

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 13-2020

**AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A
MEMORANDUM OF UNDERSTANDING WITH THE CITY AND COUNTY OF
SAN FRANCISCO TREASURER TAX COLLECTOR'S OFFICE TO PERFORM
INVESTMENT SERVICES FOR OCII FUNDS HELD BY TRUSTEE, IN AN
AMOUNT NOT TO EXCEED \$35,000 FOR FISCAL YEAR 2020-21, AND IN
AMOUNTS FOR FUTURE YEARS SUBJECT TO APPROPRIATION**

- WHEREAS, Redevelopment Dissolution Law, Cal. Health & Safety Code § 34177.3 (b), authorizes successor agencies to create enforceable obligations for winding down of the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance. Enforceable obligations are defined to include “[c]ontracts or agreements necessary for the administration or operation of the successor agency, in accordance with this part...” Cal. Health & Safety Code § 34171 (d)(1)(F); and,
- WHEREAS, The Office of Community Investment and Infrastructure’s (“OCII”) investment approach is guided by its Investment Policy, which was approved by the OCII Commission on August 19, 2014 pursuant to Resolution 73-2014 and the investment policy identifies investment objectives, authorized and suitable investments, and guidelines for depositing and withdrawing funds; and,
- WHEREAS, OCII funds held in the City and County of San Francisco Treasurer’s Pool are actively managed by the Treasurer and Tax Collector (“TTX”) under a 2014 Memorandum of Understanding between OCII and TTX, which was approved, by Resolution No. 73-2014 (Aug. 19, 2014), by the Successor Agency Commission; and,
- WHEREAS, In FY 19-20, TTX achieved positive returns, earning approximately 1.9 percent during FY 19-20 as of March 31, 2020; and,
- WHEREAS, OCII funds on deposit with third-party trustees are legally restricted for specific purposes and are not currently managed by TTX; and,
- WHEREAS, OCII desires to enter into a Memorandum of Understanding with TTX (“MOU”) to continue assisting OCII in the investment management of its funds in FY 20-21 and future years; and,
- WHEREAS, Funding to support the Memorandum of Understanding for the period of July 1, 2020 through June 30, 2021 is contained within the Fiscal Year 2020-21 budget, consistent with the administrative budget and the State-approved Recognized Obligations Payments Schedule for 2020-21, Lines 1 and 411; and,

WHEREAS, In future years, OCII will fund the MOU from available funds, subject to the approval of expenditures on the Recognized Obligation Payment Schedules (“ROPS”) that OCII submits to the Oversight Board and the California Department of Finance (“DOF”) and subject to the fiscal year budgets approved by the OCII Commission and San Francisco Board of Supervisors; and,

WHEREAS, Approval of this Memorandum of Understanding is not a “Project” subject to environmental review pursuant to the California Environmental Quality Act (“CEQA”) because it is an administrative activity of government that will not result in direct or indirect physical changes in the environment, per CEQA Guidelines § 15378 (b)(5); and, now, therefore, be it

RESOLVED, That the Executive Director is hereby authorized to enter into a memorandum of understanding between the City and County of San Francisco Treasurer Tax Collector and OCII, substantially in the form of the Memorandum of Understanding, which is attached to this Resolution, to invest the funds held by trustee on an on-going basis in an amount not to exceed \$35,000 for the period July 1, 2020 through June 30, 2021; and, be it further

RESOLVED, That the Commission authorizes the Executive Director, in future years, to approve the funding for annual investment management services authorized under the MOU, subject to annual appropriation under the ROPS and fiscal year budgets.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of June 16, 2020.

Commission Secretary

Exhibit A: Memorandum of Understanding Between the San Francisco Office of Community Investment and Infrastructure and the City and County of San Francisco Treasurer Tax Collector

MEMORANDUM OF UNDERSTANDING
BETWEEN THE OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE
AND
OFFICE OF THE TREASURER & TAX COLLECTOR TO PROVIDE INVESTMENT
SERVICES FOR FUNDS HELD IN TRUSTEE

This interdepartmental memorandum of understanding (“MOU”) is entered into as of June 16, 2020 by and between the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, commonly known as the Office of Community Investment and Infrastructure (“OCII”), a public body, organized and existing under the laws of the State of California, and the Office of the Treasurer and Tax Collector (“Treasurer” or “Performing Department”), a department or agency of the City and County of San Francisco (the “City”), concerning services to be provided by the Treasurer for OCII.

OCII and the Treasurer agree as follows:

1. SERVICES TO BE PROVIDED:

The Treasurer is the Performing Department and will provide investment management, administration, and other related financial services specific to OCII funds as requested and agreed upon by OCII and consistent with OCII’s permitted investments and Investment Policy. When making investment decisions on behalf of OCII, the Treasurer shall first prioritize preservation of capital and shall next prioritize liquidity. The Treasurer shall only seek market yield within the context that preservation of capital and liquidity can be achieved.

2. BUDGETED MOU AMOUNT:

- a. Budget Components: The budgeted amounts consist of estimates for the investment and management of the various OCII funds.
- b. Changes in Budget: Unless OCII and the Treasurer agree otherwise by written amendment to this MOU, the budget for services to be provided in Fiscal Year 2020/21 under this MOU will not exceed \$35,000. After Fiscal Year 20/21, OCII will fund the MOU from available funds, subject to approval of expenditures on the Recognized Obligation Payment Schedules (“ROPS”) that OCII submits to the Oversight Board and the California Department of Finance (“DOF”) and subject to the fiscal year budgets approved by the Successor Agency Commission and San Francisco Board of Supervisors.
- c. Unbudgeted Expenditures: Performing Department must obtain written approval from OCII for any unbudgeted expenditures and services. OCII will not reimburse the Performing Department for unbudgeted expenditures and services incurred without prior written approval.

3. TERM

- a. Term. The term of this MOU shall begin on the date it is signed by all of the parties below and shall end on the earlier of (i) the termination by either party, as per Section 8 below; (ii) the date when the parties enter into an agreement which, by its terms terminates this MOU; (iii) the date OCII is dissolved as per Dissolution Law.

4. EXPECTED STAFF ASSIGNMENTS TO THE OCII:

- a. Staff Assignments: Performing Department has no staff assignments to OCII. The Treasurer will bill OCII for actual work performed and provide detailed descriptions of services provided. See below for list of Treasurer staff and the duties they will perform.

5. OCII RESPONSABILITIES

- a. Staff Assignments. OCII's Senior Financial Analyst, who acts as OCII's Debt Manager will coordinate all services provided by the Treasurer. The Debt Manager will serve as the personnel contact at OCII and will evaluate the need for these services.
- b. Data. OCII will provide the Performing Department with Permitted Investments and Cash Flow projections for each account that contains funds invested by the Performing Department. The Cash Flow projections provided by OCII will include a monthly schedule of in & out flows.

6. DOCUMENTATION VERIFYING ACTUAL COSTS OF DIRECT SERVICES

- a. City Personnel Costs must be documented as follows:
 - i. Hourly rate = salary + mandatory fringe benefits. Actual labor charges submitted as part of the Performing Department's billing must be supported by a City LDR or similar payroll report to verify the actual cost of employee salary and fringe benefits. Labor charges submitted must not be based on estimated FTE, a budgeted amount, or a percentage allocation that is not reviewed and approved in advance by OCII as part of a Citywide cost allocation plan. The actual employee rate may vary during the fiscal year due to step adjustments, actual fringe rates, premium pay, and other pay provisions set forth in the various City labor agreements;
 - ii. Hours worked on OCII tasks;
 - iii. Classification number of position & title. The employee classification numbers and titles may change during the fiscal year to reflect actual staffing changes. The performing department will notify OCII of staffing changes, such as position reclassifications or the temporary exchange of a position to a different classification. The performing department will not be required to amend the MOU for these types of assigned staffing changes, but the performing department must submit changes to OCII Deputy Director of Finance & Administration for approval

before implementing the desired staffing change. Any personnel changes resulting in additional staff assignments, changes in work scope, or increased funding requirements will require written approval of the OCII Executive Director.

- iv. Identification of tasks and the amount(s) of time spent on those tasks.
- b. Non-Labor Costs: The Performing Department must submit documentation (e.g. copies of invoices or receipts) of any associated costs other than City personnel for non-investment services (such as wire fees and miscellaneous banking charges including account maintenance, depository, lockbox, and merchant or credit card fees relating to OCII-specific transactions and accounts). Copies of the invoices or receipts must clearly indicate that the services or materials were provided or purchased for OCII. If the original invoice does not identify OCII as the recipient of the goods or services, the Performing Department must annotate the invoice to indicate that the services rendered were for a particular OCII-related task. The Performing Department must provide justification for any invoices submitted for reimbursement from prior fiscal years.
 - i. Systems Costs – Investment Services: OCII's share of the costs of investment systems and subscriptions are estimated to be as set forth in Exhibit 1. The Treasurer's Office expects the following systems costs to be utilized in managing OCII funds: Citibank, Sungard, Bloomberg, Pantheon Economics, Public Financial Management (PFM) and CreditSights. An allocable share of the costs of these systems and any training required for their effective use shall be charged to OCII based on the pro-rata share of OCII's separate account assets relative to total assets managed by TTX (the Pool) and calculated as illustrated on Exhibits 1 and 2.
 - ii. Standard Rates and Fees: If billing includes a published standard rate or fee schedule charged by a non-City provider, a copy of the fee schedule or published rates will be furnished by the Treasurer's Office.

7. BILLING PROCEDURES:

- a. Payment Requirements: OCII will not make any payments without a signed MOU and the required documentation from the Performing Department that verify the actual cost of direct services. The Performing Department will charge OCII only for direct services provided to OCII in accordance with this MOU. The charges shall include the documented full cost of services including salaries, fringe benefits and non-labor direct costs as set forth above. The Performing Department will not charge OCII for any indirect services.
- b. Billing: The Performing Department will bill OCII on a quarterly basis. The quarterly invoice will itemize fees and charges and will be sent electronically through e-mail to OCII no later than 10 days after the close of each quarter to support the billing.
- c. Budget Shortfalls: Performing Department will notify OCII at the next quarterly meeting if the amounts budgeted in this MOU are insufficient to provide the agreed-upon services.

8. BILLING DISPUTES:

- a. Dispute Resolution Procedures: If the Performing Department has a billing dispute with the OCII, it must attempt to resolve it with the Debt Manager. If the parties are unable to reach agreement, the dispute will be resolved with OCII's Deputy Director of Finance and Administration. If an agreement still cannot be reached, Performing Department and OCII Deputy Director of Finance and Administration will meet with the Deputy Controller to finally resolve the matter.

9. AMMENDMENTS OR TERMINATIONS

- a. Amendment or Termination Procedures: This MOU may be amended by mutual agreement of both parties this MOU may be terminated by either party with 30 days' notice, subject to OCII payment of applicable costs through the termination date.

This MOU has been entered into in duplicate on the date(s) below.

Nadia Sesay
OCII Executive Director
Office of Community Investment & Infrastructure

Date

Tajel Shah
Chief Assistant Treasurer
Office of the Treasurer and Tax Collector

Date

Approved as to form

Dennis Herrera
City Attorney

Moe Jamil
Deputy City Attorney

TREASURER'S OFFICE

Staff Assignments

The Treasurer expects the following staff classifications to manage the investment of the City's Pooled Funds.

- **0953 Chief Investment Officer:** Under the direction of the Treasurer and Chief Assistant Treasurer, the Chief Investment Officer administers, invests, and controls all monies in the custody of the Treasurer. Advises and makes recommendations to OCII personnel regarding cash management procedures and policies. Initiates, develops, analyzes and modifies cash flow system and procedures for OCII in order to maximize investment opportunities and earnings in accordance with California State Government Code rules and regulations
- **0923 Manager II (Investment Officer/Assistant Portfolio Manager):** The Investment Officer leads the Investment Section in the absence of the Chief Investment Officer. The position directs first level management and assists in the management of the City's short-duration fixed income portfolio. The Investment Officer is responsible for the execution of the investment strategy, including but not limited to, performing and directing detailed complex securities analysis; implementing policies and procedures to monitor performance of the portfolio; providing oversight for and developing detailed cash flow analysis, forecasts and reports; and maintaining relationships with broker-dealers, internal and external agency staff and vendors.
- **4331 Security Analyst:** Assists the Chief Investment Officer in administering the cash management and investment policies as they relate to OCII funds. Performs economic and investment analysis related to purchases and sales of securities within the portfolio. Undertakes and proactively monitors the credit quality of all securities approved for purchase.

ESTIMATED COST OF SERVICES (ANNUAL)**Exhibit 1****Staffing, System & Subscription Costs**

Activities	Staffing Resources			Total Hours	Billing Rate	Fee
	Analysts	Assistant PM	CIO			
<u>Account & Systems Set Up</u>						
Initial Accounts & Trades	6.00	6.00	2.00	14.00	171.74	2,404.36
Reporting Package	5.00	2.00	2.00	9.00	171.74	1,545.66
Total: One-Time Costs	11.00	8.00	4.00	23.00	171.74	3,950.02
<u>Recurring</u>						
<u>Monthly</u>						
Trades	2.00	2.00	-	4.00	171.74	686.96
Record Income	2.00	-	-	2.00	171.74	343.48
Account Reconciliations	2.00	1.00	-	3.00	171.74	515.22
Compliance Monitoring	1.00	1.00	-	2.00	171.74	343.48
Total Per Month	7.00	4.00	-	11.00	171.74	1,889.14
<u>Quarterly</u>						
Report Preparation	4.00			4.00	171.74	686.96
Review		1.00	1.00	2.00	171.74	343.48
Presentation to OCII			2.00	2.00	171.74	343.48
Total Per Quarter	4.00	1.00	3.00	8.00	171.74	1,373.92
Total: Recurring Tasks	100.00	52.00	12.00	164.00	171.74	28,165.36

APPENDIX A

Scope of Work

TTX-Investments will undertake the following Investment Management Services for the OCII.

Portfolio Management

Portfolio Management involves the day-today oversight of the various OCII accounts that TTX-Investments is responsible for. Primary duties involve:

1. Cash-Flow Modeling. For each of the various OCII accounts, TTX-Investments, with input from the OCII, will develop a Cash-Flow Model that determines how funds will be invested to meet the needs of the OCII;
2. Security Transactions. TTX-Investments will have authority to undertake transactions, involving the purchase or sale of authorized securities. Transactions will seek to match the Cash-Flow model;
3. Security Settlement. TTX-Investment staff shall be responsible for assuring that all Security transactions are correctly settled in the correct account. Transaction settlement notifications (trade tickets) will be provided to:
 - a. TTX-Investment;
 - b. Broker facilitating the transactions;
 - c. Custody Bank; and
 - d. A designated person(s) within OCII.
4. Credit Analysis. TTX-Investments maintains a robust credit analysis process and has a full-time credit analyst on staff. All corporate credits (such as Yankee CDs, Medium Term Notes and Commercial Paper) must be reviewed and approved by the Credit Committee, which includes both the Treasurer and Chief Assistant Treasurer.

When transactions are consistent with OCII's Permitted Investments and cash flow objectives, TTX is authorized to initiate transactions without prior OCII approval. TTX will not complete transactions unless they are among OCII's Permitted Investments.

Investment Accounting

TTX-Investment staff will be responsible for the day-to-day recording of all investment activity by account. This including:

1. Initial assets of the various OCII accounts;
2. Purchases and Sales of securities;
3. Interest Income received;
4. Account reconciliations;
5. Amortization of purchase premiums and discounts; and

6. Gains / (Losses) from the sale (or call) of a security.

Transactions are reconciled against custody bank records on a daily basis and any variances are identified, researched and resolved.

Portfolio Reporting

Portfolio Reporting will involve the periodic reporting on the various OCII accounts. Reporting will follow the format of the Monthly Local Agency Pool report prepared by TTX-Investments, a copy of which is attached. Additional reports may include:

1. Cash Flow Calendar by Account;
2. Supporting Information for annual CAFR; and
3. GASB 72 Reporting.

APPENDIX B

Bond Series	Pages
1998C	1-3
1998D	4-6
2007AB	7-8
2009A	9-11
2009E	12-14
2014A	15-16
2016D	17-19
2011 Hotel Bonds	20-22
2005 CFD6	23-25
2013 CFD6	26-28

1998C

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Tax Code), obligation, annuity or investment-type property, excluding, however, obligations the interest on which is excludable from gross income for federal income tax purposes under Section 103 of the Tax Code.

"Loan Fund" means the fund by that name established and held by the Trustee pursuant to the applicable Indenture.

"Loans" means the loans made by the Authority to the Agency under and pursuant to the Several Loan Agreements.

"Low and Moderate Income Housing Fund" means the fund of the Agency by that name established pursuant to Section 33334.3 of the Redevelopment Law.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest amount for the current or any future Bond Year payable on the applicable Loan or any Parity Debt in such Bond Year. For purposes of such calculation, variable rate Parity Debt shall be deemed to bear interest at the maximum rate permitted by the Parity Debt Instrument pursuant to which such Parity Debt is issued. For purposes of such calculation, there shall be excluded payments with respect to the applicable Loan or any Parity Debt to the extent that amounts due with respect to the applicable Loan or such Parity Debt are prepaid or otherwise discharged in accordance with the applicable Loan Agreement or the relevant Parity Debt Instrument or to the extent the proceeds thereof are then deposited in an escrow fund from which amounts may not be released to the Agency unless the amount of Allocable Tax Revenues for the most recent Fiscal Year (as evidenced in a written document from an appropriate official of the City and County), at least equals one hundred twenty-five percent (125%) of the amount of Maximum Annual Debt Service which would result if any such moneys on deposit in such escrow fund were to be released and deposited in the Redevelopment Fund or the Low and Moderate Income Housing Fund.

"Nonpurpose Investment" means any Investment Property which is acquired with the Proceeds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the applicable Indenture relating to disqualified Bonds) all Bonds theretofore executed, issued and delivered by the Authority under the applicable Indenture except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of the provisions of the applicable Indenture relating to the discharge thereof; and
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to the applicable Indenture or any Supplemental Indenture.

"Owner" or "Bond Owner," when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any other indebtedness of the Agency relating to the applicable Project Area meeting the requirements of the applicable Loan Agreement.

"Parity Debt Instrument" means any resolution, indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided that the Trustee shall have no duty to determine the legality of any investments):

- (a) Federal Securities.
- (b) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMA's"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMA's"); debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; and Resolution Funding Corporation securities.
- (c) Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated "Aa" or better by Moody's Investors Service and "AA" or better by Standard and Poor's Ratings Services, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated "Aa" or better by Moody's Investors Service and "AA" or better by Standard and Poor's Ratings Services.
- (d) Commercial paper (having original maturities of not more than 270 days) rated "P-1" by Moody's Investors Service and "A-1" or better by Standard and Poor's Ratings Services.
- (e) Federal funds, unsecured certificates of deposit, time deposits, investment agreements, guaranteed investment contracts or bankers acceptances (in each case having maturities of one year or less or, if longer, which allows funds to be withdrawn as required by the Indenture with no penalty) of any domestic bank (including the Trustee and any affiliates of the Trustee) including a branch office of a foreign bank which branch office is located in the United States (provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank), or a financial institution or insurance company, in each case having uninsured, unsecured and unguaranteed obligations rated in one of the two highest rating categories by Moody's Investors Services and Standard and Poor's Ratings Services; provided, however, that any such investment may be provided by and such bank, financial institution or insurance company having uninsured, unsecured and unguaranteed obligations not rated in one of the two highest rating categories by said ratings agencies, if (i) such investment is insured, guaranteed or enhanced by an entity rated in one of the two highest rating categories of such ratings agencies, and (ii) the investment of funds in such investment does not adversely affect the rating on the Bonds in effect at the time such investment is made.
- (f) Deposits, including certificates of deposit, of any bank, including the Trustee and its affiliates, or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation.
- (g) Investments in money-market funds (including funds of the Trustee and its affiliates) registered under the Federal Investment Company Act of 1940 rated "AAAm" or "AAAm-G" by Standard and Poor's Ratings Services and "Aaa" by Moody's Investors Service, including money market funds for which the Trustee and its affiliates provide investment advisory or other management services.
- (h) Repurchase agreements collateralized by Federal Securities, GNMA's, FNMA's or FHLMC's with any registered broker/dealer or any commercial bank or any financial institution if such broker/dealer or financial institution has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's Investors Service, and "A-1" or "A-" or better by Standard and Poor's Ratings Services, provided:

1. a master repurchase agreement or specific written repurchase agreement governs the transaction; and

2. the securities are held by the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee, free and clear of any lien, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as Agent; and

3. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.* in such securities is created for the benefit of the Trustee; and

4. the repurchase agreement has a term of either one year or less, or, if longer, allows funds to be withdrawn as required by the Indenture with no penalty, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation; and

5. the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 104% (105% if the securities are GNMA's, FNMA's or FHLMC's), and if the value of such securities held as collateral slips below such level, then additional cash and/or acceptable securities must be transferred to the Agent; and

6. the Trustee receives a legal opinion from the provider's counsel that the obligation is a legal, valid and binding obligation of the provider, enforceable on its term, that the collateral is free and clear of any third party liens and that a perfected security interest can be created for the benefit of the Trustee.

"Person" means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Plan Limit" means the limitation contained in the Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.2 of the Redevelopment Law.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the applicable Indenture.

"Prior Bonds" shall mean the following bonds issued by the Authority: \$16,900,000 initial aggregate principal amount of 1989 Taxable Tax Allocation Revenue Bonds (San Francisco Housing Projects); \$22,299,217.46 initial aggregate principal amount of 1989 Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$22,995,819.10 initial aggregate amount of 1990 Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$24,913,005.40 initial aggregate principal amount of 1991 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$31,775,000 initial aggregate principal amount of 1993 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$57,934,118.50 initial aggregate principal amount of 1993 Series B Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects); \$25,700,000 initial aggregate principal amount of 1993 Series C Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$20,123,128.45 initial aggregate principal amount of 1994 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$9,875,000 initial aggregate principal amount of 1994 Series B Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$11,920,000 initial aggregate principal amount of 1995 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$12,585,000 initial aggregate principal amount of 1996 Series A Tax Allocation Revenue Bonds (San

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Tax Code), obligation, annuity or investment-type property, excluding, however, obligations the interest on which is excludable from gross income for federal income tax purposes under Section 103 of the Tax Code.

"Loan Agreement" means, individually, each of the Several Loan Agreements.

"Loan Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Loans" means the loans made by the Authority to the Agency under and pursuant to the Several Loan Agreements.

"Low and Moderate Income Housing Fund" means the fund of the Agency by that name established pursuant to Section 33334.3 of the Redevelopment Law.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest amount for the current or any future Bond Year payable on the applicable Loan or any Parity Debt in such Bond Year. For purposes of such calculation, variable rate Parity Debt shall be deemed to bear interest at the maximum rate permitted by the Parity Debt Instrument pursuant to which such Parity Debt is issued. For purposes of such calculation, there shall be excluded payments with respect to the applicable Loan or any Parity Debt to the extent that amounts due with respect to the applicable Loan or such Parity Debt are prepaid or otherwise discharged in accordance with the applicable Loan Agreement or the relevant Parity Debt Instrument or to the extent the proceeds thereof are then deposited in an escrow fund from which amounts may not be released to the Agency unless the amount of Allocable Tax Revenues for the most recent Fiscal Year (as evidenced in a written document from an appropriate official of the City and County), at least equals one hundred twenty-five percent (125%) of the amount of Maximum Annual Debt Service which would result if any such moneys on deposit in such escrow fund were to be released and deposited in the Redevelopment Fund or the Low and Moderate Income Housing Fund.

"Nonpurpose Investment" means any Investment Property which is acquired with the Proceeds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture relating to disqualified Bonds) all Bonds theretofore executed, issued and delivered by the Authority under the Indenture except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of the provisions of the Indenture relating to the discharge thereof; and
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to the Indenture or any Supplemental Indenture.

"Owner" or "Bond Owner," when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

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"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided that the Trustee shall have no duty to determine the legality of any investments):

- (a) Federal Securities.
- (b) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMA's"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMA's"); debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; and Resolution Funding Corporation securities.
- (c) Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated "Aa" or better by Moody's Investors Service and "AA" or better by Standard and Poor's Ratings Services, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated "Aa" or better by Moody's Investors Service and "AA" or better by Standard and Poor's Ratings Services.
- (d) Commercial paper (having original maturities of not more than 270 days) rated "P-1" by Moody's Investors Service and "A-1" or better by Standard and Poor's Ratings Services.
- (e) Federal funds, unsecured certificates of deposit, time deposits, investment agreements, guaranteed investment contracts or bankers acceptances (in each case having maturities of one year or less or, if longer, which allows funds to be withdrawn as required by the Indenture with no penalty) of any domestic bank (including the Trustee and any affiliates of the Trustee) including a branch office of a foreign bank which branch office is located in the United States (provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank), or a financial institution or insurance company, in each case having uninsured, unsecured and unguaranteed obligations rated in one of the two highest rating categories by Moody's Investors Services and Standard and Poor's Ratings Services; provided, however, that any such investment may be provided by and such bank, financial institution or insurance company having uninsured, unsecured and unguaranteed obligations not rated in one of the two highest rating categories by said ratings agencies, if (i) such investment is insured, guaranteed or enhanced by an entity rated in one of the two highest rating categories of such ratings agencies, and (ii) the investment of funds in such investment does not adversely affect the rating on the Bonds in effect at the time such investment is made.
- (f) Deposits, including certificates of deposit, of any bank, including the Trustee and its affiliates, or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation.
- (g) Investments in money-market funds (including funds of the Trustee and its affiliates) registered under the Federal Investment Company Act of 1940 rated "AAA-m" or "AAA-m-G" by Standard and Poor's Ratings Services and "Aaa" by Moody's Investors Service, including money market funds for which the Trustee and its affiliates provide investment advisory or other management services.
- (h) Repurchase agreements collateralized by Federal Securities, GNMA's, FNMA's or FHLMC's with any registered broker/dealer or any commercial bank or any financial institution if such broker/dealer or financial institution has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's Investors Service, and "A-1" or "A-" or better by Standard and Poor's Ratings Services, provided:

1. a master repurchase agreement or specific written repurchase agreement governs the transaction; and

2. the securities are held by the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee, free and clear of any lien, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as Agent; and

3. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.* in such securities is created for the benefit of the Trustee; and

4. the repurchase agreement has a term of either one year or less, or, if longer, allows funds to be withdrawn as required by the Indenture with no penalty, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation; and

5. the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 104% (105% if the securities are GNMA's, FNMA's or FHLMC's), and if the value of such securities held as collateral slips below such level, then additional cash and/or acceptable securities must be transferred to the Agent; and

6. the Trustee receives a legal opinion from the provider's counsel that the obligation is a legal, valid and binding obligation of the provider, enforceable on its term, that the collateral is free and clear of any third party liens and that a perfected security interest can be created for the benefit of the Trustee.

"Person" means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Plan Limit" means the limitation contained in the Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.2 of the Redevelopment Law.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Prior Bonds" shall mean the following bonds issued by the Authority: \$16,900,000 initial aggregate principal amount of 1989 Taxable Tax Allocation Revenue Bonds (San Francisco Housing Projects); \$22,299,217.46 initial aggregate principal amount of 1989 Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$22,995,819.10 initial aggregate amount of 1990 Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$24,913,005.40 initial aggregate principal amount of 1991 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$31,775,000 initial aggregate principal amount of 1993 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$57,934,118.50 initial aggregate principal amount of 1993 Series B Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects); \$25,700,000 initial aggregate principal amount of 1993 Series C Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$20,123,128.45 initial aggregate principal amount of 1994 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$9,875,000 initial aggregate principal amount of 1994 Series B Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$11,920,000 initial aggregate principal amount of 1995 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$12,585,000 initial aggregate principal amount of 1996 Series A Tax Allocation Revenue Bonds (San

(b) Bonds paid or deemed to have been paid within the meaning of the provisions of the applicable Indenture relating to the discharge thereof, but not including Bonds paid by the Insurer; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to the applicable Indenture or any Supplemental Indenture.

Bonds the principal of or interest on which has been paid by the Insurer pursuant to the Insurance Policy shall remain Outstanding for all purposes, as provided in the Indenture.

"Owner" or "Bond Owner," when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any other indebtedness of the Agency relating to the applicable Project Area meeting the requirements of the applicable Loan Agreement.

"Parity Debt Instrument" means any resolution, indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt.

"Participant" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as a securities depository.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided that the Trustee shall have no duty to determine the legality of any investments) but only, with respect to the Series B Bonds, to the extent the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of Ginnie Mae (formerly known as the Government National Mortgage Association); (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed

securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of Sallie Mae (formerly known as the Student Loan Marketing Association); (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services);

(e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A-1+" or better by S&P and "Prime-1" by Moody's, which collateral must be held by a third party and provided that the Trustee must have a perfected first security interest in such collateral;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by FDIC, including BIF and SAIF;

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements acceptable to the Insurer;

(h) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P;

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's, and "A-1+" by S&P;

(k) The Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee; and

(l) other forms of investments (including repurchase agreements) approved in writing by the Insurer.

"Person" means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Nonpurpose Investment" means any Investment Property which is acquired with the Proceeds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Note" shall mean a 2009 Series A Note or a 2009 Series B Note, as applicable.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the applicable Indenture relating to disqualified Bonds) all Bonds theretofore executed, issued and delivered by the Authority under the applicable Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of the provisions of the applicable Indenture relating to the discharge thereof; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to the applicable Indenture or any Supplemental Indenture.

"Owner" or "Bond Owner," when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any other indebtedness of the Agency relating to the applicable Project Area meeting the requirements of the applicable Loan Agreement.

"Parity Debt Instrument" means any resolution, indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt.

"Participant" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as a securities depository.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided that the Trustee shall have no duty to determine the legality of any investments) but only, with respect to the 2009 Series B Bonds, to the extent the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of Ginnie Mae (formerly known as the Government National Mortgage Association); (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority

bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of Sallie Mae (formerly known as the Student Loan Marketing Association); (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services);

(e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above or by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates), but only to the extent that the amount being invested in such certificates of deposit, savings accounts, deposit accounts or money market deposits are fully insured by FDIC, including BIF and SAIF;

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements with an entity rated "Aa" or better by Moodys' and "AA" or better by S&P, or unconditionally guaranteed by an entity rated "Aa" or better by Moodys' and "AA" or better by S&P;

(h) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P;

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's, and "A-1+" by S&P; and

(k) The Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the

State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

"Person" means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Plan Limit" means the limitation contained in a Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.2 of the Redevelopment Law.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the applicable Indenture.

"Prior Bonds" shall mean the following bonds issued by the Authority: \$22,299,217.46 initial aggregate principal amount of 1989 Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$22,995,819.10 initial aggregate amount of 1990 Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$24,913,005.40 initial aggregate principal amount of 1991 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$57,934,118.50 initial aggregate principal amount of 1993 Series B Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects); \$25,700,000 initial aggregate principal amount of 1993 Series C Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$20,123,128.45 initial aggregate principal amount of 1994 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$9,875,000 initial aggregate principal amount of 1994 Series B Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$11,920,000 initial aggregate principal amount of 1995 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$12,585,000 initial aggregate principal amount of 1996 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$28,375,000 initial aggregate principal amount of 1996 Series B Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$11,825,000 initial aggregate principal amount of 1996 Series C Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$16,575,000 initial aggregate principal amount of 1997 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$21,711,654.60 initial aggregate principal amount of 1998 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$7,625,000 initial aggregate principal amount of 1998 Series B Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$12,915,026.40 initial aggregate principal amount of 1998 Series C Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects); and \$21,034,002 initial aggregate principal amount of 1998 Series D Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects); \$53,200,000 initial aggregate principal amount of 1999 Series A Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects); \$17,565,000 initial aggregate principal amount of 1999 Series B Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects); \$11,200,000 initial aggregate principal amount of 2000 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$6,990,000 initial aggregate principal amount of 2000 Series B Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$40,135,000 initial aggregate principal amount of 2001 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$78,025,000 initial aggregate principal amount of 2003 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$51,280,000 initial aggregate principal amount of 2003 Series B Tax Allocation Revenue Bonds

"Nonpurpose Investment" means any Investment Property which is acquired with the Proceeds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Note" shall mean a 2009 Series E Note or a 2009 Series F Note, as applicable.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the applicable Indenture relating to disqualified Bonds) all Bonds theretofore executed, issued and delivered by the Authority under the applicable Indenture except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of the provisions of the applicable Indenture relating to the discharge thereof; and
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to the applicable Indenture or any Supplemental Indenture.

"Owner" or "Bond Owner," when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any other indebtedness of the Agency relating to the applicable Project Area meeting the requirements of the applicable Loan Agreement.

"Parity Debt Instrument" means any resolution, indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt.

"Participant" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as a securities depository.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided that the Trustee shall have no duty to determine the legality of any investments) but only, with respect to the 2009 Series F Bonds, to the extent the same are acquired at Fair Market Value:

- (a) Federal Securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of Ginnie Mae (formerly known as the Government National Mortgage Association); (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority

bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of Sallie Mae (formerly known as the Student Loan Marketing Association); (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services);

(e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above or by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates), but only to the extent that the amount being invested in such certificates of deposit, savings accounts, deposit accounts or money market deposits are fully insured by FDIC, including BIF and SAIF;

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements with an entity rated "Aa" or better by Moodys' and "AA" or better by S&P, or unconditionally guaranteed by an entity rated "Aa" or better by Moodys' and "AA" or better by S&P;

(h) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P;

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's, and "A-1+" by S&P; and

(k) The Local Agency Investment Fund that is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of

California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

"Person" means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Plan Limit" means the limitation contained in a Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.2 of the Redevelopment Law.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the applicable Indenture.

"Prior Bonds" shall mean the following bonds issued by the Authority: \$22,299,217.46 initial aggregate principal amount of 1989 Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$22,995,819.10 initial aggregate amount of 1990 Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$24,913,005.40 initial aggregate principal amount of 1991 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$57,934,118.50 initial aggregate principal amount of 1993 Series B Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects); \$25,700,000 initial aggregate principal amount of 1993 Series C Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$20,123,128.45 initial aggregate principal amount of 1994 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$9,875,000 initial aggregate principal amount of 1994 Series B Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$11,920,000 initial aggregate principal amount of 1995 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$12,585,000 initial aggregate principal amount of 1996 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$28,375,000 initial aggregate principal amount of 1996 Series B Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$11,825,000 initial aggregate principal amount of 1996 Series C Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$16,575,000 initial aggregate principal amount of 1997 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$21,711,654.60 initial aggregate principal amount of 1998 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$7,625,000 initial aggregate principal amount of 1998 Series B Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$12,915,026.40 initial aggregate principal amount of 1998 Series C Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects); and \$21,034,002 initial aggregate principal amount of 1998 Series D Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects); \$53,200,000 initial aggregate principal amount of 1999 Series A Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects); \$17,565,000 initial aggregate principal amount of 1999 Series B Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects); \$11,200,000 initial aggregate principal amount of 2000 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$6,990,000 initial aggregate principal amount of 2000 Series B Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$40,135,000 initial aggregate principal amount of 2001 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$78,025,000 initial aggregate principal amount of 2003 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$51,280,000 initial aggregate principal amount of 2003 Series B Tax Allocation Revenue Bonds

“Parity Debt” means any additional bonds, loans, advances or other indebtedness issued or incurred by the Successor Agency on a parity with the 2014 Series A Bonds pursuant to the Indenture.

“Parity Debt Instrument” means any resolution, indenture of trust, supplemental indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Investments” means any of the following which, at the time of investment, are legal investments under the laws of the State for the moneys proposed to be invested therein and are in compliance with the Successor Agency’s investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that the investments described therein are legal and are in compliance with the Successor Agency’s investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

- (a) Federal Securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Ginnie Mae (formerly known as the Government National Mortgage Association); (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;
- (c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgage-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of Sallie Mae (formerly known as the Student Loan Marketing Association); (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;
- (d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AA-Am-G, AA-Am or AA-m, and a rating by Moody’s of Aaa, Aa1 or Aa2 (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services);

- (e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above or by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks;
- (f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates), but only to the extent that the amount being invested in such certificates of deposit, savings accounts, deposit accounts or money market deposits) are fully insured by FDIC, including BIF and SAIF;
- (g) Investment agreements, including guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements with an entity rated "Aa" or better by Moody's and "AA" or better by S&P, or unconditionally guaranteed by an entity rated "Aa" or better Moody's and "AA" or better by S&P;
- (h) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1+" or better by S&P;
- (i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;
- (j) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's, and "A-1+" by S&P; and
- (k) The Local Agency Investment Fund that is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

"Plan Limit" means the limitation, if any, contained in the Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Successor Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.2 of the Law.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Principal Corporate Trust Office" means the corporate trust office of the Trustee in San Francisco, California, or such other or additional offices as the Trustee may designate in writing to the Authority from time to time as the corporate trust office for purposes of the Indenture; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted, initially in Saint Paul, Minnesota.

"Project Area" means the redevelopment project area described in the Redevelopment Plan.

“Maturity Value” means, with respect to any Capital Appreciation Bond, the Accreted Value of such Capital Appreciation Bond to be paid at maturity.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year payable on the 2016 Series D Bonds and any Parity Debt in such Bond Year. For purposes of such calculation, the amount of interest on any Bonds or other Parity Debt that is payable from the proceeds of such Bonds or Parity Debt that is set aside solely for such purpose shall not be included in the calculation of Maximum Annual Debt Service, and there also shall be excluded payments with respect to the 2016 Series D Bonds or any Parity Debt to the extent that amounts due with respect to the 2016 Series D Bonds or such Parity Debt are prepaid or otherwise discharged in accordance with this Indenture or the relevant Parity Debt Instrument.

“Moody’s” means Moody’s Investors Service and its successors.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the applicable provisions of the Indenture) all Bonds except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of the Indenture, but not including any Bonds paid by the 2016 Series D Insurer or by any other Insurer, as provided in the Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant the Indenture.

“Oversight Board” means the Oversight Board of the Successor Agency established pursuant to the Section 34179 of the Dissolution Act.

“Owner” or **“Bondowner”** means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Parity Debt” means any additional bonds, loans, advances or other indebtedness issued or incurred by the Successor Agency on a parity with the 2016 Series D Bonds pursuant to the Indenture.

“Parity Debt Instrument” means any resolution, indenture of trust, supplemental indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt.

“Permitted Investments” means any of the following which, at the time of investment, are legal investments under the laws of the State for the moneys proposed to be invested therein and are in compliance with the Successor Agency’s investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that the investments described therein are legal and are in compliance with the Successor Agencies investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the

full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Ginnie Mae (formerly known as the Government National Mortgage Association); (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

- (c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of Sallie Mae (formerly known as the Student Loan Marketing Association); (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;
- (d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAM or AAM, and a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services);
- (e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above or by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks;
- (f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates), but only to the extent that the amount being invested in such certificates of deposit, savings accounts, deposit accounts or money market deposits) are fully insured by FDIC, including BIF and SAIF;
- (g) Investment agreements, including guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements with an entity rated "Aa" or better by Moody's and "AA" or better by S&P, or unconditionally guaranteed by an entity rated "Aa" or better Moody's and "AA" or better by S&P;
- (h) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1+" or better by S&P;
- (i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

- (j) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's, and "A-1+" by S&P; and
- (k) The Local Agency Investment Fund that is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Principal Corporate Trust Office" means means the corporate trust office of the Trustee in San Francisco, California, or such other or additional offices as the Trustee may designate in writing to the Authority from time to time as the corporate trust office for purposes of the Indenture; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted, initially in Saint Paul, Minnesota.

"Project Area" means the redevelopment project area described in the Redevelopment Plan.

"Project Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Qualified Reserve Account Credit Instrument" means, means, subject to the proviso below, an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) in the case of a commercial bank, the long-term credit rating of such bank at the time of such issuance is at least "A" from S&P or "A" from Moody's (in each case, without regard to numerical or other modifier) and, in the case of an insurance company, the claims paying ability of such insurance company at the time of such issuance is "A" from S&P, or "A" from Moody's (in each case, without regard to numerical or other modifier); (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture.

"Redemption Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Redevelopment Plan" means, the Redevelopment Plan for the Mission Bay South Redevelopment Project, approved by ordinance of the Board of Supervisors of the City and County on November 2, 1998, as heretofore amended and as may hereafter be amended pursuant to the Law.

"Redevelopment Project" means the undertaking of the Successor Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area.

"Report" means a document in writing signed by an Independent Redevelopment Consultant and including:

2011 Hotel Bonds

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Agency and the City and related to the authorization, execution, sale and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, travel expenses and costs relating to rating agency meetings and other meetings concerning the Bonds, initial fees and charges of the Trustee (including the fees and expenses of its counsel), legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds, surety, insurance and credit enhancement costs, and any other cost, charge or fee in connection with the delivery of Bonds.

“Event of Default” means any of the events specified in the Indenture.

“First Supplemental Indenture” means that First Supplemental Indenture dated as of December 1, 1994 by and between the Agency and First Interstate Bank of California, authorizing the issuance of the Series 1994 Bonds.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other 12-month period hereafter selected and designated as the official fiscal year period of the Agency, which designation shall be provided to the Trustee in a certificate of the Agency.

“Historic Added Area Revenues” means the aggregate amount of City Tax revenues received by the City during the twelve (12) months immediately preceding the date on which such additional Series of Bonds will become Outstanding from any areas which have been added to the SFRA Project Area in connection with the issuance of an additional Series of Bonds proposed to be issued.

“Historic 12-Month Revenues” means the Hotel Tax Revenues received during the twelve (12) months immediately preceding the date on which an additional Series of Bonds will become Outstanding.

“Hotel Tax” means the tax on the transient occupancy of guest rooms in hotels in redevelopment project areas in the City and County of San Francisco levied pursuant to the Ordinance in accordance with the provisions of Section 7280.5 and Section 33641 of the Health and Safety Code of the State of California pursuant to the Ordinance at the rate of twelve percent (12%) for so long as any Bonds remain Outstanding under the Indenture.

“Hotel Tax Revenues” means Project Area Tax Revenues less all amounts payable by the Agency to the City Tax Collector and the City Controller pursuant to the City Tax Ordinance and the Tax Administration Agreement for costs and expenses of the City’s tax collection and administration services in connection with the Hotel Tax collected on behalf of the Agency.

“Indenture” means, collectively, the Master Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, as the same may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions of the Indenture.

“Interest Fund” means the fund by that name established pursuant to the Indenture.

“Investment Securities” means the following:

- (i) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of

America and including certificates or other instruments evidencing direct ownership interests in such direct obligations of the United States of America such as "CATS", "TIGRS", Treasury Receipts, Stripped Treasury Coupons, and interest strips of bonds, issued by the Resolution Funding Corporation and held in book-entry form by the Federal Reserve Bank of New York) and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America; provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations");

(ii) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMA's"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMA's"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the United States Department of Housing & Urban Development; guaranteed Title I financings of the United States Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; and Resolution Funding Corporation securities;

(iii) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by each Rating Agency then rating any of the Bonds, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by each Rating Agency then rating any of the Bonds;

(iv) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, in the highest Rating Category by each Rating Agency then rating any of the Bonds;

(v) federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, is rated in the highest short-term Rating Category by each Rating Agency then rating any of the Bonds;

(vi) deposits (including certificates of deposit) of any bank (including the Trustee) or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

(vii) investments in money-market funds rated in the highest Rating Category by each Rating Agency then rating any of the Bonds, including funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services;

(viii) repurchase agreements collateralized by Direct Obligations, GNMA's, FNMA's or FHLMC's with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the Federal Deposit Insurance Corporation ("FDIC") or any financial institution, if such broker/dealer or bank or financial institution has an uninsured, unsecured and unguaranteed obligation rated in one of the two highest Rating Categories by each Rating Agency then rating any of the Bonds, provided:

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction; and

(b) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; and

(c) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq., in such securities is created for the benefit of the Trustee; and

(d) the repurchase agreement has a term of one year or less, or invests the moneys so as to allow them to be withdrawn as required under the Indenture with no penalty, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two (2) business days of such valuation; and

(e) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is sufficient to be acceptable to Standard & Poor's to maintain an "A" rating in a structured financing (with a market value approach).

(ix) any cash sweep or similar account arrangement of or available to the Trustee which is fully insured by the FDIC and the investments of which are limited to investments described in clauses (i) through (viii) of this definition of Investment Securities;

(x) with respect to moneys held in any account established for or in connection with a particular Series of Bonds, any investment agreement with a financial institution or insurance company which investment has been approved by any Bond Insurer then insuring the payment of principal of and interest on such Series of Bonds or portion thereof; and

(xi) any investment approved by the Agency and any Bond Insurer with respect to any Series of Bonds or portion thereof then insured by such Bond Insurer.

"Law" means the Community Redevelopment Law, constituting Part 1 of Division 24 of the Health and Safety Code of the State, as amended, and all laws supplemental thereto. Whenever reference

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the Agency or the Finance Director, and who, or each of whom: (i) is judged by the Finance Director to have experience in matters relating to the issuance and/or administration of bonds, or the levy and collection of special taxes, under the Act; (ii) is in fact independent and not under the domination of the Agency; (iii) does not have any substantial interest, direct or indirect, with or in the Agency, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Maturity Amount” means, with respect to any Capital Appreciation Bond, the Accreted Value of such Capital Appreciation Bond (representing both principal and interest payable on any such Bond) at the maturity date thereof.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any outstanding Bonds.

“Owner” or “Bondowner” means any person who shall be the registered owner of any Outstanding Bond.

“Parity Bonds” means any bonds issued by the Agency for the District on a parity with any then outstanding Bonds pursuant to the Fiscal Agent Agreement.

“Payment Request” has the meaning given such term in the Acquisition Agreement and shall be generally in the form of Exhibit A to the Acquisition Agreement.

“Permitted Investments” means any of the following obligations if and to the extent that, at the time of making the investment, they are permitted by law:

(i) Direct obligations of, or obligations the interest on and principal of which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America and including any receipt, certificate or any other evidence of an ownership interest in such an obligation or in specified portions thereof (which may consist of specified portions of interest thereon);

(ii) Obligations issued by the Resolution Funding Corporation, the Student Loan Marketing Association, Fannie Mae, the Federal Home Loan Bank Board, the Federal Farm Credit Bank or the Federal Home Loan Mortgage Association, or obligations, participations or other instruments issued by, or fully guaranteed as to interest and principal by, the Government National Mortgage Association (excluding stripped mortgage backed securities which are valued at greater than par on the unpaid principal);

(iii) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which are eligible for purchase through a bank that is a member of the Federal Reserve System and which are drawn on any commercial bank the short-term obligations of which commercial bank are rated in the highest letter and numerical rating category as provided by the Rating Agency; provided, that eligible bankers’ acceptances may not exceed two hundred seventy (270) days’ maturity,

(iv) Commercial paper of “prime” quality of the highest rating category as provided by the Rating Agency, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an “A-1” or “P-1”, or higher (or its

equivalent), rating for the issuer's unsecured debentures, other than commercial paper, as provided by the Rating Agency or Moody's Investors Service, as applicable; provided, that eligible commercial paper may not exceed one hundred eighty (180) days' maturity nor represent more than ten percent (10%) of the outstanding commercial paper of any issuing corporation;

(v) Medium-term notes with a maximum maturity of five (5) years which notes are limited issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an "AA" or higher (or its equivalent), rating for the issuer's unsecured debentures, as provided by the Rating Agency;

(vi) Negotiable and non-negotiable certificates of deposit or bank notes issued by a state or national bank (including the Fiscal Agent and its affiliates) or a state-licensed branch of a foreign bank that have maturities of not more than three hundred sixty-five (365) days and that are fully insured by the Federal Deposit Insurance Corporation or the short term obligations of which state or national bank (including the Fiscal Agent and its affiliates) or state-licensed branch of a foreign bank are rated no lower "AA" (or the equivalent) by the Rating Agency;

(vii) Any repurchase agreement or reverse repurchase agreement of any securities enumerated in subdivisions (i) and (ii) of this definition with any state or national bank or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, and with respect to which repurchase agreement or reverse repurchase agreement, it is either. (a) with any institution which has debt rated no lower than "AA" (or the equivalent) by the Rating Agency or whose commercial paper is rated no lower than "A1+" (or the equivalent) by the Rating Agency, (b) with any corporation or other entity that falls under the jurisdiction of the Federal Bankruptcy Code; provided, that (1) the term of such repurchase agreement or reverse repurchase agreement is less than one (1) year or due on demand, (2) a third party acting solely as agent has possession of the collateral (3) the market value of the collateral (as determined at least once every seven (7) days) exceeds the principal amount of the repurchase agreement or reverse repurchase agreement plus accrued interest and the market value of the collateral is maintained at levels acceptable to the Rating Agency, (4) failure to maintain the requisite collateral levels will require an immediate liquidation of collateral and (5) the repurchase agreement or reverse repurchase agreement securities are free and clear of any third-party lien or claim; or (c) with financial institutions insured by the Federal Deposit Insurance Corporation or any broker-dealer with "retail customers" that falls under the jurisdiction of the Securities Investors Protection Corporation; provided, that (1) the market value of the collateral (as determined at least once every seven (7) days) exceeds the principal amount of the repurchase agreement or reverse repurchase agreement plus accrued interest and the market value of the collateral is maintained at levels acceptable to the Rating Agency; (2) a third party acting solely as agent has possession of the collateral (3) the agent has a perfected first priority security interest in the collateral (4) the collateral is free and clear of third-party liens and, in the case of a Securities Investors Protection Corporation broker, was not acquired pursuant to repurchase agreement or reverse repurchase agreement; and (5) failure to maintain the requisite collateral percentage will require an immediate liquidation of the collateral; and with respect to any reverse repurchase agreement, the investment is solely done to supplement the income normally received from such securities;

(viii) Certificates, notes, warrants, bonds or other evidence of indebtedness of the State of California or any local agency therein which are rated in the highest short-term rating category or within one of the two highest long-term rating categories by the Rating Agency (excluding securities that do not have a fixed par value and/or the terms of which do not provide a fixed dollar amount at the maturity or call date);

(ix) Interest-bearing demand or time deposits (including certificates of deposit) in a state or national bank (including the Fiscal Agent and its affiliates) fully insured by the Federal Deposit Insurance Corporation; provided, that not greater than one hundred thousand dollars (\$100,000) in the aggregate shall be deposited in any one such financial institution;

(x) Investments in a money market fund registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by S&P of "AAAM-G," "AAAM" or "AAm" which fund may include a fund for which the Fiscal Agent, its affiliates or its subsidiaries provide investment, advisory or other services;

(xi) Investment agreements with entities that meet and maintain the following credit and collateral requirements: (a), they are initially rated "AA" or better (or its equivalent) by the Rating Agency; (b) if the credit quality falls below "PA-" or its equivalent by the Rating Agency the provider (A) will respond with adequate collateralization within ten (10) business days, (B) will value assets weekly, and (C) will present collateral at one hundred two percent (102%) on U.S. Government Treasury securities and one hundred five percent (105%) on U.S. Government Agency securities, or (2) will substitute another entity as the provider so that the rating is PA or better, (c) the provider must maintain minimum credit quality of "A" or its equivalent by the Rating Agency; and (d) the investment agreement must be subject to termination at the option of the Fiscal Agent or the Agency if credit ratings reach "A-" or its equivalent by the Rating Agency; and

(xii) Other investments approved in writing by the Agency.

"Project" means the public improvements and facilities authorized to be financed by the District, as described in the Resolution of Formation.

"Rating Agency" means Moody's or S&P.

"Record Date" means the fifteenth day of the month next preceding the month of the applicable Interest Payment Date, whether or not such day is a Business Day.

"Reserve Requirement" means, as of any date of calculation an amount equal to the least of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) ten percent (10%) of the initial principal amount of the Bonds issued under the Fiscal Agent Agreement; provided that, there shall be excluded from the computations contemplated by the preceding clauses (i), (ii) and (iii) Bonds in a principal amount equal to the amount then on deposit in an escrow fund established with the proceeds of Parity Bonds with amounts therein subject to release as described in the last sentence of Section 2.11(D) of the Fiscal Agent Agreement.

"Revenues" means all amounts pledged under the Fiscal Agent Agreement to the payment of principal of, premium, if any, and interest on the Bonds, consisting of the following: (i) Special Tax Revenues, (ii) Tax Increment, and (iii) any other amounts remitted by the Agency to the Fiscal Agent with written directions to deposit the same to the Revenue Fund, but such term shall not include amounts deposited to the Administrative Expense Fund or the Improvement Fund, or any earnings thereon.

"South OPA" means the Mission Bay South Owner Participation Agreement, entered into as of November 16, 1998, between the Agency and Catellus Development Corporation, as originally executed and thereafter amended or supplemented in accordance with its terms.

"Special Tax Prepayments" means the proceeds of any Special Tax prepayments received by the Agency, as calculated pursuant to the Rate and Method of Apportionment of the Special Taxes for the District, less any administrative fees or penalties collected as part of any such prepayment.

"Permitted Investments" means any of the following obligations if and to the extent that, at the time of making the investment, they are permitted by law:

(i) Direct obligations of, or obligations the interest on and principal of which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America and including any receipt, certificate or any other evidence of an ownership interest in such an obligation or in specified portions thereof (which may consist of specified portions of interest thereon);

(ii) Obligations issued by the Resolution Funding Corporation, the Student Loan Marketing Association, Fannie Mae, the Federal Home Loan Bank Board, the Federal Farm Credit Bank or the Federal Home Loan Mortgage Association, or obligations, participations or other instruments or issued by, or fully guaranteed as to interest and principal by, the Government National Mortgage Association (excluding stripped mortgage backed securities which are valued at greater than par on the unpaid principal);

(iii) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which are eligible for purchase through a bank that is a member of the Federal Reserve System and which are drawn on any commercial bank the short-term obligations of which commercial bank are rated in the highest letter and numerical rating category as provided by the Rating Agency; provided, that eligible bankers' acceptances may not exceed two hundred seventy (270) days' maturity;

(iv) Commercial paper of "prime" quality of the highest rating category as provided by the Rating Agency, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an "A-1" or "P-1", or higher (or its equivalent), rating for the issuer's unsecured debentures, other than commercial paper, as provided by the Rating Agency or Moody's Investors Service, as applicable; provided, that eligible commercial paper may not exceed one hundred eighty (180) days' maturity nor represent more than ten percent (10%) of the outstanding commercial paper of any issuing corporation;

(v) Medium-term notes with a maximum maturity of five (5) years which notes are limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an "AA" or higher (or its equivalent), rating for the issuer's unsecured debentures, as provided by the Rating Agency;

(vi) Negotiable and non-negotiable certificates of deposit or bank notes issued by a state or national bank (including the Fiscal Agent and its affiliates) or a state-licensed branch of a foreign bank that have maturities of not more than three hundred sixty-five (365) days and that are fully insured by the Federal Deposit Insurance Corporation or the short term obligations of which state or national bank (including the Fiscal Agent and its affiliates) or state-licensed branch of a foreign bank are rated no lower "AA" (or the equivalent) by the Rating Agency;

(vii) Any repurchase agreement or reverse repurchase agreement of any securities enumerated in subdivisions (i) and (ii) of this definition with any state or national bank or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, and with respect to which

repurchase agreement or reverse repurchase agreement, it is either: (a) with any institution which has debt rated no lower than "AA" (or the equivalent) by the Rating Agency or whose commercial paper is rated no lower than "A1+" (or the equivalent) by the Rating Agency; (b) with any corporation or other entity that falls under the jurisdiction of the Federal Bankruptcy Code; provided, that (1) the term of such repurchase agreement or reverse repurchase agreement is less than one (1) year or due on demand; (2) a third party acting solely as agent has possession of the collateral; (3) the market value of the collateral (as determined at least once every seven (7) days) exceeds the principal amount of the repurchase agreement or reverse repurchase agreement plus accrued interest and the market value of the collateral is maintained at levels acceptable to the Rating Agency; (4) failure to maintain the requisite collateral levels will require an immediate liquidation of collateral; and (5) the repurchase agreement or reverse repurchase agreement securities are free and clear of any third-party lien or claim; or (c) with financial institutions insured by the Federal Deposit Insurance Corporation or any broker-dealer with "retail customers" that falls under the jurisdiction of the Securities Investors Protection Corporation; provided, that (1) the market value of the collateral (as determined at least once every seven (7) days) exceeds the principal amount of the repurchase agreement or reverse repurchase agreement plus accrued interest and the market value of the collateral is maintained at levels acceptable to the Rating Agency; (2) a third party acting solely as agent has possession of the collateral; (3) the agent has a perfected first priority security interest in the collateral; (4) the collateral is free and clear of third-party liens and, in the case of a Securities Investors Protection Corporation broker, was not acquired pursuant to repurchase agreement or reverse repurchase agreement; and (5) failure to maintain the requisite collateral percentage will require an immediate liquidation of the collateral; and with respect to any reverse repurchase agreement, the investment is solely done to supplement the income normally received from such securities;

(viii) Certificates, notes, warrants, bonds or other evidence of indebtedness of the State of California or any local agency therein which are rated in the highest short-term rating category or within one of the two highest long-term rating categories by the Rating Agency (excluding securities that do not have a fixed par value and/or the terms of which do not provide a fixed dollar amount at the maturity or call date);

(ix) Interest-bearing demand or time deposits (including certificates of deposit) in a state or national bank (including the Fiscal Agent and its affiliates) fully insured by the Federal Deposit Insurance Corporation; provided, that not greater than one hundred thousand dollars (\$100,000) in the aggregate will be deposited in any one such financial institution;

(x) Investments in a money-market fund registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by S&P of "AAAM-G," "AAAM" or "AAm" which fund may include a fund for which the Fiscal Agent, its affiliates or its subsidiaries provide investment, advisory or other services;

(xi) Investment agreements with entities that meet and maintain the following credit and collateral requirements: (a), they are initially rated "AA" or better (or its equivalent) by a Rating Agency; (b) if the credit quality falls below "AA-" or its equivalent by either Rating Agency the provider (1) (A) will respond with adequate collateralization within ten (10) Business Days, (B) will value assets weekly, and (C) will present collateral at one hundred two percent (102%) on U.S. Government Treasury securities and one hundred five percent (105%) on U.S. Government Agency securities, or (2) will substitute another entity as the provider so that the rating is AA or better; (c)

the provider must maintain minimum credit quality of "A" or its equivalent by a Rating Agency; and (d) the investment agreement must be subject to termination at the option of the Trustee or the Agency if credit ratings reach "A-" or its equivalent by either Rating Agency; and

(xii) Other investments approved in writing by the Agency.

"Project" means the public improvements and facilities authorized to be financed by the District, as described in the Resolution of Formation.

"Project Supervision Account" means the account by that name established within the Improvement Fund pursuant to the Fiscal Agent Agreement.

"Rating Agency" means Moody's or S&P.

"Record Date" means the fifteenth day of the month next preceding the month of the applicable Interest Payment Date, whether or not such day is a Business Day.

"Redevelopment Dissolution Law" means, collectively, AB 26, as amended by AB 1484.

"Refunding Fund" means the fund by that name created by and held by the Escrow Bank pursuant to the Escrow Agreement.

"Refunding Law" means Article 11, commencing with Section 53580, of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

"Reserve Fund" means the fund by that name established pursuant to the Fiscal Agent Agreement.

"Reserve Requirement" means, as of any date of calculation an amount equal to the lesser of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) ten percent (10%) of the initial principal amount of the Bonds issued hereunder; provided that, there will be excluded from the computations contemplated by the preceding clauses (i), (ii) and (iii) Bonds in a principal amount equal to the amount then on deposit in an escrow fund established with the proceeds of Parity Bonds with amounts therein subject to release as described in the Parity Bond provisions of the Fiscal Agent Agreement.

"Resolution of Formation" means Resolution No. 45-2000, adopted by the Commission on March 28, 2000.

"Resolution of Intention" means Resolution No. 27-2000, adopted by the Commission on February 22, 2000.

"Revenue Fund" means the fund by that name established by the Fiscal Agent Agreement.

"Revenues" means all amounts pledged hereunder to the payment of principal of, premium, if any, and interest on the Bonds, consisting of the following: (i) Special Tax Revenues, and (ii) any other amounts remitted by the Agency to the Fiscal Agent with written directions to deposit the same to the Revenue Fund; but such term will not include (i) Tax Increment, or (ii) amounts deposited to the Administrative Expense Fund or the Improvement Fund, or any earnings thereon.