with cash if, at any time that any Series of 2016 Bonds are Outstanding, amounts are not available under the reserve surety. Additionally, the Successor Agency will have no obligation to replace the reserve surety or to deposit any cash in the 2016 Reserve Subaccount in the event that any rating assigned to the Surety Provider by S&P or Moody's is lowered or withdrawn.

If the Successor Agency obtains a reserve surety bond and elects to deposit it in the 2016 Reserve Subaccount, information regarding the municipal bond insurer issuing the Reserve Surety will be included in the final Official Statement.

Parity Debt

The pledge of Tax Revenues from the Project Area for the 2016 Bonds under the Indenture is on a parity with the lien on and pledge thereof to the 2014 Bonds, currently Outstanding in the amount of $55,550,000, and to the Existing Loan Agreements. The Successor Agency expects to use the 2016C Bonds to prepay all or a portion of the Existing Loan Agreements. See "REFUNDING PLAN."

Property Tax Administration Fees

Pursuant to the Dissolution Act, the City Controller charges the Successor Agency a fee to recover property tax administration costs. This administration fee is approximately 0.02% 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 2014-15, the County's administrative charge to the Successor Agency for all of its project areas, including the Project Area, was $49,156. For Fiscal Year 2015-16, it is expected to be approximately $34,000. See also "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure – *Property Tax Administrative Costs*."

Limitations on Additional Indebtedness

Parity Debt. In addition to the 2016 Bonds, the Successor Agency may issue additional bonds or incur other loans, advances or indebtedness, which are secured by and payable from Tax Revenues on a parity with the lien established under the Indenture for payment of the Bonds to finance or refinance redevelopment activities with respect to the Project Area ("**Parity Debt**") in such principal amount as shall be determined by the Successor Agency, subject to the following specific conditions 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;

(b) The Tax Revenues received or to be received for the then current Fiscal Year based on the most recent taxable valuation of property in the Project Area 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, shall be at least equal to one hundred twenty five percent (125%) of Maximum Annual Debt Service on the 2014 Bonds, the 2016 Bonds and any other Parity Debt that will be outstanding immediately following the issuance of such Parity Debt, and Allocable Tax Revenues for the then current Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the City shall be at least equal to one hundred and twenty five percent (125%) of Maximum Annual Debt Service on the Bonds, any Existing Loan Agreements and any other Parity Debt that will be outstanding immediately following the issuance of such Parity Debt;

(c) The Successor Agency shall certify that the aggregate principal of and interest on the Bonds, the Existing Loan Agreements and any other Parity Debt (including the Parity Debt to be incurred) and Subordinate Debt coming due and payable will not exceed the maximum amount of Tax Revenues permitted under any Plan Limit to be allocated and paid to the Successor Agency with respect to the Project Area after the issuance of such Parity Debt.

(d) 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;

(e) If the Existing Loan Agreements are in effect at the time of issuance of such Parity Debt and are not being discharged in full in connection therewith, the Successor Agency will comply with the requirements of such Existing Loan Agreements; and

(f) The Successor Agency shall deliver to the Trustee a certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

Subordinate. Nothing contained in the Indenture prevents the Successor Agency from issuing and selling any bonds, notes, 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 Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues that is subordinate to the pledge of and lien upon the Tax Revenues under the Indenture for the security of the Bonds and Existing Loan Agreements, if any, (collectively, "**Subordinate Debt**"). The Successor Agency currently expects to issue and sale via private placement approximately $_____ in subordinate tax allocation bonds for the purpose of financing or refinancing certain redevelopment activities in the Project Area, on or about _____, 2016. The pledge of Tax Revenues to pay debt service on any such subordinate se bonds will be subordinate to that of the Bonds.

Recognized Obligation Payment Schedule

The Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the California Department of Finance for approval, a Recognized Obligation Payment Schedule (the "**Recognized Obligation Payment Schedule**") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Prior to 2016, Recognized Obligation Payment Schedules were required to be submitted for such approval not less than 90 days prior to each January 2 and June 1

up to and including 90 days prior to January 2, 2016 (or October 4, 2015 for the period covering January 2, 2016 through June 30, 2016).

Commencing on February 1, 2016, successor agencies will be transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies will be required to file Recognized Obligation Payment Schedules with the California Department of Finance and the county auditor-controller for approval each February 1 for the July 1 through June 30 period immediately following such February 1 commencing with the July 1, 2016 through June 30, 2017 period.

Commencing on September 22, 2015, 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" Recognized Obligation Payment Schedule. If approved by the California Department of Finance, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the California Department of Finance or the Oversight Board. The county auditor-controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the California Department of Finance and the county auditor-controller.

As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency's low and moderate income housing fund.

A reserve may be included on the Recognized Obligation Payment Schedule 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 the six-month period.

There are strong incentives for the Successor Agency to submit Recognized Obligation Payment Schedules on time. If the Successor Agency does not timely submit a Recognized Obligation Payment Schedule to the Oversight Board and California Department of Finance, then the Successor Agency will be subject to a $10,000 per day civil penalty for every day the schedule is late. Additionally, if the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the California Department of Finance within ten (10) days of the deadline, then the Successor Agency's maximum administrative cost allowance may be reduced by up to 25%. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof for the 2016 Bonds, see "CERTAIN RISK FACTORS – Recognized Obligation Payment Schedule."

In the Indenture, the Successor Agency acknowledges that, due to the passage of the Dissolution Act, it will need to take certain actions to ensure that it collects sufficient Tax Revenues to make the deposits as and when required to be made into the Special Fund pursuant to the Indenture, and in order to ensure the payment of debt service on the 2016 Bonds on a timely basis. The Successor Agency covenants that it will take all such actions as required to make the deposits as and when required to be made into the Special Fund pursuant to the Indenture, and to make the timely payment of debt service on

the 2016 Bonds. The Successor Agency further acknowledges that the provisions of the Dissolution Act require that it establish the Retirement Fund, into which all tax revenues are required to be deposited. The Successor Agency has heretofore established the Retirement Fund as required by Section 34170.5(a) of the California Health and Safety Code, and covenants that it shall continue to hold and maintain the Retirement Fund so long as any of the 2016 Bonds are Outstanding. The Successor Agency hereby agrees that it will hold the Special Fund, as well as any special funds established with respect to any Existing Loan Agreements or any future Parity Debt, as an account within Retirement Fund and will continue to deposit all Tax Revenues, as and when received, into the Special Fund and such other special funds as required by the Indenture in order to ensure that all Tax Revenues are available for the payment of debt service on the 2016 Bonds, any Existing Loan Agreements, and any Parity Debt on a timely basis.

The Successor Agency further covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the 2016 Bonds, any Existing Loan Agreements and any Parity Debt on the date, at the place and in the manner provided in the 2016 Bonds and the applicable Parity Debt Instruments, and that it will take all actions required under the Dissolution Act to include scheduled debt service on any Existing Loan Agreements, Bonds and any additional Parity Debt, all amounts required to be deposited in the Special Fund and the special funds relating to any Parity Debt and any Existing Loan Agreements pursuant to and in accordance with the Indenture, as well as any amount required under the Indenture to replenish the Reserve Account and the reserve accounts relating to the Existing Loan Agreements, Bonds and any Parity Debt, and amounts due to any Insurer under an insurance policy or reserve surety in a Recognized Obligation Payment Schedule (as defined in the Dissolution Act) for each six-month period so as to enable the City-Controller to distribute from the Redevelopment Property Tax Trust Fund on each January 2 and June 1 all amounts required for the Successor Agency to pay principal of, and interest on, the Existing Loans, Bonds and any Parity Debt coming due in the respective six-month period and pay amounts owed to any Insurer. Specifically, the Successor Agency covenants that it will place on the Recognized Obligation Payment Schedule for approval by the Oversight Board and California Department of Finance, all amounts required by the Indenture to be deposited and held by the Successor Agency in the Special Fund and the special funds relating to the Existing Loans and any other Parity Debt, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act. The Successor Agency also covenants to calculate the amount of Tax Revenues received during each six-month period, as described above, to ensure that Tax Revenues are properly credited to and deposited in the Special Fund, as required by the Indenture.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved 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, and will be included in the Successor Agency's Recognized Obligation Payment Schedule.

Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue, and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the California Department of Finance to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the Department's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the California Department of Finance, then the California Department of Finance's review of such payments in each future Recognized Obligation Payment Schedule will be limited to confirming that they are required by the prior enforceable obligation.

On February 19, 2016, the California Department of Finance issued its determination letter with regards to the issuance of the 2016 Bonds. See APPENDIX G – "CALIFORNIA DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE 2016 BONDS."

THE SUCCESSOR AGENCY

The Successor Agency was established by the Board of Supervisors of the City following dissolution of the Former Agency pursuant to the Dissolution Act. 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 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**" 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:

Name	Occupation	First Appointed	Term Expires*
Marily Mondejar	Community Organizer	2012	November 3, 2018
Mara Rosales	Attorney	2012	November 3, 2018
Darshan Singh	Businessman	2012	November 3, 2016
Miguel Bustos	Banker	2014	November 3, 2016
Leah Pimentel	Consultant	2015	November 3, 2016

*Although a Commission Member's term expires, he/she serves until a successor Commission Member is appointed.

The Successor Agency currently employs approximately 46 full-time equivalent positions. The Executive Director, Tiffany Bohee, was appointed to that position in February 2012. The other principal full-time staff positions are: the Deputy Executive Director, Finance and Administration; the Deputy Executive Director, Project and Programs; and the Deputy Executive Director and General Counsel. Each project area in which the Successor Agency continues to implement redevelopment plans is managed by a project manager. There are separate staff support divisions with real estate and housing development specialists, architects, engineers and planners, and the Successor Agency has its own fiscal, legal, administrative and property management staffs.

Effect of the 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 Resolution No. 11-12 (the "**Establishing Resolution**") adopted by the Board of Supervisors of the City on January 24, 2012 and signed by the Mayor on January 26, 2012, and Sections 34171(j) and 34173 of the Dissolution Act, the Board of Supervisors of the City confirmed the City's role as successor to the Former Agency.

Pursuant to Ordinance No. 215-12 finally passed by the Board of Supervisors of the City on October 2, 2012 and signed by the Mayor on October 4, 2012, 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 an "oversight board" and review or approval by the California Department of Finance, including the issuance of bonds such as the 2016 Bonds.

AB 1484. On June 27, 2012, the Dissolution Act was amended by AB 1484, which clarified that successor agencies are separate political entities and that the 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 Dissolution Act was further amended by SB 107, which, among other things, changed the submission of the Recognized Obligation Payment Schedule to annually (as discussed above), expanded the definition of enforceable obligations, reduced the oversight board actions required to be submitted to the Department of Finance for approval and added a new provision to the Health and Safety Code specifically relating to the Successor Agency (i.e., Section 34177.7). See "– Continuing Activities" below for more information relating to Section 34177.7 and "THE PROJECT AREA – The Redevelopment Plan – *Redevelopment Plan Limits*" below for information regarding the elimination of certain time limits.

Oversight Board

The Oversight Board was formed pursuant to the Establishing Resolution. The Oversight Board is governed by a seven-member governing board, with four (4) members appointed by the Mayor, and one (1) member appointed by each of the Bay Area Rapid Transit District (BART), the Chancellor of the California Community Colleges, and the County Superintendent of Education.

Department of Finance Finding of Completion

The 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 within the project areas of the former redevelopment agencies. 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.

State Controller Asset Transfer Review

The Dissolution Act requires that any asset of a former redevelopment agency transferred to a city, county or other local agency after January 1, 2011, be sent back to the successor agency. The Dissolution Act further requires that the State Controller review any such transfer. On September 23, 2014, the State Controller notified the Successor Agency of its review of such transfers by the Former Agency. Specifically, the State Controller found that $660,830 (0.09%) of the assets transferred by the Former Agency after January 1, 2011 were unallowable and must be turned over to the Successor Agency. The Successor Agency received these funds back from the City in late November 2014.

Continuing Activities

The Former Agency was organized in 1948 by the Board of Supervisors of the City 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, including the Project Area. 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 and South Redevelopment Project Areas; (ii) the Hunters Point Shipyard Redevelopment Project Area and Zone 1/Candlestick Site of the Bayview Hunters Point Project Area B; and (iii) the Transbay Redevelopment Project Area. Further, the Dissolution Act now expressly provides (pursuant to Section 34177.7) 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 Ownership 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*".

In addition, the Successor Agency continues to manage the Former Agency's assets such as the Yerba Buena Center and other real property and assets of the Former Agency that must be wound down under the Dissolution Act as well as the retained housing obligations which include ensuring the development of affordable housing in the Major Approved Development Projects as well as fulfilling a replacement housing obligation.

THE PROJECT AREA

The Redevelopment Plan

General. 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. The Mission Bay South Redevelopment Plan was adopted by the Board of Supervisors on November 2, 1998.

The Project Area consists of approximately 238 acres of land located approximately two miles south of the financial district of the City, and Mission Creek and adjacent to AT&T Park, the waterfront baseball stadium for the San Francisco Giants (which is not in the Project Area). The Project Area is bounded on the south by Mariposa Street, on the east by San Francisco Bay, on the north by Mission Creek, and on the west by Seventh Street and the Interstate 280 Freeway. Of the approximately 238 acres that make up the Project Area, Tax Revenues are generated from approximately 51.4 acres.

The Project Area was formerly rail yards, underutilized warehouse and vacant industrial land owned by the Southern Pacific Railroad Company. The goal of the Mission Bay South Redevelopment Plan (the "**Project Area Plan**") is to create a new mixed–use neighborhood just south of downtown San Francisco's Financial District and SOMA neighborhoods. The Project Area Plan was developed by the Former Agency in partnership with Catellus (as the original master developer) in the 1990's. The vision was to attract health science and pharmaceutical companies to create a bio-tech cluster and high-end residential community, through the presence of the University of California, San Francisco (UCSF) Mission Bay campus ("**UCSF Mission Bay Campus**") in the Project Area.

At full build-out, the Project Area will be anchored by the UCSF Mission Bay Campus which is a life science research and academic campus which will contain about 4.1 million square feet of university research facilities and a 550-bed medical center consisting of three specialty hospitals: (1) UCSF Benioff Children's Hospital, (2) UCSF Women's Specialty Hospital, and (3) UCSF Cancer Hospital (part of the Helen Diller Family Comprehensive Cancer Center). Surrounding the UCSF Mission Bay Campus is land designated for 4 million square feet of private life science and biotechnology lab and office space. The Project Area will also contain approximately 3,440 housing units, of which approximately thirty-two percent (32%) will be affordable. The plan also calls for a 250-room hotel, more than 35 acres of new parks and open space, a new public school and the recently built San Francisco Public Safety Building which includes the relocation of both the San Francisco Police Department Command Center Headquarters and the Southern District Police Station, as well as a new fire station for the Mission Bay community.

Many bio-tech, medical and high-tech companies have moved into the Project Area to take advantage of synergistic partnerships with the UCSF Mission Bay Campus, continually growing bio-tech and high-tech industry clusters, attractive high-end residential offerings and close proximity to downtown San Francisco. The Project Area is also home to many prominent businesses and research institutions including J. David Gladstone Institutes, Old Navy Brand Corporate Headquarters of The Gap Inc. (NYSE symbol: GPS), Bayer U.S. Innovation Center (USIC), Nektar Therapeutics (NASDAQ symbol: NKTR), FibroGen, Celgene (NASDAQ symbol: CELG), Meraki Networks, Third Rock Ventures, Kaiser Permanente, future headquarters for Uber and others.

The Project Area is well-served by public transit, including the existing CalTrain railroad station located at the southwest corner of Fourth and Townsend Street and Muni's Third Street "light-rail" line, which runs directly to the City's financial district, and which commenced operation at the beginning of 2007. Approximately $409 million in public infrastructure has been completed to date in the Project Area which includes new roads, sewer and storm water infrastructure and parks and open space. Approximately $184 million of new infrastructure still needs to be completed, for a total of $593 million of investment in infrastructure at full build-out. Public infrastructure has been financed upfront by (and reimbursed from Project Area net tax increment revenues to) the master developer pursuant to the Mission Bay South Owner Participation Agreement. See the "– Mission Bay South Owner Participation Agreement" discussion herein.

Redevelopment Plan Limits. The following table provides plan limitation information regarding the Project Area.

Mission Bay South Redevelopment Project Area
Plan Limit[(2)] Summary

		Plan Limit Termination Dates			Revenue Limits	
Approximate Area Size (acres)	Plan Adoption Date	Last Day to Incur Debt	Plan Duration	Last Day to Repay Debt	Total Tax Increment Limit	Limit on Bonds Outstanding[(4)]
238[(2)]	11/02/98	11/02/28[(3)]	11/02/28	11/02/43	No limit	450,000,000

(1) SB 107 eliminated some of these limits. See paragraphs below.
(2) Of the approximately 238 acres that make up the Mission Bay South Redevelopment Project Area, Tax Revenues are generated from approximately 51.4 acres.
(3) The Successor Agency may not incur debt for purposes other than financing low and moderate income housing after November 2, 2018.
(4) This limit represents the amount of bonded indebtedness that can be outstanding at any one time. Following issuance of the 2016 Bonds, bonded indebtedness in the aggregate principal amount of $_____ will be outstanding with respect to the Project Area.

Source: Successor Agency.

The Project Area Plan includes a limit of November 2, 2028 as the last day on which debt can be issued to meet the Successor Agency's low and moderate income housing requirements and of November 2, 2018 as the last day on which debt can be issued for any other purpose. However, the plan does not contain a limit on the amount of tax increment that may be collected in the Project Area. The last date to repay indebtedness under the plan is November 2, 2043. As discussed below, this tax increment limitation no longer applies.

On September 22, 2015, the Governor signed SB 107, which effected changes to the Dissolution Act. Solely for the purposes of the payment of enforceable obligations, including the Series 2016 Bonds, and for no other purpose whatsoever, a successor agency is not subject to the limitations relating to time, number of tax dollars, or any other matters set forth in Sections 33333.2, 33333.4, and 33333.6 of the Redevelopment Law and included within the redevelopment plans. Under this change, the Successor Agency will continue to be allocated revenue from all former project areas until such time as all enforceable obligations have been repaid. The amount of indebtedness that may be outstanding at any one time is $450 million of which approximately $____ million was outstanding as of _____, 2016, which includes approximately $____ million in housing-related tax allocation debt which is payable from tax increment deposited in the Successor Agency's Low and Moderate Income Housing Fund.

See also APPENDIX B – "REPORT OF FISCAL CONSULTANT" for more information relating to the Project Area.

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Land Use

Land Use Breakdown. The table below shows the breakdown of land use by the number of parcels and secured assessed valuation.

Mission Bay South Redevelopment Project Area
Land Use Breakdown for Fiscal Year 2015-16

Land Use	Secured Assessed Valuation	% of Total Valuation	No. of Parcels	% of Total Parcels
Commercial	$1,181,670,117	50.2%	50	8.7%
Industrial	-	0.0	4	0.7
Residential				
Condominiums	417,163,509	17.7	431	74.7
Other Residential	54,438,563	2.3	2	0.3
Vacant	702,163,810	29.8	20	3.5
Publicly Owned/Other	153,828	0.0	70	12.1
Total	$2,355,589,827	100.0%	577	100.0%

Sources: County Assessor; Urban Analytics.

Land Use Entitlements. The table below sets forth the land use entitlements in the Project Area, as of _____, 2016.

Mission Bay South Redevelopment Project Area
Current Entitlements and Construction Status in the Project Area

Entitlement	Completed	Under Construction	Total Completed or Under Construction	Total Size of Entitlement	% Completed or Under Construction
University Research Facilities	2.2 million s.f.	–	2.2 million s.f.	4.1 million s.f.	54%
Medical Center	289 beds	–	289 beds	550 beds	53%
Office/Lab Space	1.7 million s.f.	217,000 s.f.	1.9 million s.f.	4 million s.f.	48%
Residential Housing	1,960 units	722 units	2,682 units	3,440 units	78%
Hotel	–	–	–	250 rooms	–
Retail Space	62,000 s.f.	45,000 s.f.	107,000 s.f.	320,000 s.f.	33%
Open Space	11.7 acres	2 acres	13.7 acres	35.9 acres	38%

Sources: Successor Agency; Mission Bay Development Group.

Status of Development

University of California San Francisco (UCSF). To date, UCSF has completed over 2.2 million square feet in ten buildings, including six research buildings, a campus housing project, and the campus community center, plus related parking. UCSF also completed construction in 2015 on the $1.5 billion first phase of its medical center which consists of: three specialty hospitals (totaling 289 beds) for women's and children's health and cancer treatment; an energy center and soon-to-be-constructed outpatient building. UCSF recently completed the planning and environmental review for the remainder of its north campus (north of the medical center site), including the addition of nearly one million square feet of additional research and office space. When combined with the addition of UCSF's "east campus"

(Blocks 33+34), total entitlement for the UCSF campus (excluding the medical center) has been increased from 2.65 million square feet to over 4.1 million square feet.

Commercial Office and Lab. Seven commercial buildings totaling more than 1.7 million square feet of private biotechnology lab space and office space have been completed, including the headquarters for Old Navy and FibroGen, Inc., space for the pharmaceutical companies Bayer and Nektar and cloud computing company Meraki (acquired by Cisco Systems). At the end of 2013, Alexandria Real Estate Equities Inc. (NYSE symbol: ARE) ("**Alexandria**") sold its 1600 Owens property to Kaiser Permanente for a medical office; construction of the approximately 220,000 square-foot building recommenced in mid-2014 and is now nearing completion. In May 2014, FOCIL sold its last market rate parcel of land, Block 40, to Kilroy for $95 million; construction has recently commenced, comprised of several office buildings totaling approximately 650,000 rentable square feet.

In fall 2010, Salesforce.com purchased approximately 14 acres of land for about $289 million from Alexandria to construct a two million square foot headquarters complex. Salesforce.com subsequently canceled plans to move forward with construction and has since sold all of the property. In the fall of 2014, UCSF acquired 3.7 acres on Blocks 33-34 from Salesforce for the construction of approximately 500,000 square feet of office and lab, and ARE and Uber purchased 1.7 acres on Blocks 26-27 from Salesforce for $125 million for development of the 400,000+ square foot headquarters for Uber. The Uber project is in the schematic design process. In October 2015, the Golden State Warriors acquired 8.8 acres on Blocks 29-32 for an undisclosed sum, and received approvals for a new approximately 18,000 seat arena, which includes approximately 577,000 square feet of office and 54,000 square feet of retail. The Golden State Warriors project is currently subject to delay pending the outcome of various lawsuits filed by opponents of the arena project.

Residential. All of the market rate residential development in the Project Area (comprised of 2,332 units) is either completed (1,810 units) or under construction (522 units). The first market rate condominium project, the 99-unit Radiance developed by BOSA California ("**BOSA**"), opened in July 2009, and the second residential project, a 192-rental project by Urban Housing Group opened in April 2009. Phase 2 of the Radiance, called the Madrone (329-units developed by BOSA), was completed in 2012 and sold out by early 2013. In 2013, BOSA commenced construction on 267 condos located on Block 12E which are now completed and sold out. Construction is complete on Blocks 2 (315 units developed by UDR, Inc.), 3 West (147 units developed by Summerhill Homes), 11 (188 units developed by Essex), and 13 West (273 units developed by EQR) for a total of 923 new market rate rental units delivered over the last two years. Construction is nearing completion on another 172 rental units being developed by Essex on Block 5, and another 350 condos recently commenced construction on the hotel parcel, Block 1 (described further below).

Other Projects. The hotel parcel was re-entitled in 2013 for a mix of 350 residential units and 250 hotel rooms. The hotel portion is getting ready to request building permits, and the residential portion is under construction. A new Public Safety Building is completed and houses the police headquarters offices for the City, as well as a new fire station and community room to serve the Mission Bay community. Family House is in the process of completing 80 units of temporary stay housing for families receiving treatment at the UCSF Medical Center. Construction has recently been completed on a children's park serving the residential neighborhood and a large park adjacent to the UCSF Medical Center. Construction has also recently commenced on two waterfront parks that will also help treat storm water before it is discharged to the Bay. Street and utility infrastructure that will complete the residential neighborhood and the area surrounding the UCSF Medical Center is nearing completion, with the last phases of work occurring in the area adjoining the hotel parcel, Public Safety Building, southwest corner of the residential neighborhood, and west edge of the UCSF Medical Center.

Property Tax Exemption of Certain Properties

General. Under California law, certain properties are exempt from property taxation including properties owned or leased by governmental entities or by certain nonprofit corporations.

As discussed below, certain properties are currently exempt from property taxes and expected to remain exempt and taxes therefrom are not included in calculations of Tax Revenues. Further, as development continues, property transfers may occur to entities, or for uses, which render such properties exempt from property taxation. In most cases, agreements are in place for payments in lieu of taxes, each, a "**PILOT Agreement**" equal to the property taxes due if such parcels were taxable. Payments under a PILOT Agreement are considered Tax Revenues, pledged to payment of the 2016 Bonds, and are included in Allocable Tax Revenues for purposes of satisfying the requirements of the issuance of additional Parity Debt under the Indenture. However, such payments are not included in the definition of Allocable Tax Revenues set forth in the Existing Loan Agreements, which means that such amounts may not be considered in connection with the delivery of Parity Debt until such time that none of the Existing Loan Agreements remain in effect. **It is possible that a parcel subject to property tax which is included in the projections of Tax Revenues may be converted by change of use, transfer or condemnation, to a parcel exempt from taxation, in whole or in part.**

Currently Exempt Parcels. Certain developed parcels in the Project Area are currently exempt from property taxes and are not included in Tax Revenues. These consist of a 14-acre parcel (Blocks 36-39 and X-3), owned by the University of California, a State governmental entity, and under construction as a medical center, a 3.7 acre parcel (Blocks 33-34) acquired by the University of California in 2014, planned for office and lab space, 99,114 square feet of office space leased by UCSF in the building at 1500 Owens Street (although this property is subject to a PILOT Agreement (described below) and the Successor Agency expects to collect payments thereunder in the future) and the property and building at 1650 Owens Street, which is owned by the Gladstone Institute, a non-profit entity.

Several vacant or recently-developed parcels in the Project Area are owned by, or reserved for, nonprofit corporations for development of low and moderate income housing. These parcels are currently not taxed and are expected to be exempt from property taxation even when developed No property taxes are expected to be generated by these parcels and no amounts from these parcels are included in Tax Revenues.

Possible Conversions to Exempt Uses. The Successor Agency is aware of the following recent developments with respect to taxable parcels which may be converted to ownership or uses which render such properties exempt from property taxation.

The property and the 450,000 square-foot building at 409-499 Illinois Street is currently subject to property taxation. According to UCSF, UCSF is under contract to lease approximately 41,792 square feet at 499 Illinois Street. Any leased space would likely be exempt from property taxation.

Kaiser Permanente, an entity that could potentially qualify for property tax exemption, purchased 1600 Owens Street in December 2013. UCSF acquired additional blocks in the Project Area (Blocks 33-34) in 2014, and has since been acquiring additional land outside the Project Area in the nearby neighborhood immediately to the south of the Project Area. However, 1600 Owens Street and substantially all property within the Project Area which could be acquired or leased by UCSF are subject to PILOT Agreements which require any tax-exempt owner or lessee, including a nonprofit entity, to make payments in lieu of taxes at the times, and in the amounts, as if the property were subject to taxation. Each such PILOT Agreement was prepared in connection with the OPA (described below) and is recorded in the City's real property records and the Successor Agency is an express third-party beneficiary thereof. There is no express remedy of foreclosure under the PILOT Agreements. In

addition, there may be limitations on remedies available against UCSF, or any other tax exempt entity, in the event of nonpayment under a PILOT Agreement. It is possible that UCSF may seek to avoid application of a PILOT Agreement or negotiate alternative arrangements with respect to any property it acquires or leases. Payments under a PILOT Agreement are Tax Revenues pledged to the payment of the 2016 Bonds, but are not included in Allocable Tax Revenues, for purposes of satisfying the requirements of issuance of Additional Parity Debt so long as the Existing Loans remain outstanding.

Mission Bay South Owner Participation Agreement

In order to facilitate the implementation of the Mission Bay South Redevelopment Plan, the Former Agency and Catellus Development Corporation, a Delaware corporation, as successor in interest to the original landowner (collectively, "**Catellus**") entered into the Mission Bay South Owner Participation Agreement (the "**OPA**"), dated November 16, 1998 (as subsequently amended), regarding the development of property within the Project Area. Under the OPA, Catellus was obligated to construct or cause to be constructed all of the public improvements in the Project Area (the "**Infrastructure**") in accordance with obligations outlined in the OPA. FOCIL acquired parcels in the Project Area from Catellus. As a result of its acquisitions, FOCIL was required to assume all of Catellus' obligations under the OPA to construct the Infrastructure.

The OPA includes a Financing Plan (the "**Financing Plan**") under which the Former Agency committed Net Available Increment from the Project Area to be used towards the payment of costs of the Infrastructure. "**Net Available Increment**" is defined in the Financing Plan to mean the tax increment revenues arising under the Mission Bay South Redevelopment Plan and received by the Former Agency, exclusive of: (i) Housing Increment (calculated solely at 20% of the total tax revenues received by the Successor Agency pursuant to the Mission Bay South Redevelopment Plan); (ii) tax increment revenues required by the Redevelopment Law to be paid to other taxing agencies (initially, 20% of the total tax increment revenues received by the Successor Agency, and otherwise pursuant to the Redevelopment Law and Mission Bay South Redevelopment Plan); and (iii) tax increment revenues needed to pay Agency Costs (as defined in the Financing Plan) not otherwise paid from other sources. Pursuant to the Tax Increment Allocation Pledge Agreement, dated as of November 16, 1998 (the "**Tax Allocation Agreement**") between the City and the Former Agency, all Net Available Increment produced from the Project Area and any interest earnings thereon shall be irrevocably pledged by the Former Agency as a first pledge for the payment of principal of and interest on indebtedness of the Former Agency incurred for the purpose of financing or refinancing the construction of the Infrastructure.

The Successor Agency, as successor to the Former Agency, is issuing the 2016 Bonds in furtherance of its obligations under the OPA to finance the acquisition of the Infrastructure.

The OPA provides that Catellus is responsible (which responsibility has been assumed by FOCIL) for constructing the Infrastructure and that the Successor Agency will provide financing of a portion of the costs of the Infrastructure through the issuance of tax allocation bonds, the establishment of one or more community facilities districts ("**CFDs**") under the Mello-Roos Act, or through direct acquisition from Net Available Increment. Pursuant to the OPA, CFDs have issued bonds (the "**CFD Bonds**") secured by special taxes levied on property in such community facility district to pay for the Infrastructure. As of January 1, 2016, approximately $135.5 million aggregate principal amount of such CFD Bonds is outstanding (excluding accrued interest). Any Net Available Increment available after payment of tax allocation bonds (including, the 2016 Bonds) may be used to pay, if necessary, the principal of, and interest and any premium on, the CFD Bonds, offset special taxes due with respect to CFD Bonds and pay for Infrastructure directly.

The Former Agency and Catellus entered into an Acquisition Agreement (the "**Acquisition Agreement**") dated as of June 1, 2001, as supplemented as of October 1, 2002 and assumed by FOCIL in 2004. Under the terms of the Acquisition Agreement, the Successor Agency will acquire the

Infrastructure from FOCIL upon completion of various discrete components of infrastructure and inspection thereof by the City.

As provided in the Financing Plan, FOCIL agrees to pay certain shortfalls in the available tax increment needed to pay debt service on tax allocation bonds issued by the Successor Agency (including the 2016 Bonds) to finance Infrastructure within or benefiting the Project Area by reductions in assessed values. This payment obligation applies to tax increment generated by property in the Project Area owned by FOCIL. To further evidence its obligations under the Financing Plan, FOCIL has entered into the Mission Bay South Tax Allocation Debt Promissory Note and shall require that any successor or transferee with a Net Worth (as defined in the Financing Plan) equal to or greater than $25,000,000 execute a similar Tax Allocation Debt Promissory Note in order for FOCIL to be released from the promissory note relating to such property. All of the taxable property in the Project Area has been transferred by FOCIL to third parties and all such third parties have posted promissory notes as required by the OPA. Such promissory note requirement does not apply to property owned by individual homeowners and homeowner's associations.

TAX REVENUES AND DEBT SERVICE

Pursuant to the Indenture, Tax Revenues are to be deposited by the Successor Agency into the Special Fund. Thereafter, moneys in the Special Fund shall be transferrable by the Successor Agency to the Trustee for deposit in the Debt Service Fund, administered by the Trustee and applied to the payment of the principal of and interest on the 2016 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Special Fund; Deposit of Tax Revenues." The Successor Agency has retained the Fiscal Consultant to provide projections of taxable assessed valuation, tax increment revenue, and Tax Revenues from developments in the Project Area.

Historical and Current Assessed Valuation and Tax Revenues for the Project Area

General. The tables below set forth the following information for the Project Area: (i) the property taxable values and Allocable Tax Revenues (which do not include payments under PILOT Agreements, see "THE PROJECT AREA–Property Tax Exemption of Certain Properties") received from the Project Area for Fiscal Years 2010-11 to 2014-15; (ii) information on concentration of assessed value for Fiscal Year 2015-16; and (iii) estimated debt service coverage. Based on assessment roll data provided by the offices of the San Francisco Assessor, San Francisco Controller, and State Board of Equalization, the total assessed valuation for 2015-16 in the Project Area, after deducting all exemptions except the homeowner's exemption which is reimbursed by the State, is $2.6 billion in the Project Area. This represents a gain of 21.8% over Fiscal Year 2014-15.

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Table 1
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay South Redevelopment Project Area
Property Taxable Values and Tax Revenues
(Dollars in Thousands)

	2011-12	2012-13	2013-14	2014-15	2015-16
Secured Property Assessed Values[1]:					
Real Property	$1,026,260	$1,357,250	$1,636,906	$1,941,452	$2,355,590
SBE Rolls	–	–	–	–	–
Total Secured Assessed Value	$1,026,260	$1,357,250	$1,636,906	$1,941,452	$2,355,590
Unsecured Assessed Value	147,433	146,118	148,597	167,770	213,470
Total Assessed Value	$1,173,693	$1,503,368	$1,785,502	$2,109,223	$2,569,060
Base Year Values:					
Secured	$ 85,054	$ 85,054	$ 85,054	$ 85,054	$ 85,054
Unsecured	12,628	12,628	12,628	12,628	12,628
Increase Over Base-Year Values:					
Secured	$ 941,206	$1,272,196	$1,551,852	$1,856,399	$2,270,536
Unsecured	134,805	133,490	135,969	155,142	200,842
Secured Tax Rate	0.010000	0.010000	0.010000	0.010000	0.010000
Unsecured Tax Rate	0.010040	0.010000	0.010000	0.010000	0.010000
Tax Increment Revenue[2]					
Secured Property	$ 9,412	$ 12,722	$ 15,519	$ 18,564	$ 22,705
Unsecured Property	$ 1,353	$ 1,335	$ 1,360	$ 1,551	$ 2,008
Gross Tax Increment Revenue	$ 10,765	$ 14,057	$ 16,878	$ 20,115	$ 24,714
Less: 20% Housing Set-Aside	$ 2,153	$ 2,811	$ 3,376	$ 4,023	$ 4,943
Less: AB 1290 Pass-through Obligation[3]	–	–	–	–	–
Less: Apportioned County Admin Fee[4]	2	2	3	3	4
Tax Increment Revenue	$ 8,610	$ 11,243	$ 13,500	$ 16,089	$ 19,767

(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. The Successor Agency may receive other revenues, including supplemental taxes, prior-year escape assessments and payments in lieu of taxes.

(3) Future AB 1290 payments for this Project Area have been subordinated to the 2016 Bonds and existing Parity Debt and accordingly are not deducted from Tax Revenues.

(4) Property tax administration fees are deducted by the City Controller from total Successor Agency revenue; figures shown are estimates based on the Project Area's proportionate share of total Successor Agency revenue.

Sources: City and County of San Francisco; Urban Analytics.

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Ten Largest Property Owners by Valuation. The table below summarizes the ten largest property owners based on Fiscal Year 2015-16 assessed valuation.

Table 2
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay South Redevelopment Project Area
Ten Largest Property Owners by Assessed Valuation for Fiscal Year 2015-16
(Assessed Values Exclude Homeowner Subventions)

Property/Taxpayer	Assessed Value	% of Total Assessed Value	Land Use
Alexandria Real Estate SF* (1: 2014-15)	$ 307,592,810	12.0%	Commercial Office
Are-San Francisco No 43 LLC	306,930,292	11.9	Commercial Office
Hines Global REIT 550 Terry Francois* (1: 2014-15, 1: 2013-14)	203,805,315	7.9	Commercial Office
Bosa Development CA	191,278,095	7.4	Commercial - Vacant Land
Bay Jacaranda	184,451,821	7.2	Commercial - Vacant Land
DCO Mission Bay LP	121,127,853	4.7	Residential
Sobrato Development Co #871	101,323,765	3.9	Commercial Office
Essex Portfolio	94,627,030	3.7	Residential
Strata Apartment Holdings LLC	83,860,027	3.3	Residential
Fibrogen Inc	73,381,790	2.9	Commercial - R&D
Total Ten Largest:	**1,668,378,798**	64.9%	
All Other	900,681,234	35.1	
Total for the Area:	**$2,569,060,032**	100.0%	
Ten Largest as Percentage of Incremental Assessed Value:		*67.5%*	

* Owner has the indicated number of appeals pending in the years shown.
Sources: County Assessor; Urban Analytics.

Projected Tax Revenues and Debt Service Coverage

Set forth below are tables showing projected gross tax increment revenue, projected Tax Revenues, net tax increment revenue and estimated debt service coverage. The below projections reflect the existing redevelopment plan limitations for the Project Area and assume approximately 1.525% annual growth in gross tax increment revenues beginning in Fiscal Year 2016-17 through the maturity of the 2016 Bonds.

The Successor Agency believes that the assumptions (set forth in the footnotes below and in APPENDIX B – "REPORT OF THE FISCAL CONSULTANT") upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur. See "CERTAIN RISK FACTORS." Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material.

The AB 1290 obligations for the Project Area have been subordinated to debt service payments on the 2016 Bonds in accordance with the statutory procedure therefor. Such subordinated AB 1290 obligations are therefore not deducted from Tax Revenues in the tables below for the Project Area. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Allocation of Taxes Pursuant to the Dissolution Act – *Assembly Bill 1290; Statutory Pass-Throughs*."

Table 3
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay South Redevelopment Project Area
Projected Tax Revenues

Fiscal Year Ending June 30	Gross Tax Increment	Portion Applied to Housing	Property Tax Admin Fee	Projected Tax Revenues	Subordinate Pass-Through Payments	Net Tax Increment

Table 4
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay South Redevelopment Project Area
Estimated Annual Debt Service Coverage

Fiscal Year Ending June 30	Projected Tax Revenues	Parity Debt Debt Service	2016B Bonds Debt Service	2016C Bonds Debt Service	Total Debt Service	Debt Service Coverage Ratio

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 does not track properties through to the point of sale to third parties, the actual impact on assessed valuation cannot be reasonably determined.

Assessment Appeals

Appeals of assessments by property owners in the Project Area can result in future reductions in assessed valuations that affect the Successor Agency. 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 instead 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 of the City and County of San Francisco (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 improve.

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.

Appeal filings in the Project Area for the past six (6) years are shown in the table below for the secured roll. The tables compare 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 board of assessment appeals, granted a hearing but denied an adjustment in valuation, or granted an adjustment in valuation.

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Table 5
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay South Redevelopment Project Area
Assessment Appeals

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate*
2014-15	Resolved	4	$ 284,778,050	$ 191,929,715	$ 284,778,050	100.0%
2014-15	Pending	2	254,987,559	127,600,000	[TBD]	[TBD]
2013-14	Resolved	13	417,274,230	286,914,442	417,274,230	100.0%
2013-14	Pending	1	114,305,085	57,000,000	[TBD]	[TBD]
2012-13	Resolved	21	326,308,443	207,855,585	325,373,405	99.7%
2012-13	Pending	-	-	-	-	-
2011-12	Resolved	13	285,407,709	200,540,178	284,546,551	99.7%
2011-12	Pending	-	-	-	-	-
2010-11	Resolved	20	890,404,689	436,641,720	810,638,314	91.0%
2010-11	Pending	-	-	-	-	-
2009-10	Resolved	11	288,095,414	167,204,633	288,095,414	100.0%
2009-10	Pending	-	-	-	-	-
All Years	Resolved	82	$2,492,268,535	$1,491,086,273	$2,410,705,964	96.7%
All Years	Pending	3	$ 369,292,644	$ 184,600,000	[TBD]	[TBD]
Potential exposure to reductions in valuation from pending appeals using retention rate:						$12,085,559

* 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.
** Estimated based on the county valuation for pending appeals across all years multiplied by the difference between 100% and the retention rate for resolved appeals across all years.

Source: San Francisco County Assessment Appeals Board. Data as of 12/8/2015.

Pending appeals have been filed by two (2) of the largest property owners in the Project Area, specifically Alexandria Real Estate SF, which has one (1) appeal pending on its Fiscal Year 2014-15 valuation, and Hines Global REIT 550 Terry Francois, which has two (1) appeal pending on its Fiscal Year 2013-14 valuation and one (1) appeal pending on its Fiscal Year 2014-15 valuation.

Were the City Controller to change its policy of deducting appeal-related tax refunds solely from taxing entities and not from the Successor Agency or were the Assessor to extend Proposition 8 reductions to future rolls for properties granted prior-year reductions, applying the retention rate of 96.7% to the valuation currently subject to pending appeals, the estimated reduction in prior-year assessed valuation would be $12.1 million or approximately $97,000 in Tax Revenues. 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 City's Assessment Appeals Board (the "**Assessment Appeals Board**") across the Project Area, 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 $184.0 million for the Project Area and approximately $1.5 million in Tax Revenues[; this also includes multi-year appeals and does not necessarily indicate an equivalent reduction in future revenue.]

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 2016 Bonds. The following does

not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the 2016 Bonds and 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 2016 BONDS – Recognized Obligation Payment Schedule," the Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Tax revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the City Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the distribution date, unless a Last and Final Recognized Obligation Payment Schedule is filed in which event no periodic filing requirements apply. In instances where a Last and Final Recognized Obligation Payment Schedule is not filed, if the Successor Agency were to fail to submit an approved Recognized Obligation Payment Schedule 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 Redevelopment Property Tax Trust Fund for such six-month or twelve-month period, as applicable, would be distributed to Taxing Entities as more fully described in the section of this Official Statement entitled, "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Recognized Obligation Payment Schedule," the availability of Tax Revenues to the Successor Agency to pay debt service on the 2016 Bonds could be adversely affected for such period. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Recognized Obligation Payment Schedule."

Certain Uncertainties Regarding the 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 Dissolution Act has only required that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the 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 Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (such as the Former Agency) the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act 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*." The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area. Due to the pledge of Tax Revenues securing the 2016 Bonds, the 2014 Bonds and the Existing Loan Agreements, Tax Revenues will be used for such purposes 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.

To the extent that tax increment revenue generated from other project areas is available after payment of all obligations required to be paid from such amounts, the excess tax increment revenue might, under the Dissolution Act, may also be available to pay debt service on the 2016 Bonds.

Concentration of Tax Base

In the Project Area, approximately 64.9% of the total assessed value and 67.5% of the total incremental assessed value is attributable to its ten (10) largest assessees. The failure or financial difficulty of one or more of such large developments could have a significant detrimental impact on the Project Area's assessed value and consequently on the amount of Tax Revenues of the Project Area available to secure the 2016 Bonds. See "TAX REVENUES AND DEBT SERVICE" and "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedures."

Estimates of Tax Revenues

To estimate the tax revenues ultimately available to pay debt service on the 2016 Bonds, the Successor Agency has made certain assumptions with regard to the present and future assessed valuation of taxable property in the Project Area, future tax rates, growth in tax revenues over time, percentage of taxes collected, other senior obligations, the amount of funds available for investment and the interest rate at which those funds will be invested. See APPENDIX B – "REPORT OF FISCAL CONSULTANT." The Successor Agency believes these assumptions to be reasonable, but there are no assurances that these assumptions will be realized. To the extent that the assessed valuation, the tax rates, the percentages collected, the amount of the funds available for investment or the interest rate at which they are invested, are less than the Successor Agency's assumptions, the Tax Revenues would be less than those projected and may be insufficient to pay debt service on the 2016 Bonds.

Subordination of ERAF

The Successor Agency has obtained the approval of the Taxing Entities to subordinate payment of their AB 1290 Statutory Pass-Through Amounts to the payment of debt service on the 2016 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Allocation of Taxes Pursuant to the Dissolution Act – *Assembly Bill 1290; Statutory Pass-Throughs.*" 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 have also been subordinated, given that the Taxing Entities, to whom the amounts deposited in ERAF will be distributed, 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 2016 Bonds. The Statutory Pass-Through Amount for ERAF for Fiscal Year 2015-16 is approximately $1.7 million. 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 2016 Bonds will have a materially adverse effect on its ability to pay debt service on the 2016 Bonds.

Reduction in Tax Base and Assessed Values

Tax revenues allocated to the Redevelopment Property Tax Trust Fund constitute the ultimate source of payment on the 2016 Bonds, the Existing Loans and any Parity Debt. Such tax revenues are determined by the amount of the incremental taxable value of property in the Project Area, the current rate or rates at which property in the Project Area is taxed and the percentage of taxes collected in the Project Area. A reduction of the taxable values of property in the Project Area 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 Area, relocation out of the Project Area 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. As discussed above under the caption "THE PROJECT AREA – Property Tax Exemption of Certain Properties," several significant properties within the Project Area are exempt from property taxes and have contractually agreed to make payments under PILOT Agreements. 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. These risks may be greater where, as here, the Project Area has a high concentration of major taxpayers. See "TAX REVENUES AND DEBT SERVICE – Ten Largest Property Owners by Valuation," above. There are appeals to assessed valuation which could result in a substantial reduction thereof. See "TAX REVENUES AND DEBT SERVICE – Assessment Appeals" above.

The potential exposure of the Successor Agency's tax increment revenue to appeals were the City Controller either to change its policy of deducting appeal-related tax refunds solely from taxing entities and not from the Successor Agency or 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 a Project Area to the amount of roll valuation in pending appeals for the Project Area. Applying the retention rate of 96.7% to the aggregate valuation currently subject to pending appeals in the Project Area, the Fiscal Consultant estimates a reduction in valuation of $12.1 million or approximately $97,000 in total Tax Revenues. Any such reductions in taxable values could cause a reduction in the Tax Revenues securing the 2016 Bonds and could have an adverse effect on the Successor Agency's ability to make timely payments with respect to such 2016 Bonds.

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 owner 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 eight percent (8%) of the overall assessed value for the Project Area for Fiscal Year 2015-16.

Article XIIIA 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 Tax Revenues to be available to it to make payments with respect to the 2016 Bonds, the Successor Agency has assumed 1.525% inflationary increases. The projected 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 Tax Revenues. See "TAX REVENUES AND DEBT SERVICE" and "LIMITATIONS ON TAX REVENUES – Tax Limitations – *Article XIIIA of California Constitution*" herein.

In addition to the other limitations on and the required application under the Dissolution Act of tax revenues on deposit in the Redevelopment Property Tax Trust Fund, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing tax revenues allocated to the Redevelopment Property Tax Trust Fund 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 Tax Revenues and adversely affect the source of repayment and security of the 2016 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 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 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 "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 Area, which may arise out of successful appeals by property owners, will affect the amount of present or future Tax Revenues.

Assessors have the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of properties affected by particular negative economic conditions. Although the Assessor's office has not indicated how many parcels are currently subject to Proposition 8 reductions, these temporary reductions in value and any restorations of previously-reduced values are incorporated into the 2015-16 roll data shown in the tables under "TAX REVENUES AND DEBT SERVICE."

Two (2) of the ten (10) largest property taxpayers in the Project Area have pending property tax appeals. See "TAX REVENUES AND DEBT SERVICE – Ten Largest Property Owners by Valuation," and "– Assessment Appeals" for a description of pending appeals and the potential impact on Allocable Tax Revenues if the appeals are granted.

State Budget Issues; Changes in the Law

AB 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its Fiscal Years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills

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 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 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 Dissolution Act or other laws or the Constitution of the State resulting in a reduction of Tax Revenues, or that otherwise have an adverse effect on the Successor Agency's ability to pay debt service on the 2016 Bonds.

Certain litigation is challenging some of the terms of the Dissolution Act, and it is anticipated that there will be additional future legislation in this area. The Successor Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future.

The Dissolution Act is new and implementation of its provisions have been and will 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, and the Dissolution Act could be subject to further legislative or judicial review. The Successor Agency cannot predict the outcome or impact of any such interpretations or reviews, on the availability of Tax Revenues to pay the 2016 Bonds.

Development Risks

Although the Project Area is substantially developed the remaining developments within the Project Area will be subject to all the risks generally associated with real estate development. Projected development within the Project Area 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 Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be affected. If such events lead to a decline in assessed values, they could cause a reduction in Tax Revenues. In addition, if there is a decline in the general economy of the Project Area, the owners of property within the Project Area 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 Area. In addition, the insolvency or bankruptcy of one or more large owners of property within the Project Area 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 Area could depreciate substantially and owners of property may be less willing or able to pay property taxes.

Earthquake. The City is in a seismically active area, where damaging earthquakes have occurred and are likely to occur again along the two earthquake fault lines that affect San Francisco, which are the San Andreas fault line and the Hayward fault line. Significant recent 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 environs. 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.

According to the Community Safety element of the General Plan of the City and County of San Francisco (October 2012) (the "**Community Safety Element**"), a working group of earthquake scientists formed by the National Earthquake Prediction Evaluation Council concluded in 2008 that there is a 67% likelihood of one or more major earthquakes (magnitude 6.7 or greater and capable of resulting in substantial damage) occurring in the Bay Area in the next 30 years (*http://earthquake.usgs.gov/regional/nca/ucerf/*). This means that a major quake is twice as likely to occur as it is not to occur.

The final Mission Bay Subsequent Environmental Impact Report (1998) ("**Final SEIR**") describes the Mission Bay area as underlain by as much as 45 feet of fill, 10 to 70 feet of weak, compressible clay known as Bay Mud, 1 to 30 feet of alluvium, and 1 to 40 feet of stiff to hard clay known as Old Bay Clay, which overlie Franciscan bedrock (consisting primarily of layered shale and sandstone). The groundwater table is between 1 and 18 feet below the ground surface. The Final SEIR states that the Mission Bay area is in a Seismic Hazards Zone for liquefaction and susceptible to earthquake-related groundshaking that would be strong enough to damage buildings and infrastructure, and possible result in injury or loss of life. Finally, the Final SEIR notes that the San Francisco Building Code would require seismically resistant construction in the Mission Bay project area to reduce injury and loss of life during earthquakes: piles must be driven to depths between 30 and about 200 feet to support major structures and to reduce the effects of groundshaking and liquefaction.

Flood. According to the Final SEIR, structures and roadways in the Mission Bay development – including property in the Project Area – could be subject to tidal flooding during the 100-year flood event. Flooding would occur more frequently if sea levels were to rise, as they are currently expected to do. If sea levels were to rise, groundwater levels in the Mission Bay area could rise approximately the same amount.

To mitigate the risk of flooding, the Successor Agency previously required and the City and the Successor Agency currently requires developers of property in Mission Bay to incorporate specific measures designed by a licensed engineer; the measures may include: setback from the water's edge; installation of seawalls, dikes, and/or berms during construction of infrastructure; reduction of the amount of excavation for utilities or basements; and use of topsoil to raise the level of public open spaces.

Sea Level Rise. 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 – including property in Mission Bay – is at risk for inundation because of low elevation and subsidence over time due to compaction from buildings and soil desiccation. The Community Safety Element notes that best available projections for California and the Bay Area currently assume 12-18 inches of sea level rise by 2050 and 21-55 inches of sea level rise by 2100, given current carbon emissions trends, although it also notes that these projections are likely to change over time as climate science progresses.

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 runups that have occurred in the prehistoric past, there is considerable uncertainty over the extent of tsunami runup that could occur.

The Final SEIR states that the Mission Bay area is in an area subject to tsunami inundation hazards (as defined in the Community Safety Element of the General Plan) but that the likelihood of tsunami inundation is very slight.

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 Area 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 Area and could result in a significant reduction in Tax Revenues. Such reduction of Tax Revenues could have an adverse effect on the Successor Agency's payment of debt service on the 2016 Bonds.

Bond Insurance Risk Factors

The Successor Agency [has applied] [will apply] for a bond insurance policy to guarantee the scheduled payment of principal and interest on the 2016 Bonds. The Successor Agency has yet to determine whether an insurance policy will be purchased with the 2016 Bonds, which decision remains at its sole and absolute discretion. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the 2016 Bonds when all or some becomes due, any owner of the 2016 Bonds shall have a claim under the Bond Insurance Policy (the "**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 Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the 2016 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 the bond insurer at such time and in such amounts as would have been due absence such prepayment by the Successor Agency unless the bond insurer 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 the bond insurer without appropriate consent. The bond insurer may direct and must consent to any remedies and the bond insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the 2016 Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the bond insurer becomes obligated to make payments with respect to the 2016 Bonds, no assurance is given that such event will not adversely affect the market price of the 2016 Bonds or the marketability (liquidity) for the 2016 Bonds.

The long-term ratings on the 2016 Bonds are dependent in part on the financial strength of the bond insurer and its claim paying ability. The bond insurer'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 the bond insurer and of the ratings on the 2016 Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the 2016 Bonds or the marketability (liquidity) for the 2016 Bonds. See description of "RATING" herein.

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

Neither the Successor Agency nor Underwriters have made independent investigation into the claims paying ability of the bond insurer and no assurance nor representation regarding the financial strength or projected financial strength of the bond insurer 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 2016 Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "INTRODUCTION – Bond Insurance" herein for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

No Validation Proceeding Undertaken

California Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a "validation proceeding," for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the 2016 Bonds, California Government Code Section 53511 authorizes a local agency to "bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness." Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters herein adjudicated or which could have been adjudicated, against all persons: "The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive."

The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the 2016 Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the 2016 Bonds and specifying the related deadline for any challenge to the 2016 Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the 2016 Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within thirty (30) days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the 2016 Bonds and the Oversight Board Resolution on January 13, 2016.

It is possible that a lawsuit challenging the Dissolution Act or specific provisions thereof based on the inability of successor agencies to meet their obligations to bondholders as those obligations become due, or to pay any other of their other obligations, could be successful and that the mechanisms currently provided for under the Dissolution Act to provide for distribution of Allocable Tax Revenues to the Successor Agency for payment on the 2016 Bonds could be impeded and result in a delinquency or default in the timely payment of principal of, and interest on, the 2016 Bonds.

Any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the 2016 Bonds could be subject to the same issues regarding an impairment of contract or unconstitutional taking without just compensation as raised in the Syncora Lawsuit (see "LITIGATION" herein). The Successor Agency believes that the aforementioned considerations would provide some protections against the adverse consequences upon the Successor Agency and the availability of Tax Revenues for the payment of debt service on the 2016 Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Successor Agency does not guarantee that any lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the 2016 Bonds.

Reductions in Unitary Values

As the result of the adoption of AB 454 (Chapter 921, Statutes of 1987), a portion of the county-wide unitary values assigned to public utilities was allocated to the Project Area. Any substantial reduction in the values of public utility properties, either because of deregulation of a utility industry or for any other reason, will have an adverse impact on the amount of Tax Revenues. For further information concerning unitary values, see "LIMITATIONS ON TAX REVENUES – Taxation of Unitary Property." No utility unitary tax revenue is included in projections of Tax Revenues.

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 Area. 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 Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Reduction in Inflation Rate

As described in greater detail below, Article XIIIA 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 2016 Bonds could reduce Tax Revenues. See "LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIIIA 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 2016 BONDS – Allocation of Taxes Pursuant to the Dissolution Act – *Teeter Plan*." Such plan may be discontinued at any time.

Investment Risk

All funds held by the Trustee under the Indenture and all funds held by the Successor Agency in the Special Fund, into which all Allocable Tax Revenues are initially deposited, are required to be invested in Permitted Investments as provided in the Indenture. 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 2016 Bonds.

Bankruptcy and Foreclosure

The payment of the property tax revenue from which Allocable 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 2016 Bonds and the enforceability of the obligation to make payments on the 2016 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 2016 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 2016 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 interest on the 2016 Bonds and/or to redeem 2016 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 "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedures – *Delinquencies*," 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. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Successor Agency to pay debt service on the 2016 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 2016 Bond payments. 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 Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of Tax Revenues received by the Successor Agency from the Project Area. As discussed herein, the Successor Agency does not receive on an annual basis all Tax Revenues, unless required to pay debt services and other obligations under the OPA.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2016 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**"), and the Successor Agency has covenanted in the Indenture to comply with certain provisions of the Tax Code. The interest on the 2016 Bonds could become includable gross income for purposes of federal income taxation retroactive to the date of issuance of the 2016 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 2016 Bonds. The 2016 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 2016 Bonds was undertaken it would not adversely affect the market value of the 2016 Bonds. See "TAX MATTERS."

Secondary Market

There can be no guarantee that there will be a secondary market for the 2016 Bonds, or if a secondary market exists, that the 2016 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 market price for the 2016 Bonds will not be affected by the introduction or enactment of any future legislation (including, without limitation, amendments to the Tax

Code), or by any state constitutional amendments, court decisions, changes in interpretation of the 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 2016 Bonds for audit examination, or the course or result of any IRS audit or examination of the 2016 Bonds or obligations that present similar tax issues as the 2016 Bonds.

Parity Obligations

As described in "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 BONDS – Limitations on Additional Indebtedness – *Parity Debt*," the Successor Agency may issue or incur obligations payable from Tax Revenues on a parity with its pledge of Tax Revenues to payment of debt service on the 2016 Bonds, 2014 Bonds and the Existing Loan Agreements. The existence of and the potential for additional Parity Debt increases the risks associated with the Successor Agency's payment of debt service on the 2016 Bonds in the event of a decrease in the Successor Agency's collection of Tax Revenues.

In connection with the OPA, the Agency has covenanted to issue additional Parity Debt if tax increment revenue increases in sufficient amount to support such Parity Debt. See "THE PROJECT AREA – Mission Bay South Owner Participation Agreement."

Bonds are Limited Obligations

The 2016 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 2016 Bonds are payable solely from Tax Revenues allocated to the Successor Agency from the Project Area and certain other funds pledged therefor under the Indenture. The 2016 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 2016 BONDS." No Owner of the 2016 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 2016 Bonds.

Limited Recourse on Default

If the Successor Agency defaults on its obligations under the Indenture, the Trustee has the right to accelerate the 2016 Bonds. 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 2016 Bonds.

LIMITATIONS ON TAX REVENUES

The 2016 Bonds are secured by a pledge of Tax Revenues attributable to the Project Area. The Successor Agency does not have any independent power to levy and collect property taxes; accordingly, the amount of Tax Revenues available to the Successor Agency for payment of the principal of and interest on the 2016 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 which 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 which

becomes a lien on secured property has priority over all other liens 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 county clerk 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 which 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 which 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 of a 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 of a 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. Previously, statutes enabled the assessment of such changes only as of the next January 1 tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments for up to fourteen (14) months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Area, 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 Dissolution Act allow administrative costs of the county auditor-controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559

amounts, to be deducted from property tax revenues before moneys are deposited into the Redevelopment Property Tax Trust Fund.

Taxation of Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case, values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the one percent tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to one hundred and two percent (102%) of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than one hundred and two percent (102%) of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization. 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.

Tax Limitations – Article XIIIA of California Constitution

Article XIIIA of the State Constitution, known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to one percent (1%) of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIIIA 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 XIIIA 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 XIIIA 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 XIIIA, 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 XIIIA 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 (currently projected at 1.525%) 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 on the Successor Agency's receipt of Tax Revenues as a result of such challenge or change.

Article XIIIB of California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIIIB to the California Constitution which has been subsequently amended several times. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The base year for establishing such appropriation limit is fiscal year 1978-79 and the limit is to be adjusted annually to reflect changes in population, cost of living and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIIIB include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. 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 XIIIB or any statutory provision enacted in implementation thereof. 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. Woosely* and *Brown v. Community Redevelopment Agency*.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the California Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on bonded indebtedness issued by a taxing entity (not the Successor Agency) and approved by the

voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies. Tax Revenues do not include any such amounts.

Articles XIIIC and XIIID of California Constitution

On November 5, 1996, California voters approved Proposition 218 – Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges – Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID 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 XIIIC of the California Constitution by adding an expansive definition for the term "tax," which previously was not defined under the California Constitution. The 2016 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 XIIIA, Article XIIIB, Article XIIIC and Article XIIID 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

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 2016 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 imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency and the users of the facilities financed or refinanced from the proceeds of the 2016 Bonds comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2016 Bonds. The Successor Agency have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2016 Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 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 (excluding bond houses and brokers) at which each Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the 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 this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2016 Bonds who purchase the 2016 Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Code, original issue premium is amortized on an annual basis over the term of the 2016 Bonds (said term being the shorter of the applicable maturity date of the 2016 Bonds or the call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium 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 Bonds.

In the further opinion of Bond Counsel, interest on the 2016 Bonds is exempt from California personal income taxes.

The form of Bond Counsel's opinion to be delivered on the date of issuance of the 2016 Bonds is set forth in Appendix E hereto.

Owners of the 2016 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2016 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2016 Bonds other than as expressly described above.

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 2016 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 2016 Bonds. In the opinion of counsel to the Successor Agency, 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 2016 Bonds as it becomes due.

A number of other lawsuits have been filed in the State that challenge the Dissolution Act or the application of certain of its provisions. The Successor Agency is unable to predict the likely outcome of these actions 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 Dissolution Act or on the Successor Agency's ability to make payments of principal of and interest on the 2016 Bonds.

CONTINUING DISCLOSURE

The Successor Agency has covenanted for the benefit of the Owners of the 2016 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 report for the 2015-16 fiscal year (the "**Annual Report**") and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Successor Agency, or the Dissemination Agent, if any, on behalf of the Successor Agency, with the MSRB. The notices of events will also 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."

In the past five years, the Successor Agency believes that neither the Former Agency nor the Successor Agency have failed to comply in any material respect with any previous undertakings in accordance with S.E.C. Rule 15c2-12 to provide annual reports or notices of certain enumerated events. The Former Agency failed on occasion to file notices of bond insurer-related rating downgrades on a timely basis, however, such failures were only with respect to downgrades below the underlying rating of the bond. Additionally, due to the dissolution of the Former Agency and delays in the preparation of audited financials for Fiscal Year ended 2012 for the Successor Agency, the Successor Agency and the Former Agency filed their respective audited financial statements approximately thirty (30) days late. The Former Agency had, however, filed unaudited financial statements for the Former Agency for the first (7) seven months of the fiscal year in a timely manner. Additionally, certain tabular information related to a merged project area was not aggregated as required by the applicable continuing disclosure agreement. However, all of the required information was available for the component areas of such merged project area. The Successor Agency has filed notices of all bond rating downgrades and the missing tabular information noted above. The Successor Agency has also established procedures that it believes are sufficient to ensure future compliance with its continuing disclosure undertakings.

LEGAL MATTERS

Certain legal matters incident to the issuance, sale and delivery of the 2016 Bonds are subject to the approving legal opinion of Jones Hall, A Professional Law Corporation, as Bond Counsel. Certain legal matters incident to the issuance of the 2016 Bonds will be passed upon for the Successor Agency by its General Counsel. Curls Bartling P.C. 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 Stradling Yocca Carlson & Rauth, A Professional Corporation.

Bond Counsel's engagement is limited to a review of the legal procedures required for the authorization, issuance and sale of the 2016 Bonds, and the exemption of interest on the 2016 Bonds from federal income taxation and California personal income taxes. See "TAX MATTERS" herein and APPENDIX E – "FORM OF BOND COUNSEL FINAL OPINION."

Fees payable to Bond Counsel and Disclosure Counsel are contingent upon the sale and delivery of the 2016 Bonds.

FINANCIAL ADVISOR

Public Financial Management, Inc. has served as Financial Advisor to the Successor Agency and provided advice with respect to the sale of the 2016 Bonds. The Financial 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 Financial 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 2016 Bonds. The Financial 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 Financial Advisor will receive compensation contingent upon the sale and delivery of the 2016 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of, among other things, the mathematical computations of the amounts deposited in the Escrow Funds to pay, when due, the redemption price of and accrued interest on the Refunded Authority Bonds will be verified by Causey Demgen & Moore P.C.

RATING

Standard & Poor's Rating Service, a Standard & Poor's Financial Services LLC business ("**S&P**"), has assigned an underlying rating to the 2016 Bonds of "___." Such rating reflects only the view of such organization, and an explanation of the significance of the rating may be obtained by contacting S&P. Such rating is not a recommendation to buy, sell or hold the 2016 Bonds. There is no assurance that such 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 such rating may have an adverse effect on the market price of the 2016 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, 2016, are included as part of APPENDIX A – "SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015." 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 2016 Bonds, the Successor Agency has engaged Urban Analytics, LLC, as Fiscal Consultant, and to prepare a Fiscal Consultant Report. See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

UNDERWRITING

The 2016 Bonds will be sold to Stifel, Nicolaus & Company, Inc., as representative of itself and Backstrom McCarley Berry & Co., LLC and Blaylock Beal Van, LLC (collectively, the "**Underwriters**"), pursuant to a bond purchase contract (the "**Purchase Contract**") between the Successor Agency, the Authority and the Underwriters. The Underwriters have agreed to purchase the 2016B Bonds for $_____ (which amount represents the $_____ aggregate principal amount of the 2016B Bonds, plus [net] issue premium in the amount of $_____, less an underwriters' discount of $_____); and to purchase the 2016C Bonds for $_____ (which amount represents the $_____ aggregate principal amount of the 2016C Bonds, plus [net] issue premium in the amount of $_____, less an underwriters' discount of $_____).

The initial public offering prices of the 2016 Bonds of each Series may be changed from time to time by the Underwriters. The Purchase Contract provides that the Underwriters will purchase all of the 2016 Bonds if any are purchased 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.

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 shall 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:_____
Deputy Executive Director,
Finance and Administration

APPENDIX A

SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

APPENDIX B

REPORT OF FISCAL CONSULTANT

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Successor Agency of the Redevelopment Agency of the City and County of San Francisco (the "Successor Agency") in connection with its issuance of $_____ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series B Tax Allocation Bonds (Mission Bay South Redevelopment Project) and $_____ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series C Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project) (together, the "2016 Bonds"). The 2016 Bonds are being issued in accordance with Section 34177.5(a)(1) of the California Health and Safety Code (the "Redevelopment Law"), Article 11, Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law"), the resolution of the Successor Agency adopted August 18, 2015 (the "Resolution"), and the Indenture of Trust, dated as of March 1, 2014, as amended and supplemented by a First Supplemental Indenture of Trust, dated as of _____, 2016 (the "Indenture"), each by and between the Successor Agency and U.S. Bank National Association, as trustee (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 2016 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, 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 City'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 http://ww.emma.msrb.org/.

"Listed Events" means any of the events listed in Section 5(a) 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 _____, 2016, relating to the 2016 Bonds.

"Participating Underwriters" means any of the original underwriters of the 2016 Bonds required to comply with the Rule in connection with offering of the 2016 Bonds.

"Project Area" means the Mission Bay South Redevelopment Project Area.

"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 the Annual Report Date, commencing with the report for the 2014-15 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, with a copy to the Trustee and the Participating Underwriters. 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 the Project Area 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 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 shall provide to the MSRB (with a copy to the Trustee and the Participating Underwriters) a notice, in substantially the form attached 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 Area as of the end of the fiscal year to which the Annual Report pertains;

2. The top ten taxpayers by valuation in the Project Area for the fiscal year to which the Annual Report pertains in a form substantially similar to that in the Official Statement;

3. Assessed valuations and tax increment revenue for the fiscal year to which the Annual Report pertains, by means of an update to the "Property Taxable Values, Tax Revenues and Delinquency Rates" table as shown in Table 1 of the Official Statement with an indication of the amount of unsecured valuation and secured valuation;

4. Estimated debt service coverage for obligations of the Successor Agency in the Project Area for the fiscal year to which the Annual Report pertains by means of an update to the "Estimated Annual Debt Service Coverage" table shown in Table 4 of the Official Statement;

5. Assessment appeals for the fiscal year to which the Annual Report pertains by means of an update to the "Assessment Appeals" table shown in Table 5 of the Official Statement; and

6. The two most recently submitted Recognized Obligation Payment Schedules approved by the State Department of Finance and prepared in accordance with the then applicable law.

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, notice of the occurrence of any of the following events with respect to a Series of Bonds in a timely manner not more than ten (10) days after 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. 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; and
9. Bankruptcy, insolvency, receivership or similar proceedings.

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 governmental 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, notice of the occurrence of any of the following events with respect to the 2016 Bonds, if material:

1. Unless described in Section 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the 2016 Bonds or other material events affecting the tax status of the 2016 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 2016 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; and
7. Appointment of a successor or additional trustee or the change of the name of a trustee.

(c) If the Successor Agency determines that knowledge of the occurrence of a Listed Event under subsection (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.

(d) If the Successor Agency determines that the Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the Successor Agency, the Successor Agency shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The Successor Agency hereby agrees that the undertaking set forth in this Disclosure Agreement 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 2016 Bonds. If such termination occurs prior to the final maturity of the 2016 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 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 or 5(a), 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 Agreement. 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 Executive Director, Finance and Administration
To the Participating Underwriters:	Stifel, Nicolaus & Company, Inc. 515 S. Figueroa St., Suite 1800 Los Angeles, CA 90071 Fax: _____ Attention: John Kim
To the Trustee:	U.S. Bank National Trust 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 2016 Bonds, and shall create no rights in any other person or entity.

Date: _____, 2016

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

By:_____
Deputy Executive Director, 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
Name of Issue:	Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series B Tax Allocation Bonds (Mission Bay South Redevelopment Project) and 2016 Series C Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project)
Date of Issuance:	_____, 2016

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 13.01 of the Indenture. 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:_____

cc: Trustee and Participating Underwriters

APPENDIX E

FORM OF BOND COUNSEL FINAL OPINION

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 2016 Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2016 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2016 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 2016 Bonds. The Bonds of each Series 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 2016 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest 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, corporate and municipal debt issues, and money market instrument (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 the DTC 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 2016 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 Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2016 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 2016 Bonds within a maturity 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 such other DTC nominee) will consent or vote with respect to the 2016 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 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the 2016 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 payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 redemption proceeds, distributions, and dividend payments 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 2016 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, 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, 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.

APPENDIX G

CALIFORNIA DEPARTMENT OF FINANCE
DETERMINATION LETTER APPROVING THE 2016 BONDS

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification or filing under the securities laws of any such jurisdiction.

CB Draft 02/16/2016

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED _____, 2016

NEW ISSUE **NOT RATED**

THE 2016D SUBORDINATE BONDS ARE BEING OFFERED PURSUANT TO THE LIMITED OFFERING MEMORANDUM AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO APPROVED INSTITUTIONAL BUYERS (AS DEFINED HEREIN) AND UPON EXECUTION AND DELIVERY OF THE INVESTOR LETTER ATTACHED HERETO AS APPENDIX G.

Each purchaser of the 2016D Subordinate Bonds offered hereby will be deemed to have represented and warranted that the purchaser: (i) is an Approved Institutional Buyer; (ii) is acquiring the 2016D Subordinate Bonds for its own account or for the account of an Approved Institutional Buyer; and (iii) is aware, understands and agrees that the purchase of the 2016D Subordinate Bonds is limited to the Indenture requirement that there may only be five (5) Approved Institutional Buyers owning the 2016D Subordinate Bonds at any time. Accordingly, any subsequent transfer or sale of the 2016D Subordinate Bonds may require the Bondowner thereof to sale or transfer all of its 2016D Subordinate Bonds. Purchasers of the 2016D Subordinate Bonds should assume that they may not be able to transfer or sell less than all of the 2016D Subordinate Bonds that they own. See also "NOTICE TO PURCHASERS" and "LIMITED OFFERING TO APPROVED INSTITUTIONAL BUYERS" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications, under existing law, the interest on the 2016D Subordinate 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 imposed on individuals and corporations, provided, however, that for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is required to be taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the 2016D Subordinate Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

$_____*

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

2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project)

Dated: Date of Delivery **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 2016D Subordinate Bonds. *Capitalized terms not otherwise defined have the meaning as described thereto in the Indenture.*

The 2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project) (the "2016D Subordinate Bonds") 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 _____ 1, 2016 (the "Indenture") by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee") and sold by the City and County of San Francisco Redevelopment Financing Authority on behalf of the Successor Agency for the purposes described herein.

INVESTMENT IN THE 2016D SUBORDINATE BONDS REPRESENTS CERTAIN RISKS TO THE HOLDERS THEREOF, SOME OF WHICH MAY BE SIGNIFICANT. SEE "CERTAIN RISK FACTORS" HEREIN FOR MORE DETAILED DESCRIPTION OF CERTAIN RISKS TO BONDHOLDERS.

* Preliminary, subject to change.

The 2016D Subordinate Bonds will be issued in fully registered form, without coupons, and in the form of Current Interest Bonds and Capital Appreciation Bonds. The 2016D Subordinate Bonds that are Current Interest Bonds will be issued in denominations of $250,000 and any multiple of $5,000 thereafter, and the 2016D Subordinate Bonds that are Capital Appreciation Bonds will be issued in denominations of $250,000 Maturity Value and any multiple of $5,000 thereafter (except as described herein), in each case no 2016D Subordinate Bond shall have more than one maturity date. Interest on the 2016D Subordinate Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2016. Principal of the 2016D Subordinate Bonds will be payable on the dates and in the respective principal amounts described on the inside cover. See "THE 2016D SUBORDINATE BONDS – Description of the 2016D Subordinate Bonds."

The 2016D Subordinate Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE 2016D SUBORDINATE BONDS – Redemption Provisions."

The proceeds of the 2016D Subordinate Bonds will be used to (i) finance and refinance certain redevelopment activities of the Successor Agency in the Project Area, (ii) make a deposit to the Reserve Account established under the Indenture, (iii) fund capitalized interest on the 2016D Subordinate Bonds through _____ 1, 201_, and (iv) pay costs associated with the issuance of the 2016D Subordinate Bonds. "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

The 2016D Subordinate Bonds are payable from and secured by Tax Revenues (defined herein), consisting primarily of certain revenues generated from taxes on the property within the Mission Bay South Redevelopment Project Area on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll. No funds or properties of the Successor Agency, other than the Tax Revenues and certain other amounts held under the Indenture, are pledged to secure the 2016D Subordinate Bonds. The Successor Agency has outstanding indebtedness and may incur additional indebtedness that is payable, on an equal priority basis, from the same tax revenues as the 2016D Subordinate Bonds so long as certain conditions precedent have been met at the time such indebtedness is incurred, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Additional Indebtedness – *Subordinate Parity Debt.*"

The 2016D Subordinate Bonds are limited obligations of the Successor Agency, the principal and Accreted Value of, and interest on which are payable solely from Tax Revenues and certain other amounts on deposit in the funds and accounts held under the Indenture. The 2016D Subordinate 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 2016D Subordinate 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 2016D Subordinate Bonds. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power.

The 2016D Subordinate Bonds will be purchased in a limited offering when, as and if issued by the Successor Agency, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Curls Bartling P.C., Oakland, 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 Placement Agent by its counsel, Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. It is anticipated that the 2016D Subordinate Bonds will be available on or about _____, 2016.

Citigroup

MATURITY SCHEDULES

$_____
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO
2016 Series D Subordinate Tax Allocation Bonds
(Mission Bay South Redevelopment Project)

$_____ Serial Current Interest Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP No. (Base: 79770G)†

$_____ ____% Current Interest Term Bonds due August 1, 20__, Yield ____%, CUSIP No.† 79770G ___

$_____ Serial Capital Appreciation Bonds

Maturity (August 1)	Principal Amount	Accretion Rate	Yield	Maturity Value	CUSIP No. (Base: 79770G)†

$_____ Term Capital Appreciation Bonds due August 1, 20__, Accretion Rate____% Yield ____%, Maturity Value_____ CUSIP No.† 79770G ___

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data herein is provided by CGS. Copyright© 2016 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database and are included solely for convenience. Neither the Successor Agency, the Authority, nor the Placement Agent assume any responsibility for the accuracy of the CUSIP data.

[Map to Come.]

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

Commission Members

Mara Rosales, *Chairperson*
Miguel Bustos
Marily Modejar
Darshan Singh
Leah Pimentel

Successor Agency Staff

Tiffany Bohee, *Executive Director*
Bree Mawhorter, *Deputy Executive Director, Finance and Administration*
James Morales, *Deputy Executive Director and General Counsel*
Sally Oerth, *Deputy Executive Director, Projects and Programs*

CITY AND COUNTY OF SAN FRANCISCO

Edwin M. Lee, *Mayor*

Dennis J. Herrera, *City Attorney*
Benjamin Rosenfield, *Controller*
José Cisneros, *Treasurer*

BOARD OF SUPERVISORS

London Breed, *President, District 5*
John Avalos, *District 11*
David Campos, *District 9*
Malia Cohen, *District 10*
Mark Farrell, *District 2*
Jane Kim, *District 6*
Eric Mar, *District 1*
Aaron Peskin, *District 3*
Katy Tang, *District 4*
Scott Wiener, *District 8*
Norman Yee, *District 7*

SPECIAL SERVICES

Bond Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel
Curls Bartling P.C.
Oakland, California

Financial Advisor
Public Financial Management, Inc.
San Francisco, California

Fiscal Consultant
Urban Analytics LLC
San Francisco, California

Trustee
U.S. Bank National Association
San Francisco, California

Placement Agent
Citigroup Global Markets Inc.
San Francisco, California

NOTICE TO PURCHASERS

The Successor Agency, the Authority and the Placement Agent intend that the 2016D Subordinate Bonds are to be offered and sold only to persons reasonably believed to qualify as Approved Institutional Buyers.

Purchasers Must be Approved Institutional Buyers. As defined by the Indenture, "Approved Institutional Buyers" are: (a) "qualified institutional buyers," as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"); (b) "accredited investors" as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act; and (c) an entity all of the investors in which are described in (a) or (b) above; or (d) a custodian or trustee for a party described in (a), (b) or (c) above.

Prospective purchasers are hereby notified that the 2016D Subordinate Bonds are subject to resale restrictions. Such restrictions include that no sale, pledge, transfer or exchange may be made of 2016D Subordinate Bonds (1) except to investors that are reasonably believed to be "Approved Institutional Buyers," (2) in a denomination of less than the authorized denomination, and (3) that would result in more than five (5) holders of 2016D Subordinate Bonds at any time.

Agreement of Each Purchaser. Each purchaser of any of the 2016D Subordinate Bonds, by its acceptance thereof or of any interest therein, acknowledges and agrees with the Successor Agency, the Authority and the Placement Agent that:

1. The Purchaser (a) is an Approved Institutional Buyer (as defined in the Indenture), (b) is aware that the sale to the Purchaser is being made in reliance on Rule 144A and (c) is acquiring such 2016D Subordinate Bonds for its own account or for the account of an Approved Institutional Buyer;

2. The Purchaser has sufficient knowledge and experience in financial and business matters with respect to the evaluation of the risk and merits of the investment represented by the 2016D Subordinate Bonds. The Purchaser is able to bear the economic risks of such investment.

3. The Purchaser acknowledges that it has either been supplied with or been given access to all information that a reasonable investor would attach significance in making investment decisions. The Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Successor Agency, the Redevelopment Project (as such term is defined in the Indenture), and the 2016D Subordinate Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the 2016D Subordinate Bonds. The Purchaser acknowledges that it has not relied upon the addressee or any fiscal agent, financial advisor or attorney retained by the Successor Agency for any information in connection with the Purchaser's purchase of the 2016D Subordinate Bonds.

4. The Purchaser understands that the 2016D Subordinate Bonds are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the 2016D Subordinate Bonds have not been and will not be registered under the Securities Act and that if in the future the Purchaser decides to offer, resell, pledge or otherwise transfer any of the 2016D Subordinate Bonds, such 2016D Subordinate Bonds may be offered, resold, pledged or otherwise transferred only to an Approved Institutional Buyer which executes and delivers the Investor Letter to the Trustee. Additionally, the Indenture limits the number of Owners of the 2016D Subordinate Bonds to five (5) Approved Institutional Buyers at any one time. Accordingly, depending on the number of Approved Institutional Buyers owning the 2016D Subordinate Bonds, any Purchaser who purchases the 2016D Subordinate Bonds and wants to sell or transfer their interests may have to do so in whole and not in part.

5. The 2016D Subordinate Bonds are <u>not</u> in book-entry form. Neither The Depository Trust Corporation nor any other party is serving as a securities depository for the 2016D Subordinate Bonds. All transfers will be made on the books of the Trustee and are void if they do not comply with Section 4 above.

6. The Purchaser acknowledges that none of the Successor Agency, the Authority, [FOCIL], the Placement Agent or any person representing the Successor Agency, the Authority, [FOCIL] or the Placement Agent

has made any representation to the Purchaser with respect to the Successor Agency, the Authority and the Placement Agent any affiliates thereof or the offering of the 2016D Subordinate Bonds, other than the information contained in the Limited Offering Memorandum referred to below. Each Purchaser of the 2016D Subordinate Bonds will represent that the Purchaser is purchasing the 2016D Subordinate Bonds for its own account, or for one or more investor accounts for which the Purchaser is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirements of law that the disposition of its property or the property of such investor account at all times remain within its or their control and subject to its or their ability to resell the 2016D Subordinate Bonds pursuant to Rule 144A.

7. The Purchaser has received and read the Preliminary Limited Offering Memorandum dated _____, 2016 (the "Preliminary Limited Offering Memorandum"), and has been afforded the opportunity to ask such questions of representatives of the Successor Agency as the Purchaser has deemed necessary in making its investment decisions including the opportunity to visit the Project Area (as defined herein). The Purchaser has based its decision to invest in the 2016D Subordinate Bonds on the Preliminary Limited Offering Memorandum, its own investigation, including, without limitation, its review of such documents, records, reports, financial statements and other information concerning the Project Area and discussions with representatives of [FOCIL], the Fiscal Consultant, the Successor Agency and the Placement Agent, as the Purchaser has deemed necessary in making its investment decisions. The understands that it will receive the final Limited Offering Memorandum (the "Limited Offering Memorandum") at or near the time of closing of the 2016D Subordinate Bonds, and the Purchaser agrees to read the Limited Offering Memorandum upon receipt.

8. The addressee hereof is entitled to rely upon this letter and is irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

9. [Either (A) the Purchaser is not, directly or indirectly, using the assets of (i) an "employee benefit plan" (within the meaning of Section 3(3) of Employee Retirement Income Security Act of 1974, as amended ("ERISA")), whether or not subject to Title I of ERISA, including any U.S. government or Non-U.S. pension plan, (ii) a "plan" subject to section 4975 of the Internal Revenue Code of 1986, as amended, including any individual retirement account or annuity, or (iii) a person or entity deemed to hold the assets of any such "employee benefit plan" or "plan" (each, a "Benefit Plan Investor") to acquire or hold the 2016D Subordinate Bonds or (B)(i) the assets used by us to acquire and hold the 2016D Subordinate Bonds constitute assets of an "insurance company general account" within the meaning of Section V(e) of U.S. Department of Labor Prohibited Transaction Class Exemption 95-60 ("PTCE 95-60"), (ii) for the entire period during which such the Purchaser holds the 2016D Subordinate Bonds less than 25% of the assets of such insurance company general account will constitute "plan assets" of any Benefit Plan Investor, and (iii) the acquisition and holding of the 2016D Subordinate Bonds by us otherwise satisfies the requirements of PTCE 95-60.] *{Do we need?}*

10. The Purchaser understands that the 2016D Subordinate Bonds will, unless otherwise agreed by the Successor Agency and the holder thereof, bear a legend substantially to the following effect:

> "BY POSSESSION OF THIS BOND, THE HOLDER CERTIFIES THAT IT IS AN APPROVED INSTITUTIONAL BUYER AS DEFINED IN THE INDENTURE (DEFINED HEREIN). THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO, AN APPROVED INSTITUTIONAL BUYER. IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE, WHICH INCLUDES THE REQUIREMENT TO DELIVERY AN INVESTOR LETTER TO THE TRUSTEE AND A LIMIT ON THE NUMBER OF OWNERS OF THE 2016D SUBORDINATE BONDS TO FIVE (5) APPROVED INSTITUTIONAL INVESTORS."

11. The Purchaser acknowledges that Purchaser is purchasing the 2016D Subordinate Bonds for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the 2016D Subordinate Bonds; provided, however, that the Purchaser acknowledges and agrees that it may transfer the 2016D Subordinate Bonds in accordance with the Indenture. The Purchaser agrees to and shall indemnify, hold harmless and defend the

Successor Agency, its officers, members, directors, officials and employees, and each of them, against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to its transfer of the 2016D Subordinate Bonds in violation of Section 4.4 of the Indenture.

12. The Purchaser has authority to purchase the 2016D Subordinate Bonds and to execute this letter and any other instructions and documents required to be executed by the Purchaser in connection with the purchase of the 2016D Subordinate Bonds. The undersigned is a duly appointed qualified and acting officer of the Purchaser and is authorized to execute this letter on behalf of the Purchaser.

13. The Purchaser understands that the 2016D Subordinate Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the 2016D Subordinate Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not carry a rating from any rating agency and (d) will be registered on the registration books, and will not be delivered in a book-entry form. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the 2016D Subordinate Bonds by it, and further acknowledges that any current exemption from registration of the 2016D Subordinate Bonds does not affect or diminish such requirements.

14. In entering into this transaction the Purchaser has not relied upon any representations or opinions made by the Successor Agency, the Placement Agent or [FOCIL] other than representations and statements of the Successor Agency set forth in the documents providing for the issuance of the 2016D Subordinate Bonds, or with respect to any other matter pertaining to the merits or risks of the transaction, or the adequacy of the funds pledged to secure repayment of the 2016D Subordinate Bonds.

15. The Purchaser understands that the 2016D Subordinate Bonds are limited obligations of the Successor Agency secured only by a subordinate pledge of Tax Revenues (as provided in the Indenture), and that no other political subdivision of the State of California is liable therefor. The 2016D Subordinate Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Successor Agency or the City and County of San Francisco. All liability of the Successor Agency with respect to the 2016D Subordinate Bonds is subject to the limitations as set forth in the 2016D Subordinate Bonds and the Indenture.

16. The Purchaser acknowledges that the sale of the 2016D Subordinate Bonds to the Purchaser is made in reliance by the addressee hereto upon the certifications, representations and warranties herein.

Each initial purchase of the 2016D Subordinate Bonds is subject to the execution by the Purchaser of an investment letter confirming the foregoing in the form attached to this Limited Offering Memorandum as APPENDIX G.

Additional Notices and Disclaimers. This Limited Offering Memorandum is being provided on a confidential basis to Approved Institutional Buyers for informational use solely in connection with the consideration of the purchase of the 2016D Subordinate Bonds. Its use for any other purpose is not authorized. It may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents be disclosed to anyone other than the prospective investors to whom it is being provided.

No representation or warranty, express or implied, is made by the Successor Agency, the Authority or the Placement Agent as to the accuracy or completeness of the information contained herein, and nothing contained in this Limited Offering Memorandum is, or shall be relied on as, a promise or representation by the Successor Agency, the Authority or the Placement Agent as to the past or the future. The Placement Agent does not assume any responsibility for the accuracy or completeness of such information. In making an investment decision, prospective investors must rely on their own examination of the Successor Agency, the Project Area, the transactions described herein and the terms of the offering, including the merits and risks involved. The contents of this Limited Offering Memorandum are not to be construed as legal, business or tax advice. Each prospective investor should consult its own attorney, business advisor and tax advisor as to legal, business or tax advice. Prospective investors may obtain, upon request from the Successor Agency or Placement Agent, such additional

information as they may reasonably require in connection with the decision to purchase any of the 2016D Subordinate Bonds. The Successor Agency and the City maintain a website. However, the information presented therein is not a part of this Limited Offering Memorandum and must not be relied upon in making an investment decision with respect to the 2016D Subordinate Bonds.

Prospective investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Each purchaser of 2016D Subordinate Bonds offered hereby will be deemed to have made certain acknowledgments, representations and agreements as set forth herein.

Each prospective purchaser of the 2016D Subordinate Bonds must comply with all laws and regulations applicable to it in force in any jurisdiction in which it purchases, offers or sells the 2016D Subordinate Bonds or possesses or distributes this Limited Offering Memorandum and must obtain any consent, approval or permission required to be obtained by it for the purchase, offer or sale by it of the 2016D Subordinate Bonds under the laws and regulations applicable to it in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the issuer nor the underwriter shall have any responsibility therefor.

This Limited Offering Memorandum does not constitute an offering of any security other than the 2016D Subordinate Bonds. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the 2016D Subordinate Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. This Limited Offering Memorandum is not to be construed as a contract or agreement between the issuer and the purchasers of any 2016D Subordinate Bonds.

The 2016D Subordinate Bonds have not been registered under the Securities Act. In making an investment decision, investors must rely on their own examination of the Successor Agency and the terms of the offering, including the merit and risk involved. The 2016D Subordinate Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information and representations contained in this Limited Offering Memorandum, in connection with the placement of the 2016D Subordinate Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Successor Agency, the Authority, [FOCIL] or Placement Agent. The information in this Limited Offering Memorandum is subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of person described herein since the date hereof. The information set forth herein has been obtained from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Placement Agent.

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LIMITED OFFERING MEMORANDUM

$_____*

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
2016 Series D Subordinate Tax Allocation Bonds
(Mission Bay South Redevelopment Project)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the 2016D Subordinate Bonds being offered, and a full review should be made of the entire Limited Offering Memorandum including the cover page, the table of contents and the appendices for a more complete description of the terms of the 2016D Subordinate Bonds. All statements contained in this introduction are qualified in their entirety by reference to the entire Limited Offering Memorandum. 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 Limited Offering Memorandum and not defined herein shall have the meanings assigned to them in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Authority and Purpose

The purpose of this Limited Offering Memorandum, which includes the cover page, table of contents and appendices hereto (collectively, the "**Limited Offering Memorandum**"), 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 $_____* aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project) (the "**2016D Subordinate Bonds**"). The 2016D Subordinate Bonds are being issued in accordance with a resolution of the Successor Agency adopted August 18, 2015 (the "**Resolution**"), and an Indenture of Trust, dated as of _____ 1, 2016 (the "**Indenture**"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "**Trustee**"), and pursuant to authority contained in Section 34177.5(a)(4) of the California Health and Safety Code and the Community Redevelopment Law, being Part 1 (commencing with Section 33000 of Division 24 of the California Health and Safety Code) (collectively, the "**Bond Law**"), and Section 34177.5(a)(1) of the Dissolution Act (defined below).

The Successor Agency will use the proceeds of the 2016D Subordinate Bonds to: (i) finance or refinance certain redevelopment activities of the Successor Agency within or of benefit to the Project Area, including worked performed in accordance with the OPA (defined herein); (ii) fund the Reserve Account established under the Indenture; (iii) fund capitalized interest on the 2016D Subordinate Bonds through _____ 1, 20_; and (iv) pay costs associated with the issuance of the 2016D Subordinate Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

* Preliminary, subject to change.

The City and County of San Francisco

The City and County of San Francisco (referred to herein as 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 a 40-minute drive to the south, and the wine country is about an hour's drive to the north. The California Department of Finance Demographic Research Unit estimated the City's population at 845,602 as of January 1, 2015.

The General Fund of the City is not liable for the payment of the principal of, premium, if any, or interest on the 2016D Subordinate Bonds, and 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 2016D Subordinate Bonds. The 2016D Subordinate 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 (the "**Board of Supervisors**") of the City and County of San Francisco in 1948, to exercise the powers granted by the California Community Redevelopment Law (Sections 33000 et seq. of the California Health and Safety Code) (the "**Redevelopment Law**").

As a result of Assembly Bill No. 26 ("**AB 26**") enacted on June 29, 2011, 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, 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. AB 26 was amended on June 27, 2012 by Assembly Bill No. 1484 ("**AB 1484**"), enacted as Chapter 26, Statutes of 2012, and as further amended 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 wind down of former redevelopment agency affairs are 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 "**Dissolution Act**"). Under the Dissolution Act, a successor agency is authorized to complete work related to approved enforceable obligations and to issue bonds and other indebtedness if certain criteria is met, subject to the approval of such successor agency's oversight board and the approval by the Department of Finance of the State of California (the "**California Department of Finance**"). See also "THE SUCCESSOR AGENCY" for further discussion of the Dissolution Act, the formation of the Successor Agency, its current powers and limitations and certain enforceable obligations.

The Successor Agency is issuing the 2016D Subordinate Bonds to finance and refinance redevelopment activities for the Project Area pursuant to and in accordance with the OPA (defined herein). See "PLAN OF FINANCE" and "THE PROJECT AREA – Mission Bay South Owner Participation Agreement." The issuance of the 2016D Subordinate Bonds was subject to the approval of the Board of Supervisors pursuant to the Redevelopment Law. The issuance of the 2016D Subordinate Bonds is

subject to the approval of the Successor Agency's Oversight Board and the California Department of Finance pursuant to the Dissolution Act. All such approvals have been obtained. See "THE 2016D SUBORDINATE BONDS – Authority for Issuance."

The Authority

The City and County of San Francisco Redevelopment Financing Authority (the "**Authority**") is a joint powers authority originally formed in 1989 pursuant to a Joint Power Agreement between the Former Agency and the City to facilitate the long-term financing of the Former Agency's redevelopment activity by issuing bonds to provide financing assistance to the Former Agency. Pursuant to the Bond Law and the Joint Powers Agreement, the Authority has the power to purchase bonds of the Successor Agency and has the further power to sell bonds so purchased to public or private purchasers at a public or negotiated sale. Pursuant to the Dissolution Act, the Successor Agency assumed the role of the Former Agency in the Joint Powers Agreement.

The Project Area

The Redevelopment Plan for the Mission Bay South Redevelopment Project Area (the "**Project Area**") was adopted by the Board of Supervisors on November 2, 1998. The Project Area is an approximately 238-acre area located approximately two (2) miles south of the financial district of the City.

Tax Allocation Financing

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 adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter 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 agency obligations. Tax Revenues (as defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Security of Bonds; Equal Security") consist of a portion of such incremental tax revenues, and are generated from approximately 51.4 acres out of the approximately 238 acres that make up the Project Area. See "THE PROJECT AREA."

The Dissolution Act authorizes bonds, including the 2016D Subordinate Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency (the "**Redevelopment Property Tax Trust Fund**"), which 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 REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE CITY CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND.**

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."

Security and Sources of Payment for the 2016D Subordinate Bonds

The 2016D Subordinate Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture and payable from and secured by the Tax Revenues, subject to the prior lien on Tax Revenues to pay debt service on the Senior Debt (as defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Security for the 2016D Subordinate Bonds; Equal Security." Tax Revenues do **not** include the 20% of gross tax increment revenue from the Project Area that, prior to the Dissolution Act, was required to be deposited in the Low and Moderate Income Housing Fund of the Former Agency.

The Dissolution Act requires the auditor-controller of the City and County of San Francisco (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 Redevelopment Property Tax Trust Fund in accordance with the Dissolution Act. The Dissolution Act further provides that bonds authorized thereunder issued by a successor agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the 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 34177.5(g) of the Dissolution Act provides that any bonds authorized to be issued by the Successor Agency 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, will be included in the Successor Agency's Recognized Obligation Payment Schedule (defined herein) and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to the Dissolution Act. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Recognized Obligation Payment Schedule."

The 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 its Oversight Board and the California Department of Finance for approval. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Allocation of Taxes Pursuant to the Dissolution Act." Taxes levied on the property within the Project Area 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 Area, to the extent that such taxes constitute tax revenues, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the City Controller to the Successor Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Recognized Obligation Payment Schedule." Moneys deposited by the City Controller into the Successor Agency's Redevelopment Obligation Retirement Fund (the "**Retirement Fund**") representing Tax Revenues will first be deposited by the Successor Agency in 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 2016D Subordinate Bonds are secured by and payable solely from the Tax Revenues, subject to the prior lien thereon to pay debt service on the Senior Debt, and moneys on deposit in the Special Fund and the Funds and Accounts established under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Allocation of Taxes Pursuant to the Dissolution Act"

and "TAX REVENUES AND DEBT SERVICE." The Project Area, and the real and personal property therein, do not serve as security for the 2016D Subordinate Bonds.

The 2016D Subordinate Bonds are limited obligations of the Successor Agency, the principal of, premium, if any, and interest on which are payable solely from Tax Revenues and certain other amounts on deposit in the funds and accounts held under the Indenture. The 2016D Subordinate 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 2016D Subordinate 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, property or its full faith and credit to the payment of debt service on the 2016D Subordinate Bonds. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power. See "TAX REVENUES AND DEBT SERVICE."

Limited Obligation

The 2016D Subordinate Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture and are payable solely from and secured by a pledge of Tax Revenues derived from the Project Area, on a subordinate basis, and amounts on deposit in the Special Fund and the Funds and Accounts established under the Indenture.

Senior Debt

The pledge of Tax Revenues to secure the 2016D Subordinate Bonds is subordinate to the pledge thereof to: (a) pay debt service on the Successor Agency's 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project) (the "**2014 Bonds**") and (b) pay debt service on two loan agreements described below (the "**Senior Loan Agreements**"). The Senior Loan Agreements are as follows:

(i) Loan Agreement dated as of August 1, 2009 (the "**2009 Loan Agreement**") among the Former Agency, U.S. Bank National Association, as trustee, and the Authority; and

(ii) Loan Agreement dated as of March 1, 2011 (the "**2011 Loan Agreement**") among the Former Agency, U.S. Bank National Association, as trustee, and the Authority.

Under the Dissolution Act, the Successor Agency has assumed all of the rights, liabilities and obligations of the Former Agency under the Senior Loan Agreements.

[Simultaneously with the sale of the 2016D Subordinate Bonds,] the Successor Agency expects to issue $45,000,000* principal amount of 2016 Series B Tax Allocation Bonds (Mission Bay South Redevelopment Project) and $_____* principal amount of 2016 Series C Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project) (together, the "**2016 Bonds**" and together with the 2014 Bonds, which is currently Outstanding, as of ____1, 2016 in the aggregate principal amount of [$55,550,000], and any other bonds subsequently issued on a parity therewith, the "**Senior Bonds**"). The Successor Agency expects to refund all of the Senior Loan Agreements with the proceeds of the 2016 Series C Tax Allocation Refunding Bonds. The Tax Revenues are pledged to secure the Senior Bonds and the Senior Loan Agreements (collectively, the "Senior Debt"), not otherwise refunded, on a basis that is senior to the pledge securing payment of the 2016D Subordinate Bonds.

* Preliminary, subject to change.

The Successor Agency has the right to issue additional indebtedness payable on a parity with the Senior Bonds from Tax Revenues, assuming certain conditions are satisfied, as provided in the indenture relating to the Senior Bonds (the "**Senior Indenture**"). See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Additional Indebtedness – *Senior Debt*." The Successor Agency currently plans to issue, in approximately 5-7 years, Senior Bonds to refund all of the then Outstanding 2016D Subordinate Bonds.

Subordinate Parity Bonds

Under certain circumstances, the Successor Agency may issue or incur obligations payable from Tax Revenues on a parity with its pledge of Tax Revenues to the payment of debt service on the 2016D Subordinate Bonds. The Successor Agency currently anticipates that it may issue up to an additional $_____ of subordinate debt on parity with the 2016D Subordinate Bonds within the next __ years. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Additional Indebtedness – *Subordinate Parity Debt*."

Reserve Account

The Indenture established a Reserve Account for all bonds issued thereunder to be held by the Trustee and to be maintained in an amount at least equal to the Reserve Requirement as defined therein. Amounts in the Reserve Account shall be used to pay deficiencies, if any, in the Interest Account or Principal Account for the 2016D Subordinate Bonds.

Risk Factors

Certain events could affect the ability of the Successor Agency to pay debt service on the 2016D Subordinate 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 2016D Subordinate Bonds.

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, 2016 (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 E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." See "CONTINUING DISCLOSURE" for additional information.

Available Information

This Limited Offering Memorandum contains brief descriptions of the 2016D Subordinate Bonds, the security for the 2016D Subordinate Bonds, the Indenture, the Successor Agency, the Former Agency, the Authority, the City, the Project Area, the Fiscal Consultant Report and certain other information relevant to the issuance of the 2016D Subordinate Bonds. All references herein to the Indenture, the Bond Law, the Redevelopment Law, the Dissolution Act, the Constitution and laws of the State are qualified in their entirety by reference to the complete text thereof and all references to the 2016D Subordinate 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, 2015 are included in APPENDIX B – "SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015." Urban Analytics, LLC, San Francisco, California (the "**Fiscal Consultant**") is providing consulting services to the Successor Agency with respect to the Project Area and their projected taxable values and anticipated tax increment revenues. The Fiscal Consultant will provide a report in substantially the form attached hereto as APPENDIX C – "REPORT OF FISCAL CONSULTANT." The proposed form of legal opinion of Bond Counsel relating to the 2016D Subordinate Bonds is set forth in APPENDIX F – "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, including [FOCIL/Mission Bay Development Group], but is not guaranteed as to accuracy or completeness by the Successor Agency. Copies of documents referred to herein and information concerning the 2016D Subordinate Bonds are available upon written request from the Trustee, U.S. Bank 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.

FORWARD LOOKING STATEMENTS MAY NOT PROVE TO BE ACCURATE

This Limited Offering Memorandum, including the appendices hereto, includes "forward looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities and Exchange Act of 1934, as amended. In some cases, investors can identify forward-looking statements by terminology used such as "anticipates," "believes," "hopes," "estimates," "projects," "seeks," "expects, "plans," "approximately," "will," "likely," "possibly," "intends" and "forecasts" and similar expressions.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties. As a result, any such assumption or estimate could be inaccurate and therefore there can be no assurance that the forward-looking statements included in this Limited Offering Memorandum will prove to be accurate. Although the Successor Agency believes that these forward looking statements are reasonable, it cannot assure purchasers of the 2016D Subordinate Bonds that actual results will be consistent with these statements. Important factors, many of which are beyond the control of the Successor Agency, and which could cause actual results to differ materially from the forward looking statements in this Limited Offering Memorandum are set forth herein in the "CERTAIN RISK FACTORS" section. Potential investors are cautioned, however, that this list may not be exhaustive.

In addition, all such forward-looking statements, including matters of opinion, included in this Limited Offering Memorandum are based on information available on the date hereof, and the Successor Agency assumes no obligation to update any such forward-looking statements. All forward-looking statements are expressly qualified in their entirety by these cautionary statements.

PLAN OF FINANCE

The net proceeds from the sale of the 2016D Subordinate Bonds will be used to finance or refinance certain redevelopment activities within the Project Area, including _____, pursuant to an Owner Participation Agreement (the "**OPA**") between the Successor Agency, as successor to the Former Agency, and FOCIL, as successor developer. See "THE PROJECT AREA – Mission Bay South Owner Participation Agreement." Proceeds of the 2016D Subordinate Bonds will also be used to make a deposit to the Reserve Account, to fund capitalized interest on the 2016D Subordinate Bonds through _____ 1, 20__ and to pay costs of issuance of the 2016D Subordinate Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2016D Subordinate Bonds are as follows:

	2016D Subordinate Bonds
Sources:	
Par Amount	
Total Sources	
Uses:	
Project Fund	
Capitalized Interest Account	
Reserve Account	
Costs of Issuance[(1)]	
Total Uses	

[(1)] Includes legal, financing and consultant fees and placement agent fees, if any, and other miscellaneous expenses.

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THE 2016D SUBORDINATE BONDS

Capitalized terms used herein and not otherwise defined shall have the meaning as described thereto in the Indenture.

Authority for Issuance

The 2016D Subordinate Bonds were authorized for issuance pursuant to the Indenture, the Redevelopment Law and the Dissolution Act. Issuance of the 2016D Subordinate Bonds and the execution of the related documents was authorized by the Successor Agency pursuant to the Resolution, and approved by the Successor Agency's Oversight Board pursuant to a resolution of the Oversight Board adopted on December 14, 2015 (the "**Oversight Board Resolution**").

Written notice of the Oversight Board Resolution was provided to the California Department of Finance, as required by the Dissolution Act, on December 14, 2015. On _____, 2016, which is within the time period allotted under the 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 2016D Subordinate Bonds. A copy of the California Department of Finance's letter is set forth in APPENDIX H.

Description of the 2016D Subordinate Bonds

The 2016D Subordinate Bonds will be issued in the form of fully registered bonds without coupons and in the form of Current Interest Bonds and Capital Appreciation Bonds. The 2016D Subordinate Bonds that are Current Interest Bonds will be issued in denominations of $250,000 and any multiple of $5,000 thereafter, and the 2016D Subordinate Bonds that are Capital Appreciation Bonds will be issued in denominations of $250,000 Maturity Value or any multiple of $5,000 thereafter (except as described herein), in each case no 2016D Subordinate Bond shall have more than one maturity date.

The 2016D Subordinate Bonds will be dated, and shall bear interest from their Closing Date. Interest on the 2016D Subordinate Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2016 (each, an "**Interest Payment Date**").

Current Interest Bonds. Interest on the 2016D Subordinate Bonds that are Current Interest Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months at the rate per annum as follows:

Maturity Date (August 1)	**Principal Amount**	**Interest Rate**

Each 2016D Subordinate Bond that is a Current Interest 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) day of the month preceding an Interest Payment Date (the "**Record Date**") and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to July 15, 2016, in which event it shall bear interest from its Closing Date, provided, however, that if at the time of authentication of a 2016D Subordinate Bond that is a Current Interest Bond, interest thereon is in default, such 2016D Subordinate Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. The principal of the 2016D Subordinate Bonds that are Current Interest Bonds are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

Capital Appreciation Bonds. The Capital Appreciation Bonds shall mature on August 1 in each of the years and in the Maturity Values as set forth in the following table, and interest thereon shall compound on each Compounding Date at the respective Accretion Rates set forth in the following table:

Maturity Date (August 1)	**Denominational Amount**	**Accretion Rate**	**Maturity Value**

The Accreted Value of the Capital Appreciation Bonds is payable in lawful money of the United States of America solely at maturity or earlier redemption thereof to the Owners thereof upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

No Book-Entry Only System

The 2016D Subordinate Bonds will be issued initially in the form of separate fully registered bonds and will be registered in the name of the registered owner thereof on the registration books.

{To Come – paragraph describing mechanics of acquiring the bonds while no book-entry system}

At such time as the 2016D Subordinate Bonds constitute Parity Debt under the Senior Indenture and the Senior Loan Agreements, if any, the 2016D Subordinate Bonds shall be registered on the registration books in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will then act as securities depository for the 2016D Subordinate Bonds, and, the ownership of all of the Outstanding 2016D Subordinate Bonds shall be registered in the name of Cede & Co. on the registration books.

Redemption Provisions

Optional Redemption. The 2016D Subordinate Bonds are subject to redemption at the option of the Successor Agency, prior to their maturity dates, as a whole, or in part by lot, by such maturities as shall be determined by the Successor Agency, and by lot, within a maturity on any date, from any source of available funds. Such optional redemption shall be at a redemption price equal to, in the case of the Current Interest Bonds, 100% of the principal amount of the 2016D Subordinate Bonds to be redeemed,

plus accrued interest thereon to the date fixed for redemption, without premium, and in the case of the Capital Appreciation Bonds, 100% of the Accreted Value thereof to be redeemed, without premium.

Mandatory Sinking Fund Redemption. The 2016D Subordinate Bonds that are Term Bonds maturing on August 1, 20__, are also subject to mandatory sinking fund redemption in whole, or in part by lot, on August in each year commencing with August 1, 20__, as set forth below, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium; provided, however, that in lieu of mandatory sinking fund redemption thereof, such Term Bonds may be purchased by the Successor Agency as described below.

2016D Subordinate Term Bonds of 20__

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed

Purchase in Lieu of Redemption. In lieu of redemption of the Term Bonds pursuant to the preceding paragraphs, the Successor Agency may purchase such 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 Term Bonds so purchased by the Successor Agency in any twelve-month period ending on June 1 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed on the next succeeding August 1.

Selection of Bonds for Redemption. Whenever any 2016D Subordinate Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof to the extent 2016D Subordinate Bonds are not held in book-entry form. In the event of redemption by lot of 2016D Subordinate Bonds, the Trustee shall assign to each 2016D Subordinate Bond then Outstanding a distinctive number for each $250,000 of the principal amount or Maturity Value, as applicable, of each such 2016D Subordinate Bond. The 2016D Subordinate Bonds to be redeemed shall be the 2016D Subordinate Bonds that were assigned the numbers so selected, but only so much of the principal amount or Maturity Value, as applicable, of each such 2016D Subordinate Bond of a denomination of more than $250,000 shall be redeemed as shall equal $250,000 for each number assigned to it and so selected.

Notice of Redemption; Rescission. Notice of redemption will be mailed by first class mail no less than thirty (30) and nor more than sixty (60) days prior to the redemption date (i) to the Bondowners of the 2016D Subordinate Bonds designated for redemption at their addresses appearing on the Registration Books, and (ii) to the Securities Depositories and one or more Information Services. Neither failure to receive such notice nor any defect in the notice so mailed nor any failure on the part of Trustee or failure on the part of a nominee of a Beneficial Owner to notify the Beneficial Owner so affected will affect the sufficiency of the proceedings for redemption of such 2016D Subordinate Bonds or the cessation of accrual of interest thereon on the redemption date.

The Successor Agency may 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 shall 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 2016D Subordinate Bonds then called for redemption, and such cancellation shall 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 shall have any liability to Owners or any other party related to or arising from such rescission of redemption.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and premium, if any, and interest on, the 2016D Subordinate Bonds so called for redemption shall have been duly deposited with the Trustee, such 2016D Subordinate Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest shall accrue or accrete thereon from and after the redemption date specified in such notice.

Transfer and Exchange. Any 2016D Subordinate Bond may be transferred upon the Registration Books, or exchanged, at the Principal Corporate Trust Office of the Trustee, provided that the Trustee shall not be required to register the transfer or exchange of (i) any 2016D Subordinate Bonds during the period fifteen (15) days prior to the date established by the Trustee for selection of the 2016D Subordinate Bonds for redemption, or (ii) any 2016D Subordinate Bonds selected by the Trustee for redemption pursuant to the Indenture) until such time as the 2016D Subordinate Bonds become Parity Debt (as such term is defined in the Senior Indenture and the Senior Loan Agreements), or the 2016D Subordinate Bonds are rated "BBB-" or higher by S&P, the 2016D Subordinate Bonds may not be purchased by, registered in the name of, or transferred to, any person except an Approved Institutional Buyer that executes and delivers to the Trustee an Investor Letter in the form attached hereto as APPENDIX G.

Mutilated, Lost, Destroyed or Stolen Bonds. The Successor Agency and the Trustee will, under certain circumstances, replace 2016D Subordinate 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 2016D Subordinate Bond to replace a 2016D Subordinate Bond which has been mutilated, lost, destroyed or stolen.

Transfer Restrictions

The 2016D Subordinate Bonds may only be transferred or sold to Approved Institutional Buyers, who execute the Investor Letter attached hereto as APPENDIX G. In addition, the face of each 2016D Subordinate Bond will contain a legend to the effect that such 2016D Subordinate Bonds can only be transferred to and owned by Approved Institutional Buyers. As defined in the Indenture, "Approved Institutional Buyers" are: (a) "qualified institutional buyers," as defined in Rule 144A under the U.S. Securities Act of 1933, as amended; (b) "accredited investors" as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities of Act 1933, as amended; and (c) an entity all of the investors in which are described in (a) or (b) above; or (d) a custodian or trustee for a party described in (a), (b) or (c) above.

The Indenture contains provisions limiting transfers, including that there can only be five (5) owners of the 2016D Subordinate Bonds at any one time. Accordingly, any subsequent transfer or sale of

the 2016D Subordinate Bonds may require the Bondowner thereof to sale or transfer all of its 2016D Subordinate Bonds. Therefore, Owners of 2016D Subordinate Bonds should assume that they may not be able to transfer or sell less than all of the 2016D Subordinate Bonds they own. See also "NOTICE TO PURCHASERS" and "CERTAIN RISK FACTORS – Limits on Transferability of 2016D Subordinate Bonds."

LIMITED OFFERING TO APPROVED INSTITUTIONAL BUYERS

The 2016D Subordinate Bonds will be offered on a limited basis by the Placement Agent for purchase by Approved Institutional Buyers. The initial bond purchasers and any and all future transferees or purchasers, who must also be Approved Institutional Buyers, will be required to execute and deliver an Investor Letter, the form of which is attached hereto as APPENDIX G – "FORM OF INVESTOR LETTER."

The 2016D Subordinate Bonds are not transferable, except to another Approved Institutional Buyer, and there are limits, as described above under "– Transfer Restrictions", on the number of Bondowners at any one time (i.e., 5). See also "CERTAIN RISK FACTORS – Limits on Transferability of 2016D Subordinate Bonds" herein.

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DEBT SERVICE SCHEDULE

Set forth below for the 2016D Subordinate Bonds is a table showing scheduled principal, interest and total debt service.

Year (Amount Payable as of August 1)	Senior Loan Agreements [1]	Senior Bonds Debt Service[2]	2016D Subordinate Bonds			Total Debt Service
			Principal	Interest[3]	Debt Service	
Total						

[1] The Successor Agency expects to pay off all of the Senior Loan Agreements with the proceeds of its 2016 Series C Tax Allocation Refunding Bonds.
[2] Reflects debt service on the Senior Bonds, which currently includes only the 2014 Bonds and the 2016 Bonds.
[3] Reflects compounded interest on the 2016D Subordinate Bonds that are Capital Appreciation Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS

General

Under the Indenture, the Successor Agency has pledged all of its right, title and interest in and to the Tax Revenues to payment of the 2016D Subordinate Bonds, subject to a prior and senior pledge thereof to secure the Senior Bonds, if any, and Senior Loans (collectively, the "Senior Debt")described herein. See "– Senior Debt." The 2016D Subordinate Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture, and are payable solely from and secured by a pledge of, security interest in and lien on (a) all the Tax Revenues and amounts in the Special Fund, (b) all other moneys deposited with the Trustee from time to time in the funds and accounts established under the Indenture, including the Capitalized Interest Account, the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account; and (c) investment income with respect to any moneys held by the Trustee in such funds and accounts established under the Indenture. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The 2016D Subordinate Bonds are not a debt of the City, the State, or any of its political subdivisions, and neither the City, the State, nor any of its political subdivisions is liable therefor, nor in any event will the 2016D Subordinate 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 principal or Accreted Value of, and interest on the 2016D Subordinate Bonds are payable solely from Tax Revenues and certain other funds pledged therefor under the Indenture. The 2016D Subordinate 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, the City, or any persons executing the 2016D Subordinate Bonds are liable personally on the 2016D Subordinate 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 Project Area 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 Dissolution Act for permitted administrative costs of the City Controller, constitute the amounts required under the Dissolution Act to be deposited by the City Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the "on or after January 1, 1989" reference from paragraph (a) above.

Allocation of Taxes Pursuant to the Dissolution Act

Prior to the enactment of the 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. The Dissolution Act requires that all property tax increment derived from all former project areas be deposited in a Redevelopment Property Tax Trust Fund for the Successor Agency held and maintained by the City Controller. **DISCUSSIONS HEREIN REGARDING TAX INCREMENT REVENUES OR TAX REVENUES REFER TO THOSE MONEYS DEPOSITED BY THE CITY CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND.** Pursuant to the Dissolution Act, the pledge of the Tax Revenues as defined herein, to pay the 2016D Subordinate Bonds is made as if the 2016D Subordinate Bonds had been issued prior to the effective date of Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date.

The Dissolution Act authorizes bonds, including the 2016D Subordinate Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency (the "**Redevelopment Property Tax Trust Fund**"), which 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 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 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 Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the City Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved 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 2016D Subordinate Bonds. Pursuant to the Dissolution Act, the Successor Agency has covenanted to take all actions necessary to ensure that the 2016D Subordinate Bonds will be included in each of the Successor Agency's Recognized Obligation Payment Schedule as prepared from time to time under the 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 C – "REPORT OF FISCAL CONSULTANT" 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 does not receive, on an annual basis, all allocable tax revenues, unless required to pay debt service or other enforceable obligations. See the tables for the Project Area under "TAX REVENUES AND DEBT SERVICE – Historical and Current Assessed Valuation and Tax Revenues for the Project Area."

Taxes levied on the property within the Project Area 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 Area, to the extent they constitute tax revenues, less administrative costs, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the City

Controller to the Retirement Fund established pursuant to the Dissolution Act each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the 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 Dissolution Act has only required that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the 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 Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (such as the Former Agency) the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, 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 Dissolution Act 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."* The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area.

Despite the provisions of the Dissolution Act that appear to permit the Successor Agency to use tax increment revenue that does not constitute Tax Revenues to pay debt service on the 2016D Subordinate Bonds, the 2016D Subordinate Bonds are secured by and payable solely from the Tax Revenues and moneys in the Special Fund and on deposit in the Funds and Accounts established under the Indenture, and that tax revenues attributable to project areas are not available for payment of debt service on the 2016D Subordinate 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, 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 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 2016D Subordinate Bonds.

The City maintains a tax loss reserve account which, as of _____, held approximately $_____. As of October 23, 2015, the overall delinquency rate for Fiscal Year 2014-15 for all secured properties in the Project Area was 0.4% (less than one percent). See APPENDIX C – "REPORT OF FISCAL CONSULTANT."

Housing Set-Aside. Prior to the 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. This twenty percent (20%) set-aside requirement was eliminated by the Dissolution Act. However, the Former Agency is bound by a contractual agreement with respect to the Project Area to continue to set aside at least 20% of total tax revenues. Accordingly, Tax Revenues **do not** include any amounts that, prior to dissolution, would have been required to be deposited in the Former Agency's Low and Moderate Income Housing Fund with respect to the Project Area

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). The enactment of AB 1290 created several significant changes in the Redevelopment Law, including the following:

(a) time limitations for redevelopment agencies to incur and repay loans, advances and indebtedness that are payable from tax increment revenues. (This time limitation has since been eliminated by recent legislation. See "THE PROJECT AREA – Redevelopment Plan – *Redevelopment Plan Limits*" for a discussion of the elimination of certain time limitations);

(b) limitations on the use of the proceeds of loans, advances and indebtedness for auto malls and other sales tax generating redevelopment activities, as well as for city and county administrative buildings. However, AB 1290 confirmed the authority of a redevelopment agency to make loans to rehabilitate commercial structures and to assist in the financing of facilities or capital equipment for industrial and manufacturing purposes;

(c) provisions affecting the housing set-aside requirements of an agency, including severe limitations on the amount of money that is permitted to accumulate in the Successor Agency's housing set-aside fund. However, these limitations are such that an agency will be able (with reasonable diligence) to avoid the severe penalties for having "excess surplus" in its housing set-aside fund; and

(d) provisions relating primarily to the formation of new redevelopment project areas, including (i) changes in the method of allocation of tax increment revenues to other taxing entities affected by the formation of redevelopment project areas, (ii) restrictions on the finding of "blight" for purposes of formation of a redevelopment project area, and (iii) new limitations with respect to incurring and repaying debt and the duration of the new redevelopment plan.

AB 1290 also established 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 Area 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 Area. 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 the schools. The proportion of pass-through payments received by each of these Taxing Entities and ERAF is shown in the following table.

Pass-through Shares By Taxing Entity

Taxing Entity	Pass-through
General Fund	0.56588206
Children's Fund	0.03000000
Library Fund	0.02500000
Open Space	0.02500000
S.F. Community College	0.01444422
S.F. Schools Superintendent	0.00097335
S.F. Unified School District	0.07698857
Bay Area Air Quality Board	0.00208539
BART	0.00632528
ERAF*	0.25330113
Total	1.00000000

* ERAF is not itself a Taxing Entity; revenue deposited to ERAF is distributed to schools.
Source: City Controller.

The Dissolution Act requires the City Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed for Statutory Pass-Through Amounts to the Taxing Entities before amounts are distributed by the City Controller from the Redevelopment Property Tax Trust Fund to the Retirement Fund each January 2 and June 1, 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 below), (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund 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, pass-through payments, and the Successor Agency's administrative cost allowance for the applicable six-month period, and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. 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 Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments, 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 six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed for 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. The Successor Agency is of the opinion that the provisions of AB 1290, including the time limitations provided in AB 1290, will not have an adverse impact on the payment of debt service on the 2016D Subordinate Bonds. Additionally, certain of these time limitations have been removed by recent legislation. See "– Recognized Obligation Payment Schedule" for further information regarding

applicable periods and dates and see "THE PROJECT AREA – The Redevelopment Plan – *Redevelopment Plan Limits*" for information regarding eliminated time limits.

The total Statutory Pass-Through Amounts for Fiscal Year 2015-16 is estimated to be $5,576,756. However, the Successor Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the tax revenues and the Statutory Pass-Through Amounts will effectively result in adequate Tax Revenues for the payment of principal and interest on the 2016D Subordinate Bonds when due. See "– Recognized Obligation Payment Schedule." See also "TAX REVENUES AND DEBT SERVICE" for additional information regarding the Statutory Pass-Through Amounts applicable to the Successor Agency and the revenues derived from the Project Area.

Security for the 2016D Subordinate Bonds; Equal Security

Pursuant to Section 34177.5(g) of the Dissolution Act, except as provided in the Indenture, the 2016D Subordinate Bonds will be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, and all of the moneys in the Special Fund, the Debt Service Fund, the Interest Account, the Principal 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 Tax Revenues and such moneys, no funds or properties of the Successor Agency will be pledged to, or otherwise liable for, the payment of principal of or interest on the 2016D Subordinate Bonds.

As defined in the Indenture, "**Allocable Tax Revenues**" means all taxes annually allocable *without regard to the Plan Limit* following the Closing Date, to the Successor Agency with respect to the Project Area 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 as provided in the Redevelopment Plan, including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the Senior Bonds, 2016D Subordinate Bonds and any Subordinate Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area and shall also include all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations (but excluding payments to the Successor Agency with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code); but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund, and also excluding 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 2016D Subordinate Bonds or under the Subordinate Parity Debt Instruments pursuant to Section 33607.5(e) of the Redevelopment Law.]

As defined in the Indenture, "**Tax Revenues**" means, all taxes annually allocated *within the Plan Limit* and paid to the Successor Agency with respect to the Project Area following the date of delivery of bonds issued thereunder, 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 and other applicable State laws and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations (but excluding payments to the Successor Agency with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code); and including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the Senior Bonds, the 2016D Subordinate Bonds, the Senior Loans, if any, and any Subordinate Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing

within or of benefit to the Project Area, but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and investment earnings on amounts on deposit hereunder, and also excluding 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 2016D Subordinate Bonds or under the Subordinate Parity Debt Instruments pursuant to Section 33607.5(e) of the Redevelopment Law.] *{Language to come to clarify difference in definition in Tax Revenues here in comparison to definition of Tax Revenues for Senior Bonds.}* The Successor Agency's collection of Tax Revenues in the Project Area are subject to certain limitations set forth in their respective redevelopment plans. See "THE PROJECT AREA."

On a subordinate basis to the Senior Loan Agreements, if any, and the other Senior Debt and after payment of Administrative Fees and the Statutory Pass Thru Amounts to the Taxing Entities, the 2016D Subordinate Bonds are payable from and secured by amounts on deposits in the Redevelopment Property Tax Trust Fund from tax revenues from the Project Area. No amounts deposited into the Redevelopment Property Tax Trust Fund reflecting tax revenues from other of the Successor Agency's project areas is pledged to, or anticipated to be available for, payment of debt service on the 2016D Subordinate Bonds.

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 Tax Revenues available in any six-month period to pay the principal and Accreted Value of, and interest on, the 2016D Subordinate 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 2016D Subordinate 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 2016D Subordinate 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 Senior Bonds, if any, 2016D Subordinate Bonds and the holders of any additional Subordinate Parity Debt, 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 in the 2016D Subordinate Bonds or in the Indenture.

Special Fund; Deposit of Tax Revenues

The Indenture establishes the "Mission Bay South Redevelopment Project Subordinate 2016 Series D Special Fund" (the "**Special Fund**") to be held by the Successor Agency. The 2016D Subordinate Bonds are secured, on a subordinate basis with the Senior Bonds, if any, (together, with the 2016D Subordinate Bonds, the "**Bonds**") and the Senior Loan Agreements, if any, by amounts on deposit in the Special Fund. After making the transfers required by the Senior Loan Agreements and the Senior Indenture, the Successor Agency shall transfer all of the Tax Revenues received in any Bond Year ratably to the Special Fund and the special funds created with respect to any additional Subordinate Parity Debt, promptly upon receipt thereof by the Successor Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred for deposit in such Bond Year (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, if applicable, and (ii) any additional Subordinate Parity Debt (other than additional bonds issued pursuant to a Supplemental Indenture) pursuant to the applicable Subordinate Parity Debt Instruments. If there nonetheless remains insufficient Tax Revenues to make the transfers and deposits required above, then the Successor Agency shall transfer such Tax Revenues for deposit pro rata based on the full amounts required to be so deposited.

All Tax Revenues received by the Successor Agency with respect to any Bond Year in excess of the amount required to be deposited during a Bond Year into the Special Fund and any other special funds mentioned above will be released from the pledge under the Indenture for the security of the 2016D Subordinate Bonds and any Subordinate Parity Debt and may be applied by the Successor Agency for any lawful purpose. Prior to the payment in full of the principal and Accreted Value of and interest on the 2016D Subordinate Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indenture or Subordinate 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 Subordinate Parity Debt Instrument.

At such time as the (i) Successor Agency delivers a Written Certificate to the Trustee and the Owners of the 2016D Subordinate Bonds stating that the conditions for the issuance of Subordinate Parity Debt (assuming for the purposes of such conditions that the 2016D Subordinate Bonds are issued and delivered on the date of such Written Certificate) set forth in the Senior Loan Agreements and of the Senior Indenture are met with respect to the 2016D Subordinate Bonds, and (ii) Bond Counsel delivers the opinion described below, the 2016D Subordinate Bonds will be payable on a parity with the debt service on the Senior Debt, the 2016D Subordinate Bonds will constitute Subordinate Parity Debt, as such term is defined in the Senior Indenture and the Senior Loan Agreements, and the Indenture will constitute a Subordinate Parity Debt Instrument, as defined in the Senior Indenture and the Loan Agreements. Upon becoming Subordinate Parity Debt, as such term is defined in the Senior Indenture and the Senior Loan Agreements, the 2016D Subordinate Bonds shall be re-designated as the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series D Tax Allocation Bonds (Mission Bay South Redevelopment Project)" and there shall be delivered to the Owners thereof new Bonds reflecting the new name of the 2016 Series D Bonds, and such re-designated 2016 Series D Bonds shall be issued in the denomination of $5,000 principal amount or Maturity Amount, as applicable. Additionally, at such time, the transfer restrictions set forth in the Indenture shall no longer apply to the 2016 Series D Bonds.

Prior to the 2016D Subordinate Bonds becoming Subordinate Parity Debt, as such term is defined in the Senior Indenture and the Senior Loan Agreements, Bond Counsel shall deliver an opinion to either the effect that (i) the change in the priority of the pledge of Tax Revenues for the 2016D Subordinate Bonds shall not constitute a "re-issuance" for purposes of federal income taxation and otherwise does not adversely affect the exclusion from gross income for federal income tax purposes, or (ii) the interest on the 2016D Subordinate Bonds is excluded from gross income for federal income tax purposes. In the event that Bond Counsel delivers the opinion set forth in (ii), the Successor Agency shall execute and deliver all such certificates and forms required by Bond Counsel in order for Bond Counsel to deliver its opinion.

Debt Service Fund. 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. The Indenture requires the Successor Agency to transfer from the Special Fund to the Trustee (i) on or before the fourth (4th) business day preceding each Interest Payment Date, the amount necessary to pay interest coming due on the 2016D Subordinate Bonds, (ii) on or before the fourth (4th) business day preceding August 1, the amount then due to pay principal and Accreted Value on the 2016D Subordinate Bonds, and (iii) at any time that the amount on deposit in the Reserve Account is less than the Reserve Requirement, the amount necessary to maintain the Reserve Requirement at the requisite amount.

Upon receipt, the Trustee shall deposit the following amounts, at the following times, 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 an 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 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 will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Outstanding Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

Principal Account. The Trustee will 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 and Accreted Value becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including 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 and Accreted Value of the Outstanding Serial Bonds and the Outstanding Term Bonds, including by mandatory sinking account redemption, as it becomes due and payable.

Reserve Account. The Indenture establishes a "**Reserve Account**" to be held by the Trustee for the benefit of the Owners of the 2016D Subordinate Bonds. 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 the 2014 Bonds, the 2016D Subordinate Bonds and any other bonds issued pursuant to a Supplemental Indenture, the lesser of (i) one hundred twenty five percent (125%) of average Annual Debt Service on such bonds and (ii) Maximum Annual Debt Service on such bonds; subject to the limitations and conditions in the Indenture, provided however that so long as the 2016D Subordinate Bonds are the only bonds outstanding under the Indenture, the amount of the Reserve Requirement shall not exceed $4,919,780.25.

Property Tax Administration Fees

Pursuant to the Dissolution Act, the City Controller charges the Successor Agency a fee to recover property tax administration costs. This administration fee is approximately 0.02% 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 2014-15, the County's administrative charge to the Successor Agency for all of its project areas, including the Project Area, was $49,156. For Fiscal Year 2015-16, it is expected to be approximately $34,000. See also "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure – *Property Tax Administrative Costs*."

Limitations on Additional Indebtedness

Senior Debt. In addition to the 2014 Bonds and 2016 Bonds, the Successor Agency may issue additional bonds or incur other loans, advances or indebtedness, which are secured by and payable from Tax Revenues on a parity with the lien established under the Senior Indenture to finance or refinance redevelopment activities with respect to the Project Area ("**Parity Debt**") in such principal amount as shall be determined by the Successor Agency, subject to the following specific conditions 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;

(b) The Tax Revenues (as defined in the Senior Indenture) received or to be received for the then current Fiscal Year based on the most recent taxable valuation of property in the Project Area 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, shall be at least equal to one hundred twenty five percent (125%) of Maximum Annual Debt Service on the 2014 Bonds, the 2016 Bonds and any other Parity Debt that will be outstanding immediately following the issuance of such Parity Debt, and Allocable Tax Revenues (as defined in the Senior Indenture) for the then current Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the City shall be at least equal to one hundred and twenty five percent (125%) of Maximum Annual Debt Service on the Senior Bonds, any Existing Loan Agreements and any other Parity Debt that will be outstanding immediately following the issuance of such Parity Debt;

(c) The Successor Agency shall certify that the aggregate principal of and interest on the Senior Bonds, the Senior Loan Agreements and any other Parity Debt (including the Parity Debt to be incurred) and Subordinate Debt coming due and payable will not exceed the maximum amount of Tax Revenues (as defined in the Senior Indenture) permitted under any Plan Limit to be allocated and paid to the Successor Agency with respect to the Project Area after the issuance of such Parity Debt.

(d) 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;

(e) If the Senior Loan Agreements are in effect at the time of issuance of such Parity Debt and are not being discharged in full in connection therewith, the Successor Agency will comply with the requirements of such Senior Loan Agreements; and

(f) The Successor Agency shall deliver to the Trustee a certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

Such Parity Debt would be payable from and secured by the Tax Revenues and moneys on deposit in the Redevelopment Property Tax Trust Fund relating to the Project Area on a senior basis to the 2016D Subordinate Bonds. *{Add discussion of limits on the issuance of additional Senior Bonds that would cause subordinate bonds to not be paid}*

Subordinate Parity Debt. In addition to the 2016D Subordinate Bonds, the Successor Agency may issue additional bonds or incur other loans, advances or indebtedness, which are secured by and payable from Tax Revenues on a parity with the lien established under the Indenture for payment of the 2016D Subordinate Bonds to finance or refinance redevelopment activities with respect to the Project Area ("**Subordinate Parity Debt**") in such principal amount as shall be determined by the Successor Agency, subject to the following specific conditions which are conditions precedent to the issuance and delivery of such Parity Subordinate Debt:

(a) No event of default under the Indenture or under any Subordinate Parity Debt Instrument shall have occurred and be continuing;

(b) The *Tax Revenues* projected to be received, as set forth in the Report of an Independent Redevelopment Consultant, exclusive of State subventions and taxes levied to pay voter approved outstanding general obligation bonded indebtedness, shall, after deducting the amounts required to pay scheduled debt service on the Senior Debt in each Fiscal Year that the 2016D Subordinate Bonds and any Subordinate Parity Debt are scheduled to be Outstanding and less amounts necessary to pay Statutory Pass-through Amounts, be at least equal to one hundred percent (100%) of Annual Debt Service for each such Fiscal Year on the 2016D Subordinate Bonds and any Subordinate Parity Debt that will be outstanding immediately following the issuance of such Subordinate Parity Debt, and the *Allocable Tax*

Revenues projected to be received, as set forth in the Report of an Independent Redevelopment Consultant, exclusive of State subventions and taxes levied to pay voter approved outstanding general obligation bonded indebtedness, shall, after deducting the amounts required to pay scheduled debt service on the Senior Debt in each Fiscal Year that the 2016D Subordinate Bonds and any Parity Debt are scheduled to be Outstanding and less amounts necessary to pay Statutory Pass-through Amounts, be at least equal to [one hundred percent (100%)] of Annual Debt Service for each such Fiscal Year on the 2016D Subordinate Bonds and any Subordinate Parity Debt that will be outstanding immediately following the issuance of such Subordinate Parity Debt; *{This section under review}*

(c) The Successor Agency shall certify that the aggregate principal of and interest on the Senior Debt, the 2016D Subordinate Bonds, and any other Subordinate Parity Debt (including the Subordinate Parity Debt to be incurred) and Subordinate Debt coming due and payable will not exceed the maximum amount of Tax Revenues permitted under any Plan Limit to be allocated and paid to the Successor Agency with respect to the Project Area after the issuance of such Subordinate Parity Debt;

(d) 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

(e) The Successor Agency shall deliver to the Trustee a certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Subordinate Parity Debt set forth above have been satisfied.

For purposes of this Section, a Report of an Independent Redevelopment Consultant is defined as a consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom:

(i) is judged by the Successor Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects;

(ii) is in fact independent and not under domination of the Successor Agency or the City;

(iii) does not have any substantial interest, direct or indirect, with the Successor Agency or the City; and

(iv) is not connected with the Successor Agency or the City as an officer or employee of the Successor Agency or the City, but who may be regularly retained to make reports to the Successor Agency or the City.

Super Subordinate Debt. The Successor Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Successor Agency. Such Subordinate Debt may be payable from any assets or property of the Successor Agency, including Tax Revenues on a subordinate basis to the payment of debt service on the 2016D Subordinate Bonds.

Recognized Obligation Payment Schedule

The Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the California Department of Finance for approval, a Recognized Obligation Payment Schedule (the "**Recognized Obligation Payment Schedule**") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Prior to 2016, Recognized Obligation Payment Schedules were required to be submitted for such approval not less than 90 days prior to each January 2 and June 1 up to and including 90 days prior to January 2, 2016 (or October 4, 2015 for the period covering January 2, 2016 through June 30, 2016).

Commencing on February 1, 2016, successor agencies will be transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies will be required to file Recognized Obligation Payment Schedules with the California Department of Finance and the county auditor-controller for approval each February 1 for the July 1 through June 30 period immediately following such February 1 commencing with the July 1, 2016 through June 30, 2017 period.

Commencing on September 22, 2015, 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" Recognized Obligation Payment Schedule. If approved by the California Department of Finance, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the California Department of Finance or the Oversight Board. The county auditor-controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the California Department of Finance and the county auditor-controller.

As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency's low and moderate income housing fund.

A reserve may be included on the Recognized Obligation Payment Schedule 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 the six-month period.

There are strong incentives for the Successor Agency to submit Recognized Obligation Payment Schedules on time. If the Successor Agency does not timely submit a Recognized Obligation Payment Schedule to the Oversight Board and California Department of Finance, then the Successor Agency will be subject to a $10,000 per day civil penalty for every day the schedule is late. Additionally, if the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the California Department of Finance within ten (10) days of the deadline, then the Successor Agency's maximum administrative cost allowance may be reduced by up to 25%. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof for the 2016D Subordinate Bonds, see "CERTAIN RISK FACTORS – Recognized Obligation Payment Schedule."

In the Indenture, the Successor Agency acknowledges that, due to the passage of the Dissolution Act, it will need to take certain actions to ensure that it collects sufficient Tax Revenues to make the deposits as and when required to be made into the Special Fund pursuant to the Indenture, and in order to ensure the payment of debt service on the 2016D Subordinate Bonds on a timely basis. The Successor Agency covenants that it will take all such actions as required to make the deposits as and when required to be made into the Special Fund pursuant to the Indenture, and to make the timely payment of debt service on the 2016D Subordinate Bonds. The Successor Agency further acknowledges that the provisions of the Dissolution Act require that it establish the Retirement Fund, into which all tax revenues

are required to be deposited. The Successor Agency has heretofore established the Retirement Fund as required by Section 34170.5(a) of the California Health and Safety Code, and covenants that it shall continue to hold and maintain the Retirement Fund so long as any of the 2016D Subordinate Bonds are Outstanding.

The Successor Agency further covenants and agrees that it will duly and punctually pay or cause to be paid the principal and Accreted Value of and interest on each of the 2016D Subordinate Bonds and any Subordinate Parity Debt on the date, at the place and in the manner provided in the 2016D Subordinate Bonds and the applicable Subordinate Parity Debt Instruments, and that it will take all actions required under the Dissolution Act to include scheduled debt service on the 2016D Subordinate Bonds and any additional Subordinate Parity Debt, all amounts required to be deposited in the Special Fund and the special funds relating to any Subordinate Parity Debt pursuant to and in accordance with the Indenture, as well as any amount required under the Indenture to replenish the Reserve Account and the reserve accounts relating to any Subordinate Parity Debt, and in a Recognized Obligation Payment Schedule (as defined in the Dissolution Act) for each six-month period so as to enable the City Controller to distribute from the Redevelopment Property Tax Trust Fund on each January 2 and June 1 all amounts required for the Successor Agency to pay principal and Accreted Value of, and interest on the Senior Bonds and 2016D Subordinate Bonds and any Subordinate Parity Debt Specifically, the Successor Agency covenants that it will place on the Recognized Obligation Payment Schedule for approval by the Oversight Board and California Department of Finance, all amounts required by the Indenture to be deposited and held by the Successor Agency in the Special Fund and the special funds relating to the Senior Debt and any Subordinate Parity Debt, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act. The Successor Agency also covenants to calculate the amount of Tax Revenues received during each six-month period, as described above, to ensure that Tax Revenues are properly credited to and deposited in the Special Fund, as required by the Indenture.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved 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, and will be included in the Successor Agency's Recognized Obligation Payment Schedule.

Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue, and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the California Department of Finance to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the Department's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the California Department of Finance, then the California Department of Finance's review of such payments in each future Recognized Obligation Payment Schedule will be limited to confirming that they are required by the prior enforceable obligation.

On February 19, 2016, the California Department of Finance issued its determination letter with regards to the issuance of the 2016D Subordinate Bonds. See APPENDIX H – "CALIFORNIA DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE 2016D SUBORDINATE BONDS."

THE SUCCESSOR AGENCY

The Successor Agency was established by the Board of Supervisors of the City following dissolution of the Former Agency pursuant to the Dissolution Act. 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 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**" 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:

Name	Occupation	First Appointed	Term Expires*
Marily Mondejar	Community Organizer	2012	November 3, 2018
Mara Rosales	Attorney	2012	November 3, 2018
Darshan Singh	Businessman	2012	November 3, 2016
Miguel Bustos	Banker	2014	November 3, 2016
Leah Pimentel	Consultant	2015	November 3, 2016

* Although a Commission Member's term expires, he/she serves until a successor Commission Member is appointed.

The Successor Agency currently employs approximately 46 full-time equivalent positions. The Executive Director, Tiffany Bohee, was appointed to that position in February 2012. The other principal full-time staff positions are: the Deputy Executive Director, Community and Economic Development; the Deputy Executive Director, Finance and Administration; the Deputy Executive Director, Project and Programs; and the Deputy Executive Director and General Counsel. Each project area in which the Successor Agency continues to implement redevelopment plans is managed by a project manager. There are separate staff support divisions with real estate and housing development specialists, architects, engineers and planners, and the Successor Agency has its own fiscal, legal, administrative and property management staffs.

Effect of the 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 Resolution No. 11-12 (the "**Establishing Resolution**") adopted by the Board of Supervisors of the City on January 24, 2012 and signed by the Mayor on January 26, 2012, and Sections 34171(j) and 34173 of the Dissolution Act, the Board of Supervisors of the City confirmed the City's role as successor to the Former Agency.

Pursuant to Ordinance No. 215-12 finally passed by the Board of Supervisors of the City on October 2, 2012 and signed by the Mayor on October 4, 2012, 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 an "oversight board" and review or approval by the California Department of Finance, including the issuance of bonds such as the 2016D Subordinate Bonds.

AB 1484. On June 27, 2012, the Dissolution Act was amended by AB 1484, which clarified that successor agencies are separate political entities and that the 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 Dissolution Act was further amended by SB 107, which, among other things, changed the submission of the Recognized Obligation Payment Schedule to annually (as discussed above), expanded the definition of enforceable obligations, reduced the oversight board actions required to be submitted to the Department of Finance for approval and added a new provision to the Health and Safety Code specifically relating to the Successor Agency (i.e., Section 34177.7). See "– Continuing Activities" below for more information relating to Section 34177.7 and "THE PROJECT AREA – The Redevelopment Plan – *Redevelopment Plan Limits*" below for information regarding the elimination of certain time limits.

Oversight Board

The Oversight Board was formed pursuant to the Establishing Resolution. The Oversight Board is governed by a seven-member governing board, with four (4) members appointed by the Mayor, and one (1) member appointed by each of the Bay Area Rapid Transit District (BART), the Chancellor of the California Community Colleges, and the County Superintendent of Education.

Department of Finance Finding of Completion

The 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 within the project areas of the former redevelopment agencies. 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.

State Controller Asset Transfer Review

The Dissolution Act requires that any asset of a former redevelopment agency transferred to a city, county or other local agency after January 1, 2011, be sent back to the successor agency. The Dissolution Act further requires that the State Controller review any such transfer. On September 23, 2014, the State Controller notified the Successor Agency of its review of such transfers by the Former Agency. Specifically, the State Controller found that $660,830 (0.09%) of the assets transferred by the Former Agency after January 1, 2011 were unallowable and must be turned over to the Successor Agency. The Successor Agency received these funds back from the City in late November 2014.

Continuing Activities

The Former Agency was organized in 1948 by the Board of Supervisors of the City 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, including the Project Area. 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 and South Redevelopment Project Areas; (ii) the Hunters Point Shipyard Redevelopment Project Area and Zone 1/Candlestick Site of the Bayview Hunters Point Project Area B; and (iii) the Transbay Redevelopment Project Area. Further, the Dissolution Act now expressly provides (pursuant to Section 34177.7) 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 Ownership 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*".

In addition, the Successor Agency continues to manage the Former Agency's assets such as the Yerba Buena Center and other real property and assets of the Former Agency that must be wound down under the Dissolution Act as well as the retained housing obligations which include ensuring the development of affordable housing in the Major Approved Development Projects as well as fulfilling a replacement housing obligation.

THE PROJECT AREA

The Redevelopment Plan

General. 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. The Mission Bay South Redevelopment Plan was adopted by the Board of Supervisors on November 2, 1998.

The Project Area consists of approximately 238 acres of land located approximately two miles south of the financial district of the City, and Mission Creek and adjacent to AT&T Park, the waterfront baseball stadium for the San Francisco Giants (which is not in the Project Area). The Project Area is bounded on the south by Mariposa Street, on the east by San Francisco Bay, on the north by Mission Creek, and on the west by Seventh Street and the Interstate 280 Freeway. Of the approximately 238 acres that make up the Project Area, Tax Revenues are generated from approximately 51.4 acres.

The Project Area was formerly rail yards, underutilized warehouse and vacant industrial land owned by the Southern Pacific Railroad Company. The goal of the Mission Bay South Redevelopment Plan (the "**Project Area Plan**") is to create a new mixed–use neighborhood just south of downtown San Francisco's Financial District and SOMA neighborhoods. The Project Area Plan was developed by the Former Agency in partnership with Catellus (as the original master developer) in the 1990's. The vision was to attract health science and pharmaceutical companies to create a bio-tech cluster and high-end residential community, through the presence of the University of California, San Francisco (UCSF) Mission Bay campus ("**UCSF Mission Bay Campus**") in the Project Area.

At full build-out, the Project Area will be anchored by the UCSF Mission Bay Campus which is a life science research and academic campus which will contain about 4.1 million square feet of university research facilities and a 550-bed medical center consisting of three specialty hospitals: (1) UCSF Benioff Children's Hospital, (2) UCSF Women's Specialty Hospital, and (3) UCSF Cancer Hospital (part of the Helen Diller Family Comprehensive Cancer Center). Surrounding the UCSF Mission Bay Campus is land designated for 4 million square feet of private life science and biotechnology lab and office space. The Project Area will also contain approximately 3,440 housing units, of which approximately thirty-two percent (32%) will be affordable. The plan also calls for a 250-room hotel, more than 35 acres of new parks and open space, a new public school and the recently built San Francisco Public Safety Building which includes the relocation of both the San Francisco Police Department Command Center Headquarters and the Southern District Police Station, as well as a new fire station for the Mission Bay community.

Many bio-tech, medical and high-tech companies have moved into the Project Area to take advantage of synergistic partnerships with the UCSF Mission Bay Campus, continually growing bio-tech and high-tech industry clusters, attractive high-end residential offerings and close proximity to downtown San Francisco. The Project Area is also home to many prominent businesses and research institutions including J. David Gladstone Institutes, Old Navy Brand Corporate Headquarters of The Gap Inc. (NYSE symbol: GPS), Bayer U.S. Innovation Center (USIC), Nektar Therapeutics (NASDAQ symbol: NKTR), FibroGen, Celgene (NASDAQ symbol: CELG), Meraki Networks, Third Rock Ventures, Kaiser Permanente, future headquarters for Uber and others.

The Project Area is well-served by public transit, including the existing CalTrain railroad station located at the southwest corner of Fourth and Townsend Street and Muni's Third Street "light-rail" line, which runs directly to the City's financial district, and which commenced operation at the beginning of 2007. Approximately $409 million in public infrastructure has been completed to date in the Project Area which includes new roads, sewer and storm water infrastructure and parks and open space. Approximately $184 million of new infrastructure still needs to be completed, for a total of $593 million of investment in infrastructure at full build-out. Public infrastructure has been financed upfront by (and reimbursed from Project Area net tax increment revenues to) the master developer pursuant to the Mission Bay South Owner Participation Agreement. See the "– Mission Bay South Owner Participation Agreement" discussion herein.

Redevelopment Plan Limits. The following table provides plan limitation information regarding the Project Area.

Mission Bay South Redevelopment Project Area
Plan Limit[(1)] Summary

		Plan Limit Termination Dates			Revenue Limits	
Approximate Area Size (acres)	Plan Adoption Date	Last Day to Incur Debt	Plan Duration	Last Day to Repay Debt	Total Tax Increment Limit	Limit on Bonds Outstanding[(4)]
238[(2)]	11/02/98	11/02/28[(3)]	11/02/28	11/02/43	No limit	450,000,000

(1) SB 107 eliminated some of these limits. See paragraphs below.
(2) Of the approximately 238 acres that make up the Mission Bay South Redevelopment Project, Tax Revenues are generated from approximately 51.4 acres.
(3) The Successor Agency may not incur debt for purposes other than financing low and moderate income housing after November 2, 2018.
(4) This limit represents the amount of bonded indebtedness that can be outstanding at any one time. Following issuance of the 2016D Subordinate Bonds and the Senior Bonds, bonded indebtedness in the aggregate principal amount of $_____ will be outstanding with respect to the Project Area.

Source: Successor Agency.

The Project Area Plan includes a limit of November 2, 2028 as the last day on which debt can be issued to meet the Successor Agency's low and moderate income housing requirements and of November 2, 2018 as the last day on which debt can be issued for any other purpose. However, the plan does not contain a limit on the amount of tax increment that may be collected in the Project Area. The last date to repay indebtedness under the plan is November 2, 2043. As discussed below, this tax increment limitation no longer applies.

On September 22, 2015, the Governor signed SB 107, which effected changes to the Dissolution Act. Solely for the purposes of the payment of enforceable obligations, including the Series 2016D Subordinate Bonds, and for no other purpose whatsoever, a successor agency is not subject to the limitations relating to time, number of tax dollars, or any other matters set forth in Sections 33333.2, 33333.4, and 33333.6 of the Redevelopment Law and included within the redevelopment plans. Under this change, the Successor Agency will continue to be allocated revenue from all former project areas until such time as all enforceable obligations have been repaid. The amount of indebtedness that may be outstanding at any one time is $450 million of which approximately $____ million was outstanding as of _____, 2016, which includes approximately $____ million in housing-related tax allocation debt which is payable from tax increment deposited in the Successor Agency's Low and Moderate Income Housing Fund.

See also APPENDIX C – "REPORT OF FISCAL CONSULTANT" for more information relating to the Project Area.

Land Use

Land Use Breakdown. The table below shows the breakdown of land use by the number of parcels and secured assessed valuation.

Mission Bay South Redevelopment Project Area
Land Use Breakdown for Fiscal Year 2015-16

Land Use	Secured Assessed Valuation	% of Total Valuation	No. of Parcels	% of Total Parcels
Commercial	$1,181,670,117	50.2%	50	8.7%
Industrial	-	0.0	4	0.7
Residential				
Condominiums	417,163,509	17.7	431	74.7
Other Residential	54,438,563	2.3	2	0.3
Vacant	702,163,810	29.8	20	3.5
Publicly Owned/Other	153,828	0.0	70	12.1
Total	$2,355,589,827	100.0%	577	100.0%

Sources: County Assessor; Urban Analytics.

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Land Use Entitlements. The table below sets forth the land use entitlements in the Project Area, as of _____, 2016.

Mission Bay South Redevelopment Project Area
Current Entitlements and Construction Status in the Project Area

Entitlement	Completed	Under Construction	Total Completed or Under Construction	Total Size of Entitlement	% Completed or Under Construction
University Research Facilities	2.2 million s.f.	–	2.2 million s.f.	4.1 million s.f.	54%
Medical Center	289 beds	–	289 beds	550 beds	53%
Office/Lab Space	1.7 million s.f.	217,000 s.f.	1.9 million s.f.	4 million s.f.	48%
Residential Housing	1,960 units	722 units	2,682 units	3,440 units	78%
Hotel	–	–	–	250 rooms	–
Retail Space	62,000 s.f.	45,000 s.f.	107,000 s.f.	320,000 s.f.	33%
Open Space	11.7 acres	2 acres	13.7 acres	35.9 acres	38%

Source: Mission Bay Development Group.

Status of Development

University of California San Francisco (UCSF). To date, UCSF has completed over 2.2 million square feet in ten buildings, including six research buildings, a campus housing project, and the campus community center, plus related parking. UCSF also completed construction in 2015 on the $1.5 billion first phase of its medical center which consists of: three specialty hospitals (totaling 289 beds) for

women's and children's health and cancer treatment; an energy center and soon-to-be-constructed outpatient building. UCSF recently completed the planning and environmental review for the remainder of its north campus (north of the medical center site), including the addition of nearly one million square feet of additional research and office space. When combined with the addition of UCSF's "east campus" (Blocks 33+34), total entitlement for the UCSF campus (excluding the medical center) has been increased from 2.65 million square feet to over 4.1 million square feet.

Commercial Office and Lab. Seven commercial buildings totaling more than 1.7 million square feet of private biotechnology lab space and office space have been completed, including the headquarters for Old Navy and FibroGen, Inc., space for the pharmaceutical companies Bayer and Nektar and cloud computing company Meraki (acquired by Cisco Systems). At the end of 2013, Alexandria Real Estate Equities Inc. (NYSE symbol: ARE) ("**Alexandria**") sold its 1600 Owens property to Kaiser Permanente for a medical office; construction of the approximately 220,000 square-foot building recommenced in mid-2014 and is now nearing completion. In May 2014, FOCIL sold its last market rate parcel of land, Block 40, to Kilroy for $95 million; construction has recently commenced, comprised of several office buildings totaling approximately 650,000 rentable square feet.

In Fall 2010, Salesforce.com purchased approximately 14 acres of land for about $289 million from Alexandria to construct a two million square foot headquarters complex. Salesforce.com subsequently canceled plans to move forward with construction and has since sold all of the property. In the fall of 2014, UCSF acquired 3.7 acres on Blocks 33-34 from Salesforce for the construction of approximately 500,000 square feet of office and lab, and ARE and Uber purchased 1.7 acres on Blocks 26-27 from Salesforce for $125 million and will commence construction on Ubers 400,000+ square foot headquarters in the next several months. In October 2015, the Golden State Warriors acquired 8.8 acres on Blocks 29-32 for an undisclosed sum, and are in the process of receiving approvals for a new approximately 18,000 seat arena, which includes approximately 577,000 square feet of office and 54,000 square feet of retail. The Golden State Warriors project is currently subject to delay pending the outcome of various lawsuits filed by opponents of the arena project.

Residential. All of the market rate residential development in the Project Area (comprised of 2,332 units) is either completed (1,810 units) or under construction (522 units). The first market rate condominium project, the 99-unit Radiance developed by BOSA California ("**BOSA**"), opened in July 2009, and the second residential project, a 192-rental project by Urban Housing Group opened in April 2009. Phase 2 of the Radiance, called the Madrone (329-units developed by BOSA), was completed in 2012 and sold out by early 2013. In 2013, BOSA commenced construction on 267 condos located on Block 12E which are now completed and sold out. Construction is complete on Blocks 2 (315 units developed by UDR, Inc.), 3 West (147 units developed by Summerhill Homes), 11 (188 units developed by Essex), and 13 West (273 units developed by EQR) for a total of 923 new market rate rental units delivered over the last two years. Construction is nearing completion on another 172 rental units being developed by Essex on Block 5, and another 350 condos recently commenced construction on the hotel parcel, Block 1 (described further below).

Other Projects. The hotel parcel was re-entitled in 2013 for a mix of 350 residential units and 250 hotel rooms. The hotel portion is in the schematic design process, and the residential portion is under construction. A new Public Safety Building is completed and houses the police headquarters offices for the City, as well as a new fire station and community room to serve the Mission Bay community. Family House is in the process of completing 80 units of temporary stay housing for families receiving treatment at the UCSF Medical Center. Construction has recently completed on a children's park serving the residential neighborhood and a large park adjacent to the UCSF Medical Center. Construction has also recently commenced on two waterfront parks that will also help treat storm water before it is discharged to the Bay. Street and utility infrastructure that will complete the residential neighborhood and the area surrounding the UCSF Medical Center is nearing completion, with the last phases of work occurring in

the area adjoining the hotel parcel, Public Safety Building, southwest corner of the residential neighborhood, and west edge of the UCSF Medical Center.

Property Tax Exemption of Certain Properties

General. Under California law, certain properties are exempt from property taxation including properties owned or leased by governmental entities or by certain nonprofit corporations.

As discussed below, certain properties are currently exempt from property taxes and expected to remain exempt and taxes therefrom are not included in calculations of Tax Revenues. Further, as development continues, property transfers may occur to entities, or for uses, which render such properties exempt from property taxation. In most cases, agreements are in place for payments in lieu of taxes, each, a "**PILOT Agreement**" equal to the property taxes due if such parcels were taxable. Payments under a PILOT Agreement are considered Tax Revenues, pledged to payment of the 2016D Subordinate Bonds, and are included in Allocable Tax Revenues for purposes of satisfying the requirements of the issuance of additional Subordinate Parity Debt under the Indenture. However, such payments are not included in the definition of Allocable Tax Revenues set forth in the Senior Loan Agreements, which means that such amounts may not be considered in connection with the delivery of Subordinate Parity Debt until such time that none of the Senior Loan Agreements remain in effect. The Successor Agency expects to pay all of the Senior Loans on or about _____, 2016. **It is possible that a parcel subject to property tax which is included in the projections of Tax Revenues may be converted by change of use, transfer or condemnation, to a parcel exempt from taxation, in whole or in part.**

Currently Exempt Parcels. Certain developed parcels in the Project Area are currently exempt from property taxes and are not included in Tax Revenues. These consist of a 14-acre parcel (Blocks 36-39 and X-3), owned by the University of California, a State governmental entity, and under construction as a medical center, a 3.7 acre parcel (Blocks 33-34) acquired by the University of California in 2014, planned for office and lab space, 99,114 square feet of office space leased by UCSF in the building at 1500 Owens Street (although this property is subject to a PILOT Agreement (described below) and the Successor Agency expects to collect payments thereunder in the future) and the property and building at 1650 Owens Street, which is owned by the Gladstone Institute, a non-profit entity.

Several vacant or recently-developed parcels in the Project Area are owned by, or reserved for, nonprofit corporations for development of low and moderate income housing. These parcels are currently not taxed and are expected to be exempt from property taxation even when developed No property taxes are expected to be generated by these parcels and no amounts from these parcels are included in Tax Revenues.

Possible Conversions to Exempt Uses. The Successor Agency is aware of the following recent developments with respect to taxable parcels which may be converted to ownership or uses which render such properties exempt from property taxation.

The property and the 450,000 square-foot building at 409-499 Illinois Street is currently subject to property taxation. According to UCSF, UCSF is under contract to lease approximately 41,792 square feet at 499 Illinois Street. Any leased space would likely be exempt from property taxation. *{Preceding sentence to be confirmed.}*

Kaiser Permanente, an entity that could potentially qualify for property tax exemption, purchased 1600 Owens Street in December 2013. UCSF acquired additional blocks in the Project Area (Blocks 33-34) in 2014, and has since been acquiring additional land outside the Project Area in the nearby neighborhood immediately to the south of the Project Area. However, 1600 Owens Street and substantially all property within the Project Area which could be acquired or leased by UCSF are subject to PILOT Agreements which require any tax-exempt owner or lessee, including a nonprofit entity, to

make payments in lieu of taxes at the times, and in the amounts, as if the property were subject to taxation. Each such PILOT Agreement was prepared in connection with the OPA (described below) and is recorded in the City's real property records and the Successor Agency is an express third-party beneficiary thereof. There is no express remedy of foreclosure under the PILOT Agreements. In addition, there may be limitations on remedies available against UCSF, or any other tax exempt entity, in the event of nonpayment under a PILOT Agreement. It is possible that UCSF may seek to avoid application of a PILOT Agreement or negotiate alternative arrangements with respect to any property it acquires or leases. Payments under a PILOT Agreement are Tax Revenues pledged to the payment of the 2016D Subordinate Bonds, but are not included in Allocable Tax Revenues, for purposes of satisfying the requirements of issuance of Additional Subordinate Parity Debt so long as the Senior Loans remain outstanding. *{How much money received in 2014-15 and 2015-16 from Pilot Agreements? Has UCSF ever made a payment under the Pilot Agmts? Are any such payments included in the FC's projections?}*

Mission Bay South Owner Participation Agreement

In order to facilitate the implementation of the Mission Bay South Redevelopment Plan, the Former Agency and Catellus Development Corporation, a Delaware corporation, as successor in interest to the original landowner (collectively, "**Catellus**") entered into the Mission Bay South Owner Participation Agreement (the "**OPA**"), dated November 16, 1998 (as subsequently amended), regarding the development of property within the Project Area. Under the OPA, Catellus was obligated to construct or cause to be constructed all of the public improvements in the Project Area (the "**Infrastructure**") in accordance with obligations outlined in the OPA. FOCIL acquired parcels in the Project Area from Catellus. As a result of its acquisitions, FOCIL was required to assume all of Catellus' obligations under the OPA to construct the Infrastructure.

The OPA includes a Financing Plan (the "**Financing Plan**") under which the Former Agency committed Net Available Increment from the Project Area to be used towards the payment of costs of the Infrastructure. "**Net Available Increment**" is defined in the Financing Plan to mean the tax increment revenues arising under the Mission Bay South Redevelopment Plan and received by the Former Agency, exclusive of: (i) Housing Increment (calculated solely at 20% of the total tax revenues received by the Successor Agency pursuant to the Mission Bay South Redevelopment Plan); (ii) tax increment revenues required by the Redevelopment Law to be paid to other taxing agencies (initially, 20% of the total tax increment revenues received by the Successor Agency, and otherwise pursuant to the Redevelopment Law and Mission Bay South Redevelopment Plan); and (iii) tax increment revenues needed to pay Agency Costs (as defined in the Financing Plan) not otherwise paid from other sources. Pursuant to the Tax Increment Allocation Pledge Agreement, dated as of November 16, 1998 (the "**Tax Allocation Agreement**") between the City and the Former Agency, all Net Available Increment produced from the Project Area and any interest earnings thereon shall be irrevocably pledged by the Former Agency as a first pledge for the payment of principal of and interest on indebtedness of the Former Agency incurred for the purpose of financing or refinancing the construction of the Infrastructure.

The Successor Agency, as successor to the Former Agency, is issuing the 2016D Subordinate Bonds in furtherance of its obligations under the OPA to finance the acquisition of the Infrastructure.

The OPA provides that Catellus is responsible (which responsibility has been assumed by FOCIL) for constructing the Infrastructure and that the Successor Agency will provide financing of a portion of the costs of the Infrastructure through the issuance of tax allocation bonds, the establishment of one or more community facilities districts ("**CFDs**") under the Mello-Roos Act, or through direct acquisition from Net Available Increment. Pursuant to the OPA, CFDs have issued bonds (the "**CFD Bonds**") secured by special taxes levied on property in such community facility district to pay for the Infrastructure. As of January 1, 2016, approximately $135.5 million aggregate principal amount of such CFD Bonds is outstanding (excluding accrued interest). Any Net Available Increment available after payment of tax allocation bonds (including, the 2016D Subordinate Bonds) may be used to pay, if

necessary, the principal of, and interest and any premium on, the CFD Bonds, offset special taxes due with respect to CFD Bonds and pay for Infrastructure directly.

The Former Agency and Catellus entered into an Acquisition Agreement (the "**Acquisition Agreement**") dated as of June 1, 2001, as supplemented as of October 1, 2002 and assumed by FOCIL in 2004. Under the terms of the Acquisition Agreement, the Successor Agency will acquire the Infrastructure from FOCIL upon completion of various discrete components of infrastructure and inspection thereof by the City.

As provided in the Financing Plan, FOCIL agrees to pay certain shortfalls in the available tax increment needed to pay debt service on tax allocation bonds issued by the Successor Agency (including the 2016D Subordinate Bonds) to finance Infrastructure within or benefiting the Project Area by reductions in assessed values. This payment obligation applies to tax increment generated by property in the Project Area owned by FOCIL. To further evidence its obligations under the Financing Plan, FOCIL has entered into the Mission Bay South Tax Allocation Debt Promissory Note and shall require that any successor or transferee with a Net Worth (as defined in the Financing Plan) equal to or greater than $25,000,000 execute a similar Tax Allocation Debt Promissory Note in order for FOCIL to be released from the promissory note relating to such property. All of the taxable property in the Project Area has been transferred by FOCIL to third parties and all such third parties have posted promissory notes as required by the OPA. Such promissory note requirement does not apply to property owned by individual homeowners and homeowner's associations.

TAX REVENUES AND DEBT SERVICE

Pursuant to the Indenture, Tax Revenues are to be deposited by the Successor Agency into the Special Fund. Thereafter, moneys in the Special Fund shall be transferrable by the Successor Agency to the Trustee for deposit in the Debt Service Fund, administered by the Trustee and applied to the payment of the principal and Accreted Value of, and interest on, the 2016D Subordinate Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Special Fund; Deposit of Tax Revenues." The Successor Agency has retained the Fiscal Consultant to provide projections of taxable assessed valuation, tax increment revenue, and Tax Revenues from developments in the Project Area.

Historical and Current Assessed Valuation and Tax Revenues for the Project Area

General. The tables below set forth the following information for the Project Area: (i) the property taxable values and Allocable Tax Revenues (which do not include payments under PILOT Agreements, see "THE PROJECT AREA–Property Tax Exemption of Certain Properties") received from the Project Area for Fiscal Years 2010-11 to 2014-15; (ii) information on concentration of assessed value for Fiscal Year 2015-16; and (iii) estimated debt service coverage. Based on assessment roll data provided by the offices of the San Francisco Assessor, San Francisco Controller, and State Board of Equalization, the total assessed valuation for 2015-16 in the Project Area, after deducting all exemptions except the homeowner's exemption which is reimbursed by the State, is $2.6 billion in the Project Area. This represents a gain of 21.8% over Fiscal Year 2014-15.

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Table 1
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay South Redevelopment Project Area
Property Taxable Values and Tax Revenues
(Dollars in Thousands)

	2011-12	2012-13	2013-14	2014-15	2015-16
Secured Property Assessed Values[1]:					
Real Property	$1,026,260	$1,357,250	$1,636,906	$1,941,452	$2,355,590
SBE Rolls	–	–	–	–	–
Total Secured Assessed Value	$1,026,260	$1,357,250	$1,636,906	$1,941,452	$2,355,590
Unsecured Assessed Value	147,433	146,118	148,597	167,770	213,470
Total Assessed Value	$1,173,693	$1,503,368	$1,785,502	$2,109,223	$2,569,060
Base Year Values:					
Secured	$ 85,054	$ 85,054	$ 85,054	$ 85,054	$ 85,054
Unsecured	12,628	12,628	12,628	12,628	12,628
Increase Over Base-Year Values:					
Secured	$ 941,206	$1,272,196	$1,551,852	$1,856,399	$2,270,536
Unsecured	134,805	133,490	135,969	155,142	200,842
Secured Tax Rate	0.010000	0.010000	0.010000	0.010000	0.010000
Unsecured Tax Rate	0.010040	0.010000	0.010000	0.010000	0.010000
Tax Increment Revenue[2]					
Secured Property	$ 9,412	$ 12,722	$ 15,519	$ 18,564	$ 22,705
Unsecured Property	$ 1,353	$ 1,335	$ 1,360	$ 1,551	$ 2,008
Gross Tax Increment Revenue	$ 10,765	$ 14,057	$ 16,878	$ 20,115	$ 24,714
Less: 20% Housing Set-Aside	$ 2,153	$ 2,811	$ 3,376	$ 4,023	$ 4,943
Less: AB 1290 Pass-through Obligation	–	–	–	–	–
Less Apportioned County Admin. Fee [3]	2	2	3	3	3

Less: Senior Debt Service [4]					
Tax Increment Revenue	$ 8,611	$ 11,243	$ 13,500	$ 16,089	$ 19,767

(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. The Successor Agency may receive other revenues, including supplemental taxes, prior-year escape assessments and payments in lieu of taxes.

(3) Property tax administration fees are deducted by the City Controller from total Successor Agency revenue; figures shown are estimates based on the Project Area's proportionate share of total Successor Agency revenue.

Sources: City and County of San Francisco; Urban Analytics.

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Ten Largest Property Owners by Valuation. The table below summarizes the ten largest property owners based on Fiscal Year 2015-16 assessed valuation.

Table 2
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay South Redevelopment Project Area
Ten Largest Property Owners by Assessed Valuation for Fiscal Year 2015-16
(Assessed Values Exclude Homeowner Subventions)

Property/Taxpayer	Assessed Value	% of Total Assessed Value	Land Use
Alexandria Real Estate SF* (1: 2014-15)	$ 307,592,810	12.0%	Commercial Office
Are-San Francisco No 43 LLC	306,930,292	11.9	Commercial Office
Hines Global REIT 550 Terry Francois* (1: 2014-15, 1: 2013-14)	203,805,315	7.9	Commercial Office
Bosa Development CA	191,278,095	7.4	Commercial - Vacant Land
Bay Jacaranda	184,451,821	7.2	Commercial - Vacant Land
DCO Mission Bay LP	121,127,853	4.7	Residential
Sobrato Development Co #871	101,323,765	3.9	Commercial Office
Essex Portfolio	94,627,030	3.7	Residential
Strata Apartment Holdings LLC	83,860,027	3.3	Residential
Fibrogen Inc.	73,381,790	2.9	Commercial - R&D
Total Ten Largest:	**1,668,378,798**	64.9%	
All Other	900,681,234	35.1	
Total for the Area:	**$2,569,060,032**	100.0%	
Ten Largest as Percentage of Incremental Assessed Value:		*67.5%*	

* Owner has the indicated number of appeals pending in the years shown.
Sources: County Assessor; Urban Analytics.

Projected Tax Revenues and Debt Service Coverage

Set forth below are tables showing projected revenue from New Construction, gross tax increment revenue, projected net tax increment revenue, Projected Tax Revenues and estimated debt service coverage. The below projections reflect the existing redevelopment plan limitations for the Project Area and assume approximately 2.0% annual growth in gross tax increment revenues and revenues from New Construction. *{To Confirm.}*

The Successor Agency believes that the assumptions (set forth in the footnotes below and in APPENDIX C – "REPORT OF THE FISCAL CONSULTANT") upon which the projections are based are reasonable. However, the projections are based upon assumptions or future events that may not materialize and unanticipated events and circumstances may occur. See "FORWARD LOOKING STATEMENTS MAY NOT PROVE TO BE ACCURATE" and "CERTAIN RISK FACTORS." Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material.

New Construction

Seven properties have been identified by Mission Bay Development Group as being complete or substantially complete and not yet fully enrolled. The properties, shown in Table 3, include five apartment buildings, one condominium building and one office building (collectively, the "**New Construction**").

Two of the apartment buildings are occupied and are expected to be fully enrolled in fiscal year 2017-18; these are a 315-unit building developed by UDR at 1850 Channel Street and a 147-unit building built by Summerhill as the Venue at 1155 Fourth Street. Both have been assigned an estimated per-unit assessed valuation at full enrollment of $450,000 based on a FY 2015-16 per-unit assessed valuation of $436,771 for the Summerhill Strata, a completed apartment building at 1201 Fourth Street adjacent to the Venue property. Three of the apartment buildings are completed or substantially completed and are either partially occupied and currently leasing or expect to begin pre-leasing in the next several months. These are the Essex MB360 at 1200 Fourth Street, a 172-unit building, the Essex MB360 at 701 China Basin, a 188-unit building, and the Azure by EQR, a 273-unit building at 690 Long Bridge Street. Assuming that these three buildings are substantially occupied during calendar year 2016, it is expected that they would be fully enrolled by fiscal year 2017-18.

The Arden, a 267-unit condominium project developed by BOSA and located on Long Bridge Street appears substantially complete as of February 5, 2016. Assuming that the condominiums are fully sold by the January 1, 2017 lien date for the fiscal year 2017-18 tax rolls, full enrollment would occur by fiscal year 2017-18. An estimate of $1 million per unit was used to arrive at an expected full assessed valuation, based on a review of condominium prices elsewhere in the Mission Bay area.

Kaiser Permanente has built a 208,844-square-foot office building at 1600 Owens Street that appears complete; the occupancy could not be determined. A valuation estimate of $600 per square foot was used to determine an estimate of the full assessed valuation; the per-square-foot valuation was based on an average of the per-square-foot fiscal year 2015-16 assessed valuation of four completed office buildings in the Project Area. Given the apparent readiness of the building for occupancy, full enrollment can be reasonably expected by fiscal year 2017-18. See also APPENDIX C – "REPORT OF FISCAL CONSULTANT." The expected revenue from the New Construction has been included in the calculation of Tax Revenues. Actual revenue from the New Construction could be different than that which is projected and such difference could be material.

Table 3
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay South Redevelopment Project Area
New Construction in the Project Area,
Completed and Substantially Completed

Project		Units, Rooms or Square	Estimated Assessed Valuation Per Unit *	Estimated Full Valuation *	Valuation on FY 2015-16 Rolls	Additional Valuation Not Yet Enrolled *
Full Enrollment Expected FY 2016-17						
UDR 1850 Channel Street	Rental	315	$450,000	$141,750,000	$121,127,853	$20,622,147
Summerhill Venue	Rental	147	450,000	66,150,000	54,101,248	12,048,752
Subtotal, FY 2016-17 Enrollment				207,900,000	175,229,101	32,670,899
Full Enrollment Expected FY 2017-18						
Essex MB360 4th Street	Rental	172	$450,000	$77,400,000	$29,415,574	$47,984,426
Essex MB360 Long Bridge Street	Rental	188	450,000	84,600,000	65,211,456	19,388,544
Bosa Arden	Condo	267	1,000,000	267,000,000	184,168,560	82,831,440
EQR Azure	Rental	273	450,000	122,850,000	71,828,933	51,021,067
Kaiser 1600 Owens	Office	2	600	125,306,400	66,910,688	58,395,712
Subtotal, FY 2017-18 Enrollment				677,156,400	417,535,211	259,621,189
Total				**$ 885,056,400**	**$ 592,764,312**	**$ 292,292,088**

* Expressed in current dollars.

Notes: Per-unit valuation for rental properties estimated based on valuations for similar completed properties in the Project Area. Per-unit valuation for condos estimated based on a review of current asking prices for condos in Mission Bay.
Per-room valuation for hotel estimated based on the valuation of the W hotel.
Per-square-foot valuation for office based on the valuation of completed office properties in Mission Bay. Estimate of full enrollment year based on site visit conducted 2/5/2016.

Sources: Building name, type and size per Mission Bay Development Group; valuation estimates per Urban Analytics.

Table 4
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay South Redevelopment Project Area
Projected Tax Revenues

Fiscal Year Ending June 30	Tax Revenue from Existing Assessed Valuations	Tax Revenue from New Construction	Portion Applied to Housing	Property Tax Admin. Fee	Senior Debt Service	Subordinate Pass-Through Payments	Net Tax Increment

Note: Tax Revenues are projected using the Proposition 13 inflation factor of 2% for real property, no growth in unsecured and personal property and a tax levy of 1.00% revenue from New Construction includes the additional valuation shown in Table 3.
Source: Urban Analytics.

Table 5
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay South Redevelopment Project Area
Estimated Annual Debt Service Coverage

Fiscal Year Ending June 30	Projected Tax Revenues[(1)]	2016D Subordinate Bonds Debt Service	Debt Service Coverage Ratio

[(1)] Reflects amounts shown in Table 4 as Net Tax Increment.
Source: _____.

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 does not track properties through to the point of sale to third parties, the actual impact on assessed valuation cannot be reasonably determined.

Assessment Appeals

Appeals of assessments by property owners in the Project Area can result in future reductions in assessed valuations that affect the Successor Agency. 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 instead 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 of the City and County of San Francisco (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 improve.

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.

Appeal filings in the Project Area for the past six (6) years are shown in the table below for the secured roll. The tables compare 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 board of assessment appeals, granted a hearing but denied an adjustment in valuation, or granted an adjustment in valuation.

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Table 6
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Mission Bay South Redevelopment Project Area
Assessment Appeals

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate*
2014-15	Resolved	4	$ 284,778,050	$ 191,929,715	$ 284,778,050	100.0%
2014-15	Pending	2	254,987,559	127,600,000	[TBD]	[TBD]
2013-14	Resolved	13	417,274,230	286,914,442	417,274,230	100.0%
2013-14	Pending	1	114,305,085	57,000,000	[TBD]	[TBD]
2012-13	Resolved	21	326,308,443	207,855,585	325,373,405	99.7%
2012-13	Pending	-	-	-	-	-
2011-12	Resolved	13	285,407,709	200,540,178	284,546,551	99.7%
2011-12	Pending	-	-	-	-	-
2010-11	Resolved	20	890,404,689	436,641,720	810,638,314	91.0%
2010-11	Pending	-	-	-	-	-
2009-10	Resolved	11	288,095,414	167,204,633	288,095,414	100.0%
2009-10	Pending	-	-	-	-	-
All Years	Resolved	82	$2,492,268,535	$1,491,086,273	$2,410,705,964	96.7%
All Years	Pending	3	$ 369,292,644	$ 184,600,000	[TBD]	[TBD]
Potential exposure to reductions in valuation from pending appeals using retention rate:						$12,085,559

* 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.
** Estimated based on the county valuation for pending appeals across all years multiplied by the difference between 100% and the retention rate for resolved appeals across all years.

Source: San Francisco County Assessment Appeals Board. Data as of 12/8/2015.

Pending appeals have been filed by two (2) of the largest property owners in the Project Area, specifically Alexandria Real Estate SF, which has one (1) appeal pending on its Fiscal Year 2014-15 valuation, and Hines Global REIT 550 Terry Francois, which has two (1) appeal pending on its Fiscal Year 2013-14 valuation and one (1) appeal pending on its Fiscal Year 2014-15 valuation.

Were the City Controller to change its policy of deducting appeal-related tax refunds solely from taxing entities and not from the Successor Agency or were the Assessor to extend Proposition 8 reductions to future rolls for properties granted prior-year reductions, applying the retention rate of 96.7% to the valuation currently subject to pending appeals, the estimated reduction in prior-year assessed valuation would be $12.1 million or approximately $97,000 in Tax Revenues. 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 City's Assessment Appeals Board (the "**Assessment Appeals Board**") across the Project Area, 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 $184.0 million for the Project Area and approximately $1.5 million in Tax Revenues[; this also includes multi-year appeals and does not necessarily indicate an equivalent reduction in future revenue.]

CERTAIN RISK FACTORS

In addition to the information set forth elsewhere in this Limited Offering Memorandum, potential investors should consider the following matters in evaluating an investment in the 2016D Subordinate Bonds. The following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the 2016D Subordinate Bonds and 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.

Limits on Transferability of 2016D Subordinate Bonds

The 2016D Subordinate Bonds are being offered and sold only to Approved Institutional Buyers and are subject to resale restrictions, until such time as the 2016D Subordinate Bonds become Parity Debt (as defined in the Senior Indenture) or the 2016D Subordinate Bonds are rated "BBB-" or higher by S&P.

No sale, pledge, transfer or exchange may be made of 2016D Subordinate Bonds except to investors that are Approved Institutional Buyers. All sales and transfers of the 2016D Subordinate Bonds are also limited to the Indenture requirement that there may only be five (5) Approved Institutional Buyers owning the 2016D Subordinate Bonds at any time. Accordingly, any subsequent transfer or sale of the 2016D Subordinate Bonds may be require the Holder thereof to sale or transfer all of its 2016D Subordinate Bonds. Purchasers of the 2016D Subordinate Bonds should assume that they may not be able to transfer or sell less than all of the 2016D Subordinate Bonds that they own. All future eligible transferees and purchasers will be required to execute and deliver to the Trustee an Investor Letter, the form of which is attached hereto as APPENDIX G – "FORM OF INVESTOR LETTER."

In addition, no assurance can be given that the market price for the 2016D Subordinate Bonds will not be affected by these limitations or by introduction or enactment of any future legislation (including, without limitation, amendments to 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 2016D Subordinate Bonds for audit examination, or the course or result of any IRS audit or examination of the 2016D Subordinate Bonds or obligations that present similar tax issues as the 2016D Subordinate Bonds.

Assumptions and Estimates of Available Tax Revenues

To estimate the Tax Revenues ultimately available to pay debt service on the 2016D Subordinate Bonds, the Successor Agency has made certain assumptions with regard to the present and future assessed valuation of taxable property in the Project Area, including the timing of the completion of construction of certain projects in the Project Area and the amount and timing of tax increment revenue that will result therefrom (See "THE PROJECT AREA – New Construction), future tax rates, growth in tax increment revenue over time, percentage of taxes collected and the amount of Senior Debt. See also APPENDIX C – "REPORT OF FISCAL CONSULTANT." The Successor Agency believes these assumptions to be reasonable, but there are no assurances that these assumptions will be realized. To the extent that the assessed valuation, the timing of the completion, enrollment or assessed valuation of the New Construction, the tax rates, the percentages collected, or the amount of Senior Debt, are different or less than the Successor Agency's assumptions, the Tax Revenues would be less than those projected and may be insufficient to pay debt service on the 2016D Subordinate Bonds.

Recognized Obligation Payment Schedule

As described in greater detail above under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Recognized Obligation Payment Schedule," the Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by

the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Tax revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the City Controller to the Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the distribution date, unless a Last and Final Recognized Obligation Payment Schedule is filed in which event no periodic filing requirements apply. In instances where a Last and Final Recognized Obligation Payment Schedule is not filed, if the Successor Agency were to fail to submit an approved Recognized Obligation Payment Schedule 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 Redevelopment Property Tax Trust Fund for such six-month or twelve-month period, as applicable, would be distributed to Taxing Entities as more fully described in the section of this Limited Offering Memorandum entitled, "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Recognized Obligation Payment Schedule," the availability of Tax Revenues to the Successor Agency to pay debt service on the 2016D Subordinate Bonds could be adversely affected for such period. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Recognized Obligation Payment Schedule."

Certain Uncertainties Regarding the 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 Dissolution Act has only required that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the 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 Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (such as the Former Agency) the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act 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*." The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area. Due to the pledge of Tax Revenues securing the 2016D Subordinate Bonds, the Senior Bonds and the Senior Loan Agreements, if any, Tax Revenues will be used for such purposes 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.

To the extent that tax increment revenue generated from other project areas is available after payment of all obligations required to be paid from such amounts, the excess tax increment revenue might, under the Dissolution Act, may also be available to pay debt service on the 2016D Subordinate Bonds.

Concentration of Tax Base

In the Project Area, approximately 64.9% of the total assessed value and 67.5% of the total incremental assessed value is attributable to its ten (10) largest assessees. The failure or financial difficulty of one or more of such large developments could have a significant detrimental impact on the Project Area's assessed value and consequently on the amount of Tax Revenues of the Project Area

available to secure the 2016D Subordinate Bonds. See "TAX REVENUES AND DEBT SERVICE" and "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedures."

Reduction in Tax Base and Assessed Values

Tax revenues allocated to the Redevelopment Property Tax Trust Fund constitute the ultimate source of payment on the 2016D Subordinate Bonds, the Senior Loans and any Subordinate Parity Debt. Such tax revenues are determined by the amount of the incremental taxable value of property in the Project Area, the current rate or rates at which property in the Project Area is taxed and the percentage of taxes collected in the Project Area. A reduction of the taxable values of property in the Project Area 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 Area, relocation out of the Project Area 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. As discussed above under the caption "THE PROJECT AREA – Property Tax Exemption of Certain Properties," several significant properties within the Project Area are exempt from property taxes and have contractually agreed to make payments under PILOT Agreements. 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. These risks may be greater where, as here, the Project Area has a high concentration of major taxpayers. See "TAX REVENUES AND DEBT SERVICE – Ten Largest Property Owners by Valuation," above. There are appeals to assessed valuation which could result in a substantial reduction thereof. See "TAX REVENUES AND DEBT SERVICE – Assessment Appeals" above.

The potential exposure of the Successor Agency's tax increment revenue to appeals were the City Controller either to change its policy of deducting appeal-related tax refunds solely from taxing entities and not from the Successor Agency or 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 a Project Area to the amount of roll valuation in pending appeals for the Project Area. Applying the retention rate of 96.7% to the aggregate valuation currently subject to pending appeals in the Project Area, the Fiscal Consultant estimates a reduction in valuation of $12.1 million or approximately $97,000 in total Tax Revenues. Any such reductions in taxable values could cause a reduction in the Tax Revenues securing the 2016D Subordinate Bonds and could have an adverse effect on the Successor Agency's ability to make timely payments with respect to such 2016D Subordinate Bonds.

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 owner 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 eight percent (8%) of the overall assessed value for the Project Area for Fiscal Year 2015-16.

Article XIIIA 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 Tax Revenues to be available to it to make payments with respect to the 2016D Subordinate Bonds, the Successor Agency has assumed two percent (2%) inflationary increases. The projected 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 Tax Revenues. See "TAX REVENUES AND DEBT

SERVICE" and "LIMITATIONS ON TAX REVENUES – Tax Limitations – *Article XIIIA of California Constitution*" herein.

In addition to the other limitations on and the required application under the Dissolution Act of tax revenues on deposit in the Redevelopment Property Tax Trust Fund, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing tax revenues allocated to the Redevelopment Property Tax Trust Fund 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 Tax Revenues and adversely affect the source of repayment and security of the 2016D Subordinate 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 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 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 "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 Area, which may arise out of successful appeals by property owners, will affect the amount of present or future Tax Revenues.

Assessors have the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of properties affected by particular negative economic conditions. Although the Assessor's office has not indicated how many parcels are currently subject to Proposition 8 reductions, these temporary

reductions in value and any restorations of previously-reduced values are incorporated into the 2015-16 roll data shown in the tables under "TAX REVENUES AND DEBT SERVICE."

Two (2) of the ten (10) largest property taxpayers in the Project Area have pending property tax appeals. See "TAX REVENUES AND DEBT SERVICE – Ten Largest Property Owners by Valuation," and "– Assessment Appeals" for a description of pending appeals and the potential impact on Allocable Tax Revenues if the appeals are granted.

State Budget Issues; Changes in the Law

AB 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its Fiscal Years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills 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 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 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 Dissolution Act or other laws or the Constitution of the State resulting in a reduction of Tax Revenues, or that otherwise have an adverse effect on the Successor Agency's ability to pay debt service on the 2016D Subordinate Bonds.

Certain litigation is challenging some of the terms of the Dissolution Act, and it is anticipated that there will be additional future legislation in this area. The Successor Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future.

The Dissolution Act is new and implementation of its provisions have been and will 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, and the Dissolution Act could be subject to further legislative or judicial review. The Successor Agency cannot predict the outcome or impact of any such interpretations or reviews, on the availability of Tax Revenues to pay the 2016D Subordinate Bonds.

Development Risks

Although the Project Area is substantially developed the remaining developments within the Project Area will be subject to all the risks generally associated with real estate development. Projected development within the Project Area 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 Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be affected. If such events lead to a decline in assessed values, they could cause a reduction in Tax Revenues. In addition, if there is a decline in the general economy of the Project Area, the owners of property within the Project Area 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 Area. In addition, the insolvency or bankruptcy of one or more large owners of property within the Project Area 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 Area could depreciate substantially and owners of property may be less willing or able to pay property taxes.

Earthquake. The City is in a seismically active area, where damaging earthquakes have occurred and are likely to occur again along the two earthquake fault lines that affect San Francisco, which are the San Andreas fault line and the Hayward fault line. Significant recent 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 environs. 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.

According to the Community Safety element of the General Plan of the City and County of San Francisco (October 2012) (the "**Community Safety Element**"), a working group of earthquake scientists formed by the National Earthquake Prediction Evaluation Council concluded in 2008 that there is a 67% likelihood of one or more major earthquakes (magnitude 6.7 or greater and capable of resulting in substantial damage) occurring in the Bay Area in the next 30 years (*http://earthquake.usgs.gov/regional/nca/ucerf/*). This means that a major quake is twice as likely to occur as it is not to occur.

The final Mission Bay Subsequent Environmental Impact Report (1998) ("**Final SEIR**") describes the Mission Bay area as underlain by as much as 45 feet of fill, 10 to 70 feet of weak, compressible clay known as Bay Mud, 1 to 30 feet of alluvium, and 1 to 40 feet of stiff to hard clay known as Old Bay Clay, which overlie Franciscan bedrock (consisting primarily of layered shale and sandstone). The groundwater table is between 1 and 18 feet below the ground surface. The Final SEIR states that the Mission Bay area is in a Seismic Hazards Zone for liquefaction and susceptible to earthquake-related groundshaking that would be strong enough to damage buildings and infrastructure, and possible result in injury or loss of life. Finally, the Final SEIR notes that the San Francisco Building Code would require seismically resistant construction in the Mission Bay project area to reduce injury and loss of life during earthquakes: piles must be driven to depths between 30 and about 200 feet to support major structures and to reduce the effects of groundshaking and liquefaction.

Flood. According to the Final SEIR, structures and roadways in the Mission Bay development – including property in the Project Area – could be subject to tidal flooding during the 100-year flood event. Flooding would occur more frequently if sea levels were to rise, as they are currently expected to do. If sea levels were to rise, groundwater levels in the Mission Bay area could rise approximately the same amount.

To mitigate the risk of flooding, the Successor Agency previously required and the City and the Successor Agency currently requires developers of property in Mission Bay to incorporate specific measures designed by a licensed engineer; the measures may include: setback from the water's edge; installation of seawalls, dikes, and/or berms during construction of infrastructure; reduction of the amount of excavation for utilities or basements; and use of topsoil to raise the level of public open spaces.

Sea Level Rise. 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 – including property in

Mission Bay – is at risk for inundation because of low elevation and subsidence over time due to compaction from buildings and soil desiccation. The Community Safety Element notes that best available projections for California and the Bay Area currently assume 12-18 inches of sea level rise by 2050 and 21-55 inches of sea level rise by 2100, given current carbon emissions trends, although it also notes that these projections are likely to change over time as climate science progresses.

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 runups that have occurred in the prehistoric past, there is considerable uncertainty over the extent of tsunami runup that could occur.

The Final SEIR states that the Mission Bay area is in an area subject to tsunami inundation hazards (as defined in the Community Safety Element of the General Plan) but that the likelihood of tsunami inundation is very slight.

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 Area 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 Area and could result in a significant reduction in Tax Revenues. Such reduction of Tax Revenues could have an adverse effect on the Successor Agency's payment of debt service on the 2016D Subordinate Bonds.

No Validation Proceeding Undertaken

California Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a "validation proceeding," for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the 2016D Subordinate Bonds, California Government Code Section 53511 authorizes a local agency to "bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness." Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters herein adjudicated or which could have been adjudicated, against all persons: "The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive."

The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the 2016D Subordinate Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the 2016D Subordinate Bonds and specifying the related deadline for any challenge to the 2016D Subordinate Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the 2016D Subordinate Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within thirty (30) days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such

challenge period expired with respect to the 2016D Subordinate Bonds and the Oversight Board Resolution on January 13, 2016.

It is possible that a lawsuit challenging the Dissolution Act or specific provisions thereof based on the inability of successor agencies to meet their obligations to bondholders as those obligations become due, or to pay any other of their other obligations, could be successful and that the mechanisms currently provided for under the Dissolution Act to provide for distribution of Allocable Tax Revenues to the Successor Agency for payment on the 2016D Subordinate Bonds could be impeded and result in a delinquency or default in the timely payment of principal of, and interest on, the 2016D Subordinate Bonds.

Any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the 2016D Subordinate Bonds could be subject to the same issues regarding an impairment of contract or unconstitutional taking without just compensation as raised in the Syncora Lawsuit (see "LITIGATION" herein). The Successor Agency believes that the aforementioned considerations would provide some protections against the adverse consequences upon the Successor Agency and the availability of Tax Revenues for the payment of debt service on the 2016D Subordinate Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Successor Agency does not guarantee that any lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the 2016D Subordinate Bonds.

Reductions in Unitary Values

As the result of the adoption of AB 454 (Chapter 921, Statutes of 1987), a portion of the county-wide unitary values assigned to public utilities was allocated to the Project Area. Any substantial reduction in the values of public utility properties, either because of deregulation of a utility industry or for any other reason, will have an adverse impact on the amount of Tax Revenues. For further information concerning unitary values, see "LIMITATIONS ON TAX REVENUES – Taxation of Unitary Property." No utility unitary tax revenue is included in projections of Tax Revenues.

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 Area. 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 Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Reduction in Inflation Rate

As described in greater detail below, Article XIIIA 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 2016D Subordinate Bonds could reduce Tax Revenues. See "LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIIIA 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 2016D SUBORDINATE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – *Teeter Plan*." Such plan may be discontinued at any time.

Investment Risk

All funds held by the Trustee under the Indenture and all funds held by the Successor Agency in the Special Fund, into which all Allocable Tax Revenues are initially deposited, are required to be invested in Permitted Investments as provided in the Indenture. 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 2016D Subordinate Bonds.

Bankruptcy and Foreclosure

The payment of the property tax revenue from which Allocable 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 2016D Subordinate Bonds and the enforceability of the obligation to make payments on the 2016D Subordinate 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 2016D Subordinate 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 F – "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 and Accreted Value of, and interest on, the 2016D Subordinate 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 interest on the 2016D Subordinate Bonds and/or to redeem 2016D Subordinate 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 "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedures – *Delinquencies*," 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. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Successor Agency to pay debt service on the 2016D Subordinate 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 2016D Subordinate Bond payments. 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 Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of Tax Revenues received by the Successor Agency from the Project Area. As discussed herein, the Successor Agency does not receive on an annual basis all Tax Revenues, unless required to pay debt services and other obligations under the OPA.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2016D Subordinate 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**"), and the Successor Agency has covenanted in the Indenture to comply with certain provisions of the Tax Code. The interest on the 2016D Subordinate Bonds could become includable gross income for purposes of federal income taxation retroactive to the date of issuance of the 2016D Subordinate 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 2016D Subordinate Bonds. The 2016D Subordinate 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 2016D Subordinate Bonds was undertaken it would not adversely affect the market value of the 2016D Subordinate Bonds. See "TAX MATTERS."

Senior Debt

Pursuant to the Senior Indenture, the Senior Bonds are subject to acceleration in the event of default under the Senior Indenture. In the event of acceleration, the Successor Agency would be limited in its ability to make payments of debt service on the 2016D Subordinate Bonds until the default is resolved. See also "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Additional Indebtedness – *Senior Debt*." *{Add additional information to come regarding limitations on issuance of additional Senior Debt to the extent will impair payment of subordinate debt.}*

In addition pursuant to the Senior Indenture, the Successor Agency may issue or incur obligations secured by Tax Revenues on a parity with its pledge of Tax Revenues to pay debt service on Senior Bonds. In connection with the OPA, the Successor Agency has covenanted to issue additional debt on a parity with the Senior Bonds if tax increment revenue increases in the Project Area in sufficient amount to support such parity debt. Given that such additional bonds would have a senior right to the Tax Revenues securing the 2016D Subordinate Bonds, the issuance of additional Senior Debt could hinder the Successor Agency's ability to pay debt service on the 2016D Subordinate Bonds in the event of a decrease in the Successor Agency's collection of Tax Revenues.

Parity Subordinate Obligations

As described in "SECURITY AND SOURCES OF PAYMENT FOR THE 2016D SUBORDINATE BONDS – Additional Indebtedness – *Subordinate Parity Debt*," the Successor Agency may issue or incur obligations payable from Tax Revenues on a parity with its pledge of Tax Revenues to the payment of debt service on the 2016D Subordinate Bonds. The existence of and the potential for additional Subordinate Parity Debt increases the risks associated with the Successor Agency's payment of debt service on the 2016D Subordinate Bonds in the event of a decrease in the Successor Agency's collection of Tax Revenues.

Bonds are Limited Obligations

The 2016D Subordinate 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 and Accreted Value of, and interest on, the 2016D Subordinate Bonds are payable solely from Tax Revenues allocated to the Successor Agency from the Project Area and certain other funds pledged therefor under the Indenture. The 2016D Subordinate 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 2016D SUBORDINATE BONDS." No Owner of the 2016D Subordinate 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 2016D Subordinate Bonds.

Limited Recourse on Default

If the Successor Agency defaults on its obligations under the Indenture, the Trustee has the right to accelerate the 2016D Subordinate Bonds. 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 2016D Subordinate Bonds.

LIMITATIONS ON TAX REVENUES

The 2016D Subordinate Bonds are secured by a pledge of Tax Revenues attributable to the Project Area. The Successor Agency does not have any independent power to levy and collect property taxes; accordingly, the amount of Tax Revenues available to the Successor Agency for payment of the principal and Accreted Value of, and interest on, the 2016D Subordinate 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 which 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 which becomes a lien on secured property has priority over all other liens 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 county clerk 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 which 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 which 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 of a 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 of a 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. Previously, statutes enabled the assessment of such changes only as of

the next January 1 tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments for up to fourteen (14) months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Area, 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 Dissolution Act allow administrative costs of the county auditor-controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before moneys are deposited into the Redevelopment Property Tax Trust Fund.

Taxation of Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case, values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the one percent tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to one hundred and two percent (102%) of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than one hundred and two percent (102%) of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization. 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.

Tax Limitations – Article XIIIA of California Constitution

Article XIIIA of the State Constitution, known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to one percent (1%) of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIIIA 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 XIIIA 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 XIIIA 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 XIIIA, 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 XIIIA 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 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 on the Successor Agency's receipt of Tax Revenues as a result of such challenge or change.

Article XIIIB of California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIIIB to the California Constitution which has been subsequently amended several times. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The base year for establishing such appropriation limit is fiscal year 1978-79 and the limit is to be adjusted annually to reflect changes in population, cost of living and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIIIB include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. 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 XIIIB or any statutory provision enacted in implementation thereof. 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. Woosely* and *Brown v. Community Redevelopment Agency*.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the California Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on bonded indebtedness issued by a taxing entity (not the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies. Tax Revenues do not include any such amounts.

Articles XIIIC and XIIID of California Constitution

On November 5, 1996, California voters approved Proposition 218 – Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges – Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID 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 XIIIC of the California Constitution by adding an expansive definition for the term "tax," which previously was not defined under the California Constitution. The 2016D Subordinate 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 XIIIA, Article XIIIB, Article XIIIC and Article XIIID 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

{To Come.}

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 2016D Subordinate 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 2016D Subordinate Bonds. In the opinion of counsel to the Successor Agency, 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 2016D Subordinate Bonds as it becomes due.

A number of other lawsuits have been filed in the State that challenge the Dissolution Act or the application of certain of its provisions. The Successor Agency is unable to predict the likely outcome of these actions 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 Dissolution Act or on the Successor Agency's ability to make payments of principal and Accreted Value of, and interest on, the 2016D Subordinate Bonds.

CONTINUING DISCLOSURE

The Successor Agency has covenanted for the benefit of the Owners of the 2016D Subordinate 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 report for the 2015-16 fiscal year (the "**Annual Report**") and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Successor Agency, or the Dissemination Agent, if any, on behalf of the Successor Agency, with the MSRB. The notices of events will also 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 E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

In the past five years, the Successor Agency believes that neither the Former Agency nor the Successor Agency have failed to comply in any material respect with any previous undertakings in accordance with S.E.C. Rule 15c2-12 to provide annual reports or notices of certain enumerated events. The Former Agency failed on occasion to file notices of bond insurer-related rating downgrades on a timely basis, however, such failures were only with respect to downgrades below the underlying rating of the bond. Additionally, due to the dissolution of the Former Agency and delays in the preparation of audited financials for Fiscal Year ended 2012 for the Successor Agency, the Successor Agency and the Former Agency filed their respective audited financial statements approximately thirty (30) days late. The Former Agency had, however, filed unaudited financial statements for the Former Agency for the first (7) seven months of the fiscal year in a timely manner. Additionally, certain tabular information related to a merged project area was not aggregated as required by the applicable continuing disclosure agreement. However, all of the required information was available for the component areas of such merged project area. The Successor Agency has filed notices of all bond rating downgrades and the missing tabular information noted above. The Successor Agency has also established procedures that it believes are sufficient to ensure future compliance with its continuing disclosure undertakings.

NO RATING

No rating has been applied for or issued by any rating agency with respect to the 2016D Subordinate Bonds and neither the Successor Agency nor any other person has any obligation to apply for such rating in the future. No assurance exists that any rating agency would be willing to issue a rating with respect to the 2016D Subordinate Bonds.

LEGAL MATTERS

Certain legal matters incident to the issuance, sale and delivery of the 2016D Subordinate Bonds are subject to the approving legal opinion of Jones Hall, A Professional Law Corporation, as Bond Counsel. Certain legal matters incident to the issuance of the 2016D Subordinate Bonds will be passed upon for the Successor Agency by its General Counsel. Curls Bartling P.C. is acting as Disclosure Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by its General Counsel.

Bond Counsel's engagement is limited to a review of the legal procedures required for the authorization, issuance and sale of the 2016D Subordinate Bonds, and the exemption of interest on the 2016D Subordinate Bonds from federal income taxation and California personal income taxes. See "TAX MATTERS" herein and APPENDIX F – "FORM OF BOND COUNSEL FINAL OPINION."

Fees payable to Bond Counsel and Disclosure Counsel are contingent upon the sale and delivery of the 2016D Subordinate Bonds.

PLACEMENT AGENT

The Successor Agency has engaged Citigroup Global Markets, Inc. (the "Placement Agent") to act as Placement Agent in connection with the limited offering of the 2016D Subordinate Bonds with bond purchasers. The Placement Agent has not underwritten the 2016D Subordinate Bonds and is not responsible for the accuracy or the completeness of the information included in this Limited Offering Memorandum or any other information or documentation that the purchasers of the 2016D Subordinate Bonds have received or relied upon in making their decision to purchase and own the 2016D Subordinate Bonds.

The Placement Agent has entered into a Placement Agent Agreement relating to the limited offering and sale of the 2016D Subordinate Bonds at an aggregate purchase price of $_____ which reflects [original issue discount of $_____ and] a placement fee of $_____ as a cost of issuance. Pursuant to the Placement Agreement, the Placement Agent has agreed to arrange for the limited offering of the 2016D Subordinate Bonds by the Authority on behalf of the Successor Agency, subject to the satisfaction of certain conditions, with qualified purchasers.

FINANCIAL ADVISOR

Public Financial Management, Inc. has served as Financial Advisor to the Successor Agency and provided advice with respect to the sale of the 2016D Subordinate Bonds. The Financial 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 Financial Advisor has assisted the Successor Agency in the review of this Limited Offering Memorandum and in other matters relating to the planning, structuring, and sale of the 2016D Subordinate Bonds. The Financial 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 Limited Offering Memorandum and assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Financial Advisor will receive compensation contingent upon the sale and delivery of the 2016D Subordinate Bonds.

FINANCIAL STATEMENTS

The audited financial statements of the Successor Agency for the Fiscal Year ended June 30, 2015, are included as part of APPENDIX B – "SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015." Such financial statements have been audited by Macias Gini & O'Connell, LLP (the "**Auditor**"), independent certified public accountants, whose report also appears in APPENDIX B. The Auditor was not requested to consent to the inclusion of its report in APPENDIX B, 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 Limited Offering Memorandum, 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 2016D Subordinate Bonds, the Successor Agency has engaged Urban Analytics, LLC, as Fiscal Consultant, and to prepare a Fiscal Consultant Report. See APPENDIX C – "REPORT OF FISCAL CONSULTANT."

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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 shall provide, upon request, annual audited financial statements when available.

Insofar as any statements made in this Limited Offering Memorandum 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 Limited Offering Memorandum 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 Limited Offering Memorandum have been duly authorized by the Successor Agency Commission.

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

By:_____
Deputy Executive Director,
Finance and Administration

APPENDIX A

TABLE OF ACCRETED VALUES

APPENDIX B

SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

APPENDIX C

REPORT OF FISCAL CONSULTANT

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Successor Agency of the Redevelopment Agency of the City and County of San Francisco (the "Successor Agency") in connection with its issuance of $_____ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project) (the "2016D Subordinate Bonds"). The 2016D Subordinate Bonds are being issued in accordance with Section 34177.5(a)(1) of the California Health and Safety Code (the "Redevelopment Law"), the resolution of the Successor Agency adopted August 18, 2015 (the "Resolution"), and the Indenture of Trust, dated as of _____, 2016 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (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 2016D Subordinate Bonds.

Section 2. Definitions. In addition to the definitions set forth in the Indenture described in the Limited Offering Memorandum, 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 City'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 http://ww.emma.msrb.org/.

"Listed Events" means any of the events listed in Section 5(a) 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.

"Limited Offering Memorandum" means the final Limited Offering Memorandum, dated _____, 2016, relating to the 2016D Subordinate Bonds.

"Project Area" means the Mission Bay South Redevelopment Project Area.

"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 the Annual Report Date, commencing with the report for the 2015-16 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, with a copy to the Trustee. 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 the Project Area 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 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 shall provide to the MSRB (with a copy to the Trustee) a notice, in substantially the form attached 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 Limited Offering Memorandum:

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 Area as of the end of the fiscal year to which the Annual Report pertains;

2. Assessed valuations and tax increment revenue for the fiscal year to which the Annual Report pertains, by means of an update to the "Property Taxable Values, Tax Revenues and Delinquency Rates" table as shown in Table 1 of the Limited Offering Memorandum with an indication of the amount of unsecured valuation and secured valuation;

3. New construction in the Project Area, completed and substantially completed, by means of an update to the "New Construction in Project Area" table shown in Table 3 of the Limited Offering Memorandum.

4. The top ten taxpayers by valuation in the Project Area for the fiscal year to which the Annual Report pertains in a form substantially similar to that shown in Table 2 of the Limited Offering Memorandum;

5. Estimated 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 Annual Debt Service Coverage" table shown in Table 5 of the Limited Offering Memorandum;

6. Assessment appeals for the fiscal year to which the Annual Report pertains by means of an update to the "Assessment Appeals" table shown in Table 6 of the Limited Offering Memorandum; and

7. The two most recently submitted Recognized Obligation Payment Schedules approved by the State Department of Finance and prepared in accordance with the then applicable law.

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, notice of the occurrence of any of the following events with respect to a Series of Bonds in a timely manner not more than ten (10) days after 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. 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, if any; and
9. Bankruptcy, insolvency, receivership or similar proceedings.

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 governmental 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, notice of the occurrence of any of the following events with respect to the 2016D Subordinate Bonds, if material:

1. Unless described in Section 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the 2016D Subordinate Bonds or other material events affecting the tax status of the 2016D Subordinate 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 2016D Subordinate 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; and
7. Appointment of a successor or additional trustee or the change of the name of a trustee.

(c) If the Successor Agency determines that knowledge of the occurrence of a Listed Event under subsection (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.

(d) If the Successor Agency determines that the Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other

than the Successor Agency, the Successor Agency shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The Successor Agency hereby agrees that the undertaking set forth in this Disclosure Agreement 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 2016D Subordinate Bonds. If such termination occurs prior to the final maturity of the 2016D Subordinate 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 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 or 5(a), 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 2016D Subordinate 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 2016D Subordinate 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 2016D Subordinate 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 2016D Subordinate 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 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 2016D Subordinate 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 2016D Subordinate 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 Agreement. 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 Executive Director, Finance and Administration
To the Trustee:	U.S. Bank National Trust 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, and holders and beneficial owners from time to time of the 2016D Subordinate Bonds, and shall create no rights in any other person or entity.

Date: _____, 2016

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

By:_____
Deputy Executive Director, 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
Name of Issue:	Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project)
Date of Issuance:	_____, 2016

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 5.17 of the Indenture. 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:_____

cc: Trustee

APPENDIX F

FORM OF BOND COUNSEL FINAL OPINION

APPENDIX G

FORM OF INVESTOR LETTER

[Date]

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
Attention: Executive Director

Re: $_____ Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project)

The undersigned, as purchaser (the "Purchaser") of the above-referenced bonds (the "Bonds") issued pursuant to an Indenture of Trust dated as of _____ 1, 2015 (the Indenture") between the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the "Successor Agency") and U.S. Bank National Association, as trustee, hereby represents that:

1. The Purchaser (a) is an Approved Institutional Buyer, (b) is aware that the sale to the Purchaser is being made in reliance on Rule 144A and (c) is acquiring such Bonds for its own account or for the account of an Approved Institutional Buyer;

2. The Purchaser has sufficient knowledge and experience in financial and business matters with respect to the evaluation of the risk and merits of the investment represented by the Bonds. The Purchaser is able to bear the economic risks of such investment.

3. The Purchaser acknowledges that it has either been supplied with or been given access to all information that a reasonable investor would attach significance in making investment decisions. The Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Successor Agency, the Redevelopment Project (as such term is defined in the Indenture), and the Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the Bonds. The Purchaser acknowledges that it has not relied upon the addressee or any fiscal agent, financial advisor or attorney retained by the Successor Agency for any information in connection with the Purchaser's purchase of the Bonds.

4. The Purchaser understands that the Bonds are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Bonds have not been and will not be registered under the Securities Act and that if in the future the Purchaser decides to offer, resell, pledge or otherwise transfer any of the Bonds, such Bonds may be offered, resold, pledged or otherwise transferred only to an Approved Institutional Buyer which executes and delivers and delivers the Investor Letter to the Trustee. Additionally, the Indenture limits the number of Owners of the Bonds to five (5) Approved Institutional Buyers at any one time. Accordingly, depending on the number of Approved Institutional Buyers owning the Bonds, any Purchaser who purchases the Bonds and wants to sell or transfer their interests may have to do so in whole and not in part.

5. The Bonds are not in book-entry form. Neither The Depository Trust Corporation nor any other party is serving as a securities depository for the Bonds. All transfers will be made in the books of the Trustee and are void if they do not comply with Section 4 above.

6. The Purchaser acknowledges that none of the Successor Agency, the Authority, [FOCIL], the Placement Agent or any person representing the Successor Agency, the Authority, [FOCIL] or the Placement Agent has made any representation to the Purchaser with respect to the Successor Agency, the Authority and the Placement Agent any affiliates thereof or the offering of the Bonds, other than the information contained in the Limited Offering Memorandum referred to below. Each Purchaser of the Bonds will represent that the Purchaser is purchasing the Bonds for its own account, or for one or more investor accounts for which the Purchaser is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirements of law that the disposition of its property or the property of such investor account at all times remain within its or their control and subject to its or their ability to resell the Bonds pursuant to Rule 144A.

7. The Purchaser has received and read the Preliminary Limited Offering Memorandum dated _____, 2016 (the "Preliminary Limited Offering Memorandum"), and has been afforded the opportunity to ask such questions of representatives of the Successor Agency as the Purchaser has deemed necessary in making its investment decisions including the opportunity to visit the Project Area (as defined herein). The Purchaser has based its decision to invest in the Bonds on the Preliminary Limited Offering Memorandum, its own investigation, including, without limitation, its review of such documents, records, reports, financial statements and other information concerning the Project Area and discussions with representatives of [FOCIL], the Fiscal Consultant, the Successor Agency and the Placement Agent, as the Purchaser has deemed necessary in making its investment decisions. The understands that it will receive the final Limited Offering Memorandum (the "Limited Offering Memorandum") at or near the time of closing of the Bonds, and the Purchaser agrees to read the Limited Offering Memorandum upon receipt.

8. The addressee hereof is entitled to rely upon this letter and is irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

9. [Either (A) the Purchaser is not, directly or indirectly, using the assets of (i) an "employee benefit plan" (within the meaning of Section 3(3) of Employee Retirement Income Security Act of 1974, as amended ("ERISA")), whether or not subject to Title I of ERISA, including any U.S. government or Non-U.S. pension plan, (ii) a "plan" subject to section 4975 of the Internal Revenue Code of 1986, as amended, including any individual retirement account or annuity, or (iii) a person or entity deemed to hold the assets of any such "employee benefit plan" or "plan" (each, a "Benefit Plan Investor") to acquire or hold the Bonds or (B)(i) the assets used by us to acquire and hold the Bonds constitute assets of an "insurance company general account" within the meaning of Section V(e) of U.S. Department of Labor Prohibited Transaction Class Exemption 95-60 ("PTCE 95-60"), (ii) for the entire period during which such the Purchaser holds the Bonds less than 25% of the assets of such insurance company general account will constitute "plan assets" of any Benefit Plan Investor, and (iii) the acquisition and holding of the Bonds by us otherwise satisfies the requirements of PTCE 95-60.] *{Do we need?}*

10. The Purchaser understands that the Bonds will, unless otherwise agreed by the Successor Agency and the holder thereof, bear a legend substantially to the following effect:

> "BY POSSESSION OF THIS BOND, THE HOLDER CERTIFIES THAT IT IS AN APPROVED INSTITUTIONAL BUYER AS DEFINED IN THE INDENTURE (DEFINED HEREIN). THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO, AN APPROVED INSTITUTIONAL BUYER. IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE, WHICH INCLUDES THE REQUIREMENT TO DELIVERY AN INVESTOR LETTER TO THE TRUSTEE AND A LIMIT ON THE NUMBER OF OWNERS OF THE BONDS TO FIVE (5) APPROVED INSTITUTIONAL INVESTORS"

11. The Purchaser acknowledges that Purchaser is purchasing the Bonds for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Bonds; provided, however, that the Purchaser acknowledges and agrees that it may transfer the Bonds in accordance with the Indenture. The Purchaser agrees to and shall indemnify, hold harmless and defend the Successor Agency, its officers, members, directors, officials and employees, and each of them, against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to its transfer of the Bonds in violation of Section 4.4 of the Indenture.

12. The Purchaser has authority to purchase the Bonds and to execute this letter and any other instructions and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The undersigned is a duly appointed qualified and acting officer of the Purchaser and is authorized to execute this letter on behalf of the Purchaser.

13. The Purchaser understands that the Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not carry a rating from any rating agency and (d) will be registered on the registration books, and will not be delivered in a book-entry form. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

14. In entering into this transaction the Purchaser has not relied upon any representations or opinions made by the Successor Agency other than representations and statements of the Successor Agency set forth in the documents providing for the issuance of the Bonds, or with respect to any other matter pertaining to the merits or risks of the transaction, or the adequacy of the funds pledged to secure repayment of the Bonds.

15. The Purchaser understands that the Bonds are limited obligations of the Successor Agency secured only by a subordinate pledge of Tax Revenues (as provided in the Indenture), and that no other political subdivision of the State of California is liable therefor. The Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Successor Agency or the City and County of San Francisco. All liability of the Successor Agency with respect to the Bonds is subject to the limitations as set forth in the Bonds and the Indenture.

16. The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance by the addressee hereto upon the certifications, representations and warranties herein.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

Very truly yours,

[INVESTOR/PURCHASER]

By:_____
Authorized Signatory

APPENDIX H

CALIFORNIA DEPARTMENT OF FINANCE
DETERMINATION LETTER APPROVING THE 2016D SUBORDINATE BONDS