

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 43-2017

Adopted October 17, 2017

**CONFIRMING THE ISSUANCE OF TAXABLE AND TAX-EXEMPT REFUNDING
TAX ALLOCATION BONDS CAPTIONED 2017 SERIES D TAXABLE SUBORDINATE
TAX ALLOCATION REFUNDING BONDS (SAN FRANCISCO REDEVELOPMENT
PROJECTS) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$158,000,000 AND 2017 SERIES E SUBORDINATE TAX ALLOCATION REFUNDING
BONDS (SAN FRANCISCO REDEVELOPMENT PROJECTS) IN AN AGGREGATE
PRINCIPAL AMOUNT NOT TO EXCEED \$27,000,000, APPROVING PRELIMINARY
AND FINAL OFFICIAL STATEMENTS AND A CONTINUING DISCLOSURE
CERTIFICATE, AND APPROVAL OF OTHER RELATED DOCUMENTS AND
ACTIONS; VARIOUS PROJECT AREAS**

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

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

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

of the City and County of San Francisco,” (d) established the Successor Agency Commission (the “Successor Agency Commission”) and delegated to the Successor Agency Commission the authority (excluding authority as to the “Housing Assets,” as defined in the Implementing Ordinance, but not excluding authority as to the “Retained Housing Obligations”) to act in place of the Former Redevelopment Agency Commission to, among other matters: (i) implement, modify, enforce and complete the Former Redevelopment Agency’s enforceable obligations, except with respect to certain enforceable obligations for specified affordable housing purposes, (ii) approve all contracts and actions related to the assets transferred to or returned by the Successor Agency, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Successor Agency Commission deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, including, without limitation, authorizing additional obligations in furtherance of enforceable obligations, and approving the issuance of bonds to carry out the enforceable obligations, subject to any approval of the oversight board of the Successor Agency established pursuant to the provisions of the Redevelopment Dissolution Law (the “Oversight Board”), (e) authorized the Mayor to appoint the five members of the Successor Agency Commission, and (f) provided for an Executive Director of, and legal counsel to, the Successor Agency; and,

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

WHEREAS, In September of 2015, the California legislature adopted Senate Bill No. 107 (Stats. 2015, ch. 325, § 9, *codified at* Cal. Health & Safety Code § 34177.7) further amending the Redevelopment Dissolution Law; and,

WHEREAS, Prior to the dissolution of the Former Redevelopment Agency, the City and County of San Francisco Redevelopment Financing Authority (the “Authority”) made certain loans to the Former Redevelopment Agency pursuant to the loan agreements set forth on Exhibit A hereto and incorporated herein (collectively, the “Original Loan Agreements”) with proceeds of bonds issued by the Authority described on Exhibit A hereto and incorporated herein (collectively, the “Prior Bonds”), to finance and refinance redevelopment activities; and,

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

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

WHEREAS, In order to refinance all or a portion of certain of the Prior Bonds (the “2014 Refunded Bonds”) and the related Original Loan Agreements described on Exhibit B hereto and incorporated herein (the “2014 Refunded Loan Agreements”) under the authority of Section 34177.5(a)(1) of the Code and the Refunding Law, the Successor Agency previously issued its \$67,955,000 initial aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) and the \$75,945,000 initial aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series C Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) (collectively, the “2014 Bonds”), pursuant to an Indenture of Trust dated as of December 1, 2014 (the “Original Indenture”), between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”); and,

WHEREAS, In order to refinance all or a portion of certain additional Prior Bonds (the “2017 Refunded Bonds”) and the related Original Loan Agreements set forth on Exhibit C hereto and incorporated herein (the “2017 Refunded Loan Agreements”) under the authority of Section 34177.5(a)(1) of the Code and the Refunding Law, the Successor Agency has determined to issue two series of bonds (herein referred collectively as, the “2017 Bonds”) captioned “2017 Series D Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)” (the “2017 Series D Bonds”) and the “2017 Series E Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)” (the “2017 Series E Bonds”); and,

WHEREAS, To determine that the issuance of the 2017 Bonds, the refunding of the 2017 Refunded Bonds and the refinancing of the 2017 Refunded Loan Agreements comply with the Savings Parameters, the Successor Agency has caused its municipal advisor, CSG Advisors Incorporated (the “Municipal Advisor”), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the 2017 Bonds to prepay the 2017 Refunded Loan Agreements and, thereby, to refund the 2017 Refunded Bonds (the “Debt Service Savings Analysis”); and,

WHEREAS, The 2017 Bonds will be payable from “Pledged Tax Revenues” (as defined in the hereinafter defined Indenture) on (i) a basis subordinate to the Successor Agency’s repayment obligations under the Original Loan Agreements that will remain outstanding after the issuance of the 2017 Series D Bonds and the 2017 Series E Bonds and (ii) a parity basis with the 2014 Bonds and any other debt issued in the future on a parity with the 2014 Bonds and the 2017 Bonds; and,

WHEREAS, The sale of the 2017 Bonds will comply with the provisions of the Successor Agency's debt policy (the "Debt Policy"), adopted by Resolution 72-2014 of the Successor Agency Commission on August 19, 2014, unless such compliance is waived in accordance with the Debt Policy; and,

WHEREAS, The Successor Agency, pursuant to Resolution No. 24-2017, adopted June 20, 2017, approved the issuance of the 2017 Bonds and the execution of certain documents relating to the 2017 Bonds, including a First Supplement to Indenture of Trust (the "First Supplement") between the Successor Agency and Trustee, supplementing and amending the Original Indenture (as so supplemented and amended, the "Indenture"), and requested that the Oversight Board for the Successor Agency (the "Oversight Board") approve the issuance of the 2017 Bonds by the Successor Agency; and,

WHEREAS, The Oversight Board by Resolution No. 2-2017, adopted July 10, 2017, approved the issuance of the 2017 Bonds by the Successor Agency, and said Resolution was forwarded to the DOF pursuant to Sections 34177.5(f) and 34179(h) of the Code; and,

WHEREAS, Pursuant to a letter dated September 11, 2017, DOF notified the Successor Agency of its approval of Oversight Board Resolution No. 2-2017 and the refunding of the 2017 Refunded Loan Agreements; and,

WHEREAS, The Successor Agency, with the assistance of its disclosure counsel, its bond counsel, the Municipal Advisor, its fiscal consultant and the Underwriters (as defined below), has caused to be prepared a form of Official Statement describing the 2017 Bonds and containing material information relating to the 2017 Bonds, the preliminary form of which is attached hereto as Exhibit D hereto and incorporated into this Resolution; and,

WHEREAS, The sale and issuance of the 2017 Bonds are Successor Agency fiscal activities that do not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4), will not independently result in a physical change in the environment, and are not subject to environmental review under CEQA; now therefore, be it

RESOLVED, The Successor Agency Commission finds that:

The Successor Agency has full authority, under Section 34177.5(a)(1) of the Code, to issue the 2017 Bonds to refund the 2017 Refunded Loan Agreements; and, be it further

RESOLVED, All acts and proceedings required by law necessary to make the 2017 Bonds, when executed by the Successor Agency, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the

Successor Agency, and to constitute the First Supplement a valid and binding agreement for the uses and purposes therein set forth, in accordance with its terms, have been done or taken and the execution and delivery of the First Supplement has been in all respects duly authorized; and, be it further

RESOLVED, The Successor Agency hereby approves the preliminary Official Statement describing the 2017 Bonds, in substantially the form attached hereto as Exhibit D hereto and incorporated into this Resolution. Distribution of the preliminary Official Statement by Piper Jaffray & Co, Stifel, Nicolaus & Company, Incorporated and Stinson Securities, LLC (collectively, the “Underwriters”) is hereby approved, and, prior to the distribution of the preliminary Official Statement, the Executive Director and the Deputy Director of Finance and Administration (each being hereinafter referred to as an “Authorized Officer”), each acting alone, are hereby authorized and directed, on behalf of the Successor Agency, to deem the preliminary Official Statement “final” pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”). The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by an Authorized Officer and the addition of such information permitted to be excluded from the preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the 2017 Bonds, and the Authorized Officers, each acting alone, are hereby authorized and directed to execute and deliver the final Official Statement for and on behalf of the Successor Agency, to deliver to the Underwriters a certificate with respect to the information set forth therein and to deliver to the Underwriters a Continuing Disclosure Certificate substantially in the form appended to the final Official Statement; and, be it further

RESOLVED, The Successor Agency Commission hereby authorizes and directs the officers and agents of the Successor Agency to do any and all things and take any and all actions and to execute any and all certificates, agreements and other documents, including, but not limited to, the purchase of a bond insurance policy or a surety bond, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2017 Bonds in accordance with this Resolution and Resolution No. 24-2017; and, be it further

RESOLVED, The Successor Agency Commission hereby confirms its actions in Resolution No. 24-2017 authorizing and approving the issuance of the 2017 Series D Bonds pursuant to the Indenture in accordance with Section 34177.5(a)(1) of the Code in the aggregate principal amount of not to exceed \$158,000,000, and the sale of the 2017 Series D Bonds to the Underwriters, provided that the following conditions are met: the aggregate initial amount of the 2017 Series D Bonds may not exceed \$158,000,000, the true interest cost of the 2017 Series D Bonds may not exceed 8.00% per annum, and the Underwriters’ discount for the 2017 Series D Bonds, without regard to any original issue discount, may not exceed 0.50% of the aggregate initial amount of the 2017 Series D Bonds; and, be it further

RESOLVED, The Successor Agency Commission hereby confirms its actions in Resolution No. 24-2017 authorizing and approving the issuance of the 2017 Series E Bonds pursuant to the Indenture in accordance with Section 34177.5(a)(1) of the Code in the aggregate principal amount of not to exceed \$27,000,000, and the sale of the 2017 Series E Bonds to the Underwriters, provided that the following conditions are met: the aggregate initial amount of the 2017 Series E Bonds may not exceed \$27,000,000, the true interest cost of the 2017 Series E Bonds may not exceed 8.00% per annum, and the Underwriters' discount for the 2017 Series E Bonds, without regard to any original issue discount, may not exceed 0.50% of the aggregate initial amount of the 2017 Series E Bonds.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of October 17, 2017.



Commission Secretary

- Exhibit A: Original Loan Agreements and Prior Bonds
- Exhibit B: 2014 Refunded Loan Agreements and 2014 Refunded Bonds
- Exhibit C: 2017 Refunded Loan Agreements and 2017 Refunded Bonds
- Exhibit D: Form of Preliminary Official Statement

EXHIBIT A
ORIGINAL LOAN AGREEMENTS AND PRIOR BONDS
(By Bond Issue)

[Loan Agreements that were refunded in full through the issuance of the 2014 Bonds are marked by an asterisk]

1. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 1993 Series B Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the Hunters Point Redevelopment Project Area*;

Loan Agreement relating to the India Basin Industrial Park Redevelopment Project Area*;

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area*;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2*; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1*

2. The following Loan Agreement relating to the City and County of San Francisco Redevelopment Financing Authority 1998 Series C Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area

3. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 1998 Series D Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the merged Embarcadero-Lower Market ("Golden Gateway") Redevelopment Project Area and the South of Market Redevelopment Project Area;

Loan Agreement relating to the Hunters Point Redevelopment Project Area; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

4. The following Loan Agreement relating to the City and County of San Francisco Redevelopment Financing Authority 2003 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the merged Embarcadero-Lower Market ("Golden Gateway") Redevelopment Project Area and the South of Market Redevelopment Project Area

5. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2003 Series B Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the merged Embarcadero-Lower Market ("Golden Gateway") Redevelopment Project Area and the South of Market Redevelopment Project Area;

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

6. The following Loan Agreement relating to the City and County of San Francisco Redevelopment Financing Authority 2003 Series C Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1*

7. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2004 Series A Tax Allocation Refunding and Capital Improvement Revenue Bonds (San Francisco Redevelopment Projects) (San Francisco Redevelopment Projects):

Loan Agreement relating to the Hunters Point Redevelopment Project Area*;

Loan Agreement relating to the India Basin Industrial Park Redevelopment Project Area*;

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area*;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2*; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1*

8. The following Loan Agreement relating to the City and County of San Francisco Redevelopment Financing Authority 2004 Series C Tax Allocation Revenue Bonds (Rincon Point – South Beach Redevelopment Project):

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area D-1*;

9. The following Loan Agreement relating to the City and County of San Francisco Redevelopment Financing Authority 2004 Series D Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the merged Embarcadero-Lower Market ("Golden Gateway") Redevelopment Project Area and the South of Market Redevelopment Project Area*;

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area*;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2*; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1*

10. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2005 Series A Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the merged Embarcadero-Lower Market ("Golden Gateway") Redevelopment Project Area and the South of Market Redevelopment Project Area*;

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area*; and

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2*

11. The following Loan Agreement relating to the City and County of San Francisco Redevelopment Financing Authority 2005 Series B Taxable Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2

12. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2005 Series C Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the Embarcadero-Lower Market ("Golden Gateway") Redevelopment Project Area*;

Loan Agreement relating to the Hunters Point Redevelopment Project Area*;

Loan Agreement relating to the India Basin Industrial Park Redevelopment Project Area*;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2*; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1*

13. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2006 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the Embarcadero-Lower Market ("Golden Gateway") Redevelopment Project Area;

Loan Agreement relating to the Mission Bay North Redevelopment Project Area (cross collateralized pursuant to Section 4.02 thereof);

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area*; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1*

14. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2007 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the Bayview Hunters Point Redevelopment Project Area - Project Area B

Loan Agreement relating to the Mission Bay North Redevelopment Project Area (cross collateralized pursuant to Section 4.02 thereof);

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area;

Loan Agreement relating to the South of Market Redevelopment Project Area;

Loan Agreement relating to Transbay Redevelopment Project Area; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

15. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2007 Series B Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the merged Embarcadero-Lower Market (“Golden Gateway”) Redevelopment Project Area and the South of Market Redevelopment Project Area;

Loan Agreement relating to the Hunters Point Redevelopment Project Area;

Loan Agreement relating to the India Basin Industrial Park Redevelopment Project Area;

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

16. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2009 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the Bayview Hunters Point Redevelopment Project Area - Project Area B;

Loan Agreement relating to the Mission Bay North Redevelopment Project Area (cross collateralized pursuant to Section 4.02 thereof);

Loan Agreement relating to the Mission Bay South Redevelopment Project Area (cross collateralized pursuant to Section 4.02 thereof);

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area;

Loan Agreement relating to Transbay Redevelopment Project Area;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

17. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2009 Series B Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to Bayview Hunters Point Redevelopment Project Area - Project Area B;

Loan Agreement relating to South of Market Redevelopment Project Area;

Loan Agreement relating to Transbay Redevelopment Project Area; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

18. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2009 Series E Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to Bayview Hunters Point Redevelopment Project Area - Zone 2 of Project Area B;

Loan Agreement relating to the Mission Bay North Redevelopment Project Area (cross collateralized pursuant to Section 4.02 thereof);

Loan Agreement relating to the Mission Bay South Redevelopment Project Area (cross collateralized pursuant to Section 4.02 thereof);

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

19. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2009 Series F Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to Bayview Hunters Point Redevelopment Project Area - Project Area B;

Loan Agreement relating to South of Market Redevelopment Project Area; and

Loan Agreement relating to Transbay Redevelopment Project Area

20. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2010 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the Embarcadero-Lower Market (“Golden Gateway”) Redevelopment Project Area;

Loan Agreement relating to Transbay Redevelopment Project Area; and

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2

21. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2011 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to Bayview Hunters Point Redevelopment Project Area
- Zone 2 of Project Area B;

Loan Agreement relating to the Embarcadero-Lower Market (“Golden Gateway”) Redevelopment Project Area;

Loan Agreement relating to the Hunters Point Redevelopment Project Area;

Loan Agreement relating to South of Market Redevelopment Project Area;

Loan Agreement relating to Transbay Redevelopment Project Area; and

Loan Agreement relating to the Western Addition Redevelopment Project Area
A-2

22. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2011 Series B Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to Bayview Hunters Point Redevelopment Project Area
- Zone 2 of Project Area B;

Loan Agreement relating to South of Market Redevelopment Project Area; and

Loan Agreement relating to Transbay Redevelopment Project Area

23. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2011 Series E Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the Mission Bay North Redevelopment Project Area
(cross collateralized pursuant to Section 4.02 thereof); and

Loan Agreement relating to the Mission Bay South Redevelopment Project Area
(cross collateralized pursuant to Section 4.02 thereof)

EXHIBIT B

2014 REFUNDED LOAN AGREEMENTS AND 2014 REFUNDED BONDS (By Bond Issue)

1. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 1993 Series B Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects), with the following Loan Agreements:

Loan Agreement relating to the Hunters Point Redevelopment Project Area;

Loan Agreement relating to the India Basin Industrial Park Redevelopment Project Area;

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

2. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 1998 Series D Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects), with the following Loan Agreements:

Loan Agreement relating to the merged Embarcadero-Lower Market ("Golden Gateway") Redevelopment Project Area and the South of Market Redevelopment Project Area;

Loan Agreement relating to the Hunters Point Redevelopment Project Area; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

3. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2003 Series C Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects), with the following Loan Agreement:

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

4. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2004 Series A Tax Allocation Refunding and Capital Improvement Revenue Bonds (San Francisco Redevelopment Projects), with the following Loan Agreements:

Loan Agreement relating to the Hunters Point Redevelopment Project Area;

Loan Agreement relating to the India Basin Industrial Park Redevelopment Project Area;

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

5. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2004 Series C Tax Allocation Revenue Bonds (Rincon Point – South Beach Redevelopment Project), with the following Loan Agreement:

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area;

6. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2004 Series D Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects), with the following Loan Agreements:

Loan Agreement relating to the merged Embarcadero-Lower Market ("Golden Gateway") Redevelopment Project Area and the South of Market Redevelopment Project Area;

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

7. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2005 Series A Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects), with the following Loan Agreements:

Loan Agreement relating to the merged Embarcadero-Lower Market ("Golden Gateway") Redevelopment Project Area and the South of Market Redevelopment Project Area;

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area; and

Loan Agreement relating to the Western Addition Redevelopment Project Area
A-2

8. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2005 Series C Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects), with the following Loan Agreements:

Loan Agreement relating to the Embarcadero-Lower Market ("Golden Gateway") Redevelopment Project Area;

Loan Agreement relating to the Hunters Point Redevelopment Project Area;

Loan Agreement relating to the India Basin Industrial Park Redevelopment Project Area;

Loan Agreement relating to the Western Addition Redevelopment Project Area
A-2; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

9. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2006 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects), together with the following Loan Agreements:

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

EXHIBIT C

2017 REFUNDED LOAN AGREEMENTS AND 2017 REFUNDED BONDS (By Bond Issue)

1. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2009 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the Bayview Hunters Point Redevelopment Project Area - Project Area B;

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area;

Loan Agreement relating to Transbay Redevelopment Project Area;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

2. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2009 Series B Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to Bayview Hunters Point Redevelopment Project Area - Project Area B;

Loan Agreement relating to South of Market Redevelopment Project Area;

Loan Agreement relating to Transbay Redevelopment Project Area; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

3. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2009 Series E Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects) maturing on August 1, 2024:

Loan Agreement relating to Bayview Hunters Point Redevelopment Project Area - Zone 2 of Project Area B;

Loan Agreement relating to the Rincon Point - South Beach Redevelopment Project Area;

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2; and

Loan Agreement relating to the Yerba Buena Center Approved Redevelopment Project Area D-1

4. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2009 Series F Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to Bayview Hunters Point Redevelopment Project Area - Project Area B;

Loan Agreement relating to South of Market Redevelopment Project Area; and

Loan Agreement relating to Transbay Redevelopment Project Area

5. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2010 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to the Embarcadero-Lower Market (“Golden Gateway”) Redevelopment Project Area;

Loan Agreement relating to Transbay Redevelopment Project Area; and

Loan Agreement relating to the Western Addition Redevelopment Project Area A-2

6. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2011 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to Bayview Hunters Point Redevelopment Project Area - Zone 2 of Project Area B;

Loan Agreement relating to the Embarcadero-Lower Market (“Golden Gateway”) Redevelopment Project Area;

Loan Agreement relating to the Hunters Point Redevelopment Project Area;

Loan Agreement relating to South of Market Redevelopment Project Area;

Loan Agreement relating to Transbay Redevelopment Project Area; and

Loan Agreement relating to the Western Addition Redevelopment Project Area
A-2

7. The following Loan Agreements relating to the City and County of San Francisco Redevelopment Financing Authority 2011 Series B Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects):

Loan Agreement relating to Bayview Hunters Point Redevelopment Project Area
- Zone 2 of Project Area B;

Loan Agreement relating to South of Market Redevelopment Project Area; and

Loan Agreement relating to Transbay Redevelopment Project Area

EXHIBIT D

FORM OF PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2017**NEW ISSUE
BOOK-ENTRY ONLY****Underlying Rating: Standard & Poor's: “_”
(See “RATING” herein)****DAC Bond**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the 2017 Series E Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. The interest, however, on the 2017 Series D Taxable Bonds is not intended to be excluded from federal income taxation. In the further opinion of Bond Counsel, interest on the 2017D/E Bonds is exempt from California personal income taxes. See “TAX MATTERS” herein.

\$118,180,000*

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO
2017 Series D Taxable Subordinate
Tax Allocation Refunding Bonds
(San Francisco Redevelopment Projects)**

\$20,315,000*

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO
2017 Series E Subordinate
Tax Allocation Refunding Bonds
(San Francisco Redevelopment Projects)**

Dated: Date of Delivery**Due: August 1, as shown on the inside front cover**

This cover page contains information for quick reference only. It is *not* intended to be a complete summary of all factors relevant to an investment in the 2017D/E Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2017 Series D Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) (the “**2017 Series D Taxable Bonds**”) and the 2017 Series E Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) (the “**2017 Series E Bonds**” and, together with the 2017 Series D Taxable Bonds, the “**2017D/E Bonds**,” and individually, each a “**Series**”) are being issued by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “**Successor Agency**”) pursuant to an Indenture of Trust, dated as of December 1, 2014 (the “**Original Indenture**”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “**Trustee**”), as amended and supplemented by a First Supplement to Indenture of Trust, dated as of _____ 1, 2017 (the “**First Supplement**” and, the Original Indenture, as amended and supplemented by the First Supplement, the “**Indenture**”), by and between the Successor Agency and the Trustee.

Interest on the 2017D/E Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2018. Principal of the 2017D/E Bonds will be payable on the dates and in the respective principal amounts set forth on the inside cover page.

The 2017D/E Bonds of each Series will be issued in book-entry form, without coupons, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”). DTC will act as securities depository for the 2017D/E Bonds. Beneficial ownership interests in the 2017D/E Bonds may initially be purchased, in denominations of \$5,000 or any integral multiple thereof, in book-entry only form as described herein. So long as Cede & Co. is the registered owner of the 2017D/E Bonds, payments of principal and interest will be made to Cede & Co., as nominee

* Preliminary, subject to change.

for DTC. DTC is required in turn to remit such payments to DTC Participants for subsequent disbursements to Beneficial Owners. Disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Direct Participants and Indirect Participants as more fully described herein. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

[The 2017D/E Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein.] See “THE 2017D/E BONDS – Redemption Provisions.”

The 2017 Series D Taxable Bonds are being issued for the purpose of providing funds, together with certain other available monies, to (i) refund certain obligations of the former Redevelopment Agency of the City and County of San Francisco, as described herein under “THE REFUNDING PLAN,” (ii) make a deposit in the subaccount of the Reserve Account established for the 2017 Series D Taxable Bonds [or purchase a debt service reserve insurance policy for such Series] to satisfy such Series’ reserve requirement, and (iii) pay costs associated with the issuance of the 2017 Series D Taxable Bonds.

The 2017 Series E Bonds are being issued for the purpose of providing funds to (i) refund certain obligations of the former Redevelopment Agency of the City and County of San Francisco, as described herein under “THE REFUNDING PLAN,” (ii) make a deposit in the subaccount of the Reserve Account established for 2017 Series E Bonds [or purchase a debt service reserve insurance policy for such Series of Bonds] to satisfy such Series’ reserve requirement, and (iii) pay costs associated with the issuance of the 2017 Series E Bonds.

[The Successor Agency has solicited bids for a debt service reserve insurance policy and a municipal bond insurance policy and will make a decision on whether to purchase such insurance at the pricing of the 2017D/E Bonds. No assurance can be given as to whether the Successor Agency will purchase a municipal bond insurance policy or a debt service reserve insurance policy. See “INTRODUCTION – Reserve Account” and “– Bond Insurance” herein.]

The 2017D/E Bonds are payable from and secured solely by Pledged Tax Revenues (defined herein) and moneys held in certain funds and accounts by the Trustee under the Indenture. No funds or properties of the Successor Agency, other than the Pledged Tax Revenues and certain other amounts held under the Indenture, are pledged to secure the 2017D/E Bonds. Pledged Tax Revenues consist primarily of tax increment revenues generated within the Project Areas remaining after the payment of certain outstanding obligations of the Successor Agency and, accordingly, the payment of debt service on the 2017D/E Bonds is subordinate to payments due on such obligations as described under “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Security for the 2017D/E Bonds; Equal Security” and “– Senior Obligations.”

The 2017D/E Bonds are limited obligations of the Successor Agency, the principal of, premium, if any, and interest on which are payable solely from Pledged Tax Revenues and certain other amounts on deposit in the funds and accounts held under the Indenture. The 2017D/E Bonds are not a debt of the City and County of San Francisco (the “City”), the State of California (the “State”) or any of their political subdivisions (other than the Successor Agency and only to the limited extent set forth in the Indenture), and none of the City, the State or any of their political subdivisions other than the Successor Agency is liable therefor. The 2017D/E Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Successor Agency has not pledged any other tax revenues or property or its full faith and credit to the payment of debt service on the 2017D/E Bonds. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power.

MATURITY SCHEDULES
(see inside cover)

The 2017D/E Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Alexis S. M. Chiu, Esq., San Francisco, California is acting as Disclosure Counsel to

the Successor Agency. Certain legal matters will be passed on for the Successor Agency by its General Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the 2017D/E Bonds will be delivered to the Underwriters through the facilities of DTC in New York, New York on or about _____, 2017.

Piper Jaffray & Co.

STIFEL

Stinson Securities, LLC

Dated: _____, 2017

MATURITY SCHEDULES*

\$118,180,000*

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO
2017 Series D Taxable Subordinate Tax Allocation Refunding Bonds
(San Francisco Redevelopment Projects)**

\$_____ * Serial Bonds

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> <u>(Base: 79770G)†</u>
--------------------------------------	------------------------------------	--------------------------------	--------------	--------------	--

\$

\$_____ * ____% Term Bonds due August 1, 20____, Yield ____%, Price _____, CUSIP No.† 79770G _____

\$20,315,000*

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO
2017 Series E Subordinate Tax Allocation Refunding Bonds
(San Francisco Redevelopment Projects)**

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.</u> <u>(Base: 79770G)‡</u>
--------------------------------------	------------------------------------	--------------------------------	--------------	--------------	--

\$

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

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS). CGS is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2017 CUSIP Global Services. All rights reserved. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CGS database and are included solely for convenience. None of the Successor Agency, the Authority or the Underwriters assume any responsibility for the accuracy of the CUSIP data.

[Map to Come.]

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

Commission Members

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

Successor Agency Staff

Nadia Sesay, *Interim Executive Director*
Bree Mawhorter, *Deputy Director of Finance and Administration*
James Morales, *General Counsel and Deputy Director*
Sally Oerth, *Deputy Director of Projects and Programs*

CITY AND COUNTY OF SAN FRANCISCO

Edwin M. Lee, *Mayor*

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

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London Breed, *President, District 5*
Sandra Lee Fewer, *District 1*
Mark Farrell, *District 2*
Aaron Peskin, *District 3*
Katy Tang, *District 4*
Jane Kim, *District 6*
Norman Yee, *District 7*
Jeff Sheehy, *District 8*
Hillary Ronen, *District 9*
Malia Cohen, *District 10*
Ahsha Safai, *District 11*

SPECIAL SERVICES

Bond Counsel

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San Francisco, California

Municipal Advisor

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San Francisco, California

Trustee

U.S. Bank National Association
San Francisco, California

Disclosure Counsel

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

Fiscal Consultant

Urban Analytics, LLC
San Francisco, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

No dealer, broker, salesperson or other person has been authorized by the Successor Agency or the City to give any information or to make any representations in connection with the offer or sale of the 2017D/E Bonds other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2017D/E Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful. This Official Statement is not to be construed as a contract with the purchasers of the 2017D/E Bonds.

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

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

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

The Successor Agency and the City maintain a website. However, the information presented therein is not a part of this Official Statement and must not be relied upon in making an investment decision with respect to the 2017D/E Bonds.

The issuance and sale of the 2017D/E Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2017D/E BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

\$118,180,000*
**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO**
**2017 Series D Taxable Subordinate
Tax Allocation Refunding Bonds
(San Francisco Redevelopment Projects)**

\$20,315,000*
**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO**
**2017 Series E Subordinate
Tax Allocation Refunding Bonds
(San Francisco Redevelopment Projects)**

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the 2017D/E Bonds being offered, and a full review should be made of the entire Official Statement including the cover page, the table of contents and the appendices for a more complete description of the terms of the 2017D/E Bonds. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of provisions of, any other documents referred to herein do not purport to be complete, and such references are qualified in their entirety by reference to the complete provisions of such documents. Capitalized terms used in this Official Statement and not defined herein shall have the meanings assigned to them in APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Authority and Purpose

The purpose of this Official Statement, which includes the cover page, table of contents and appendices hereto (collectively, the “**Official Statement**”), is to provide certain information in connection with the offering by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “**Successor Agency**”) of its \$118,180,000* aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2017 Series D Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) (the “**2017 Series D Taxable Bonds**”) and its \$20,315,000* aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2017 Series E Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) (the “**2017 Series E Bonds**” and, together with the 2017 Series D Taxable Bonds, the “**2017D/E Bonds**,” and individually, each a “**Series**”). The 2017D/E Bonds are being issued in accordance with a resolution of the Successor Agency adopted on June 20, 2017 (the “**Resolution**”), and an Indenture of Trust, dated as of December 1, 2014 (the “**Original Indenture**”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “**Trustee**”), as amended and supplemented by a First Supplement to Indenture of Trust, dated as of _____ 1, 2017 (the “**First Supplement**” and, the Original Indenture, as amended and supplemented by the First Supplement, the “**Indenture**”), by and between the Successor Agency and the Trustee, and as applicable, pursuant to authority contained in the Redevelopment Law (defined herein), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “**Refunding Law**”), and the Redevelopment Dissolution Act (defined herein). See “– The Successor Agency.”

The 2017 Series D Taxable Bonds are being issued for the purpose of providing funds, together with certain other available monies, to: (i) refund certain outstanding obligations of the now dissolved Redevelopment Agency of the City and County of San Francisco (the “**Former Agency**”); (ii) make a

* Preliminary, subject to change.

deposit in the subaccount of the Reserve Account established for the 2017 Series D Taxable Bonds [or purchase a debt service reserve insurance policy (a “**Reserve Policy**”) for the 2017 Series D Taxable Bonds] to satisfy such Series’ reserve requirement; and (iii) pay costs associated with the issuance of the 2017 Series D Taxable Bonds.

The 2017 Series E Bonds are being issued for the purpose of providing funds, together with certain other available monies, to: (i) refund certain outstanding obligations of the Former Agency; (ii) make a deposit in the subaccount of the Reserve Account established for the 2017 Series E Bonds [or purchase a Reserve Policy for the 2017 Series E Bonds] to satisfy such Series’ reserve requirement; and (iii) pay costs associated with the issuance of the 2017 Series E Bonds. See also “– The Successor Agency,” “THE REFUNDING PLAN,” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The City and County of San Francisco

The City and County of San Francisco (the “**City**”) is the economic and cultural center of the San Francisco Bay Area and northern California. The corporate limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay. The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the San Francisco Bay to the east, the entrance to the San Francisco Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about 45 miles to the south, and the wine country is about 65 miles to the north. The California Department of Finance Demographic Research Unit estimated the City’s population at 874,228 as of January 1, 2017.

The 2017D/E Bonds are not a debt of the City and the General Fund of the City is not liable for the payment of the principal of, premium, if any, or interest on the 2017D/E Bonds. Neither the credit nor the taxing power of the City is pledged to the payment of the principal of, premium, if any, or interest on the 2017D/E Bonds. The 2017D/E Bonds are not secured by a legal or equitable pledge of, or charge, lien, or encumbrance upon, any of the property of the City.

The Successor Agency

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

As a result of Assembly Bill No. X1 26 (“**AB 26**”) enacted on June 29, 2011, as Chapter 5, Statutes of 2011-12 First Extraordinary Session, and the decision of the State Supreme Court in *California Redevelopment Association, et al. v. Matosantos, et al.* (the “**California Redevelopment Association Case**”), as of February 1, 2012, all redevelopment agencies in the State of California (the “**State**”), including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies. The California legislature has amended AB 26 several times, including on June 27, 2012 by Assembly Bill No. 1484 (“**AB 1484**”), enacted as Chapter 26, Statutes of 2012, and on September 22, 2015 by Senate Bill No. 107 (“**SB 107**”), enacted as Chapter 325, Statutes of 2015.

The primary provisions enacted by AB 26 relating to the dissolution and wind down of former redevelopment agency affairs are codified in Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by AB 1484 and SB 107 (as further amended from time to time, the “**Redevelopment Dissolution Act**”). See also “THE SUCCESSOR AGENCY” for further discussion of the Redevelopment Dissolution Act, the

formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency. The Redevelopment Law, and the acts amendatory thereof and supplemental thereto, including the Redevelopment Dissolution Act, is collectively referred to herein as the “**Law**.”

The issuance of the 2017D/E Bonds is subject to the approval of the Successor Agency Commission (as defined herein), the Successor Agency’s oversight board (the “**Oversight Board**”) and the Department of Finance of the State (the “**California Department of Finance**”) pursuant to the Redevelopment Dissolution Act. All such approvals have been obtained. See “THE 2017D/E BONDS – Authority for Issuance.”

The Project Areas

At the time of dissolution of the Former Agency, twelve (12) project areas generated tax increment for redevelopment activities (see reference to the Federal Office Building Redevelopment Project Area in “– Excluded Project Areas” below regarding its lack of tax increment). Two (2) of these project areas (Mission Bay North Redevelopment Project Area and Mission Bay South Redevelopment Project Area) and portions of three (3) other project areas ((i) the State Parcels (defined herein) in the Transbay Redevelopment Project Area; (ii) Zone 1 of the Bayview Hunters Point Redevelopment Project Area B also referred to as “**Candlestick Point**” (further described herein); and (iii) all portions of the Hunters Point Shipyard Project Area except the Hunters Point Hill Residential District) were, and continue to be, subject to agreements that irrevocably commit all or a portion of the property tax increment from those areas to specific purposes. See “– Excluded Project Areas” below. Accordingly, and pursuant to the Indenture, only tax increment from all or a portion of ten (10) such project areas is pledged under the Indenture as security for debt service on the 2017D/E Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS.” Such project areas or portion thereof consist of the redevelopment project areas (except any portion thereof included in the Excluded Project Areas defined below) described in the following redevelopment plans (the “**Project Areas**”):

- Redevelopment Plan – Bayview Hunters Point Redevelopment Project Area – Zone 2 of Project Area B (the “**Bayview Hunters Point Project Area B – Zone 2**”)
- Redevelopment Plan – Embarcadero-Lower Market (“**Golden Gateway**”) Approved Redevelopment Project Area E-1 (the “**Golden Gateway Project Area**”)
- Redevelopment Plan – Bayview Hunters Point Redevelopment Project Area – Project A (formerly known as the Hunters Point Redevelopment Project Area) (the “**Bayview Hunters Point Project Area A**”)
- Redevelopment Plan – Hunters Point Shipyard Redevelopment Project Area – Hunters Point Hill Residential District (the “**Hunters Point Hill Residential District of the Hunters Point Shipyard Project Area**”) (only tax increment generated in the Hunters Point Hill Residential District is pledged under the Indenture as security for the 2017D/E Bonds)
- Redevelopment Plan – India Basin Industrial Park Redevelopment Project Area (the “**India Basin Industrial Park Project Area**”)
- Redevelopment Plan – Rincon Point – South Beach Redevelopment Project Area (the “**Rincon Point – South Beach Project Area**”)

- Redevelopment Plan – South of Market Redevelopment Project Area (previously known as the South of Market Earthquake Recovery Project Area) (the “**South of Market Project Area**”)
- Redevelopment Plan – Transbay Redevelopment Project Area (the “**Transbay Project Area**”) (excluding the State Parcels (defined herein))
- Redevelopment Plan – Western Addition Redevelopment Project Area A-2 (the “**Western Addition Project Area A-2**”)
- Redevelopment Plan – Yerba Buena Center Approved Redevelopment Project Area D-1 (the “**Yerba Buena Center Project Area D-1**”)

As described in this Official Statement, the 2017D/E Bonds are secured by a pledge and lien on Pledged Tax Revenues (defined herein), which generally consist of tax increment revenues generated in the Project Areas. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – General.” Tax increment revenues from certain portions of the Project Areas or from certain excluded project areas are not pledged as security for the payment of the 2017D/E Bonds; therefore, the description of the project areas of the Former Agency set forth in this Official Statement is limited to the Project Areas and excludes any information relating to the Excluded Project Areas (as defined below), including any such areas geographically within the Project Areas. See “– Excluded Project Areas” below.

Excluded Project Areas

Tax increment revenues from the following project areas are not pledged as security to pay debt service on the 2017D/E Bonds under the Indenture: (i) the Mission Bay North Redevelopment Project Area (the “**Mission Bay North Project Area**”); (ii) the Mission Bay South Redevelopment Project Area (the “**Mission Bay South Project Area**”); and (iii) the Federal Office Building Redevelopment Project Area (the parcels in which are owned by the Federal Government which does not pay property tax). In addition, tax increment revenues from: (x) Candlestick Point; (y) parcels in the Hunters Point Shipyard Redevelopment Project Area (other than the Hunters Point Hill Residential District); and (z) certain parcels in the Transbay Project Area that constitute State Parcel Net Tax Increment (defined herein) are not pledged as security to pay debt service on the 2017D/E Bonds under the Indenture. See “PLEDGED TAX REVENUES AND DEBT SERVICE – Historical and Current Assessed Valuation and Tax Revenues” regarding negative tax increment generated by the Federal Office Building Redevelopment Project Area and “THE PROJECT AREAS – Project Areas– *Transbay Project Area*” for more information regarding portions of Transbay Project Area increment pledged to (and the portion excluded from) payment of debt service on the 2017D/E Bonds. Collectively, the project areas listed in (i)-(iii) and the increment described in (x)-(z) above are referred to herein as “**Excluded Project Areas**.” See “THE PROJECT AREAS – Project Areas – *Transbay Project Area*” and “– Project Areas – *Hunters Point Hill Residential District of the Hunters Point Shipyard Project Area*.” See also APPENDIX B – “REPORT OF FISCAL CONSULTANT.”

Tax Allocation Financing

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

Prior to the enactment of AB 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopted the redevelopment plan became the base year

valuation. Assuming the taxable valuation never dropped below the base year level, the taxing agencies thereafter generally received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of such agency's obligations.

The Redevelopment Dissolution Act authorizes refunding bonds, including the 2017D/E Bonds, to be secured by a pledge of the same revenues pledged to the bonds or obligations being refunded, and to be payable from and further secured by moneys deposited from time to time in the Redevelopment Property Tax Trust Fund held by the auditor-controller of the City and County of San Francisco (the “**City Controller**”) with respect to the Successor Agency (the “**Redevelopment Property Tax Trust Fund**” hereinafter referred to as “**RPTTF**”), which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects. **DISCUSSIONS HEREIN REGARDING TAX INCREMENT OR TAX REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE CITY CONTROLLER INTO THE RPTTF AND NOT OBLIGATED FOR OTHER PURPOSES.**

Security and Sources of Payment for the 2017D/E Bonds

The 2017D/E Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture and payable from and secured by the Pledged Tax Revenues (defined herein) and certain other amounts on deposit in funds and accounts held under the Indenture. Pledged Tax Revenues, as more fully described herein, do not include tax increment revenues from, or amounts deposited in, the RPTTF attributable to the Excluded Project Areas. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Security for the 2017D/E Bonds; Equal Security,” “– Senior Obligations” and “– Parity Obligations.”

The Redevelopment Dissolution Act requires the City Controller to determine the amount of property taxes that would have been allocated to the Former Agency had it not been dissolved pursuant to the operation of AB 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the RPTTF. The Redevelopment Dissolution Act further provides that bonds authorized thereunder issued by a successor agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the RPTTF. Property tax revenues pledged to any bonds authorized under the Redevelopment Dissolution Act are taxes allocated to the successor agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law. Section 34177.5(g) of the Redevelopment Dissolution Act provides that any bonds authorized to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB 26 and in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date. The Successor Agency must include debt service payments for such bonds on its Recognized Obligation Payment Schedule (defined herein) in order for such amounts to be distributed to the Successor Agency and be available to pay debt service on the 2017D/E Bonds as described below. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Recognized Obligation Payment Schedule.”

The Redevelopment Dissolution Act requires compliance by the Successor Agency with a procedure for preparation of a Recognized Obligation Payment Schedule in order to receive funds for payment of debt service and submission thereof to the Oversight Board and the California Department of Finance for approval. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Allocation

of Taxes Pursuant to the Redevelopment Dissolution Act.” Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various properties within the Project Areas, to the extent that such taxes constitute tax revenues, will be deposited in the RPTTF for transfer by the City Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund (the “**Retirement Fund**”) on January 2 and June 1 of each year (adjusted for weekends and holidays) to the extent required for payments listed in the Successor Agency’s Recognized Obligation Payment Schedule in accordance with the requirements of the Redevelopment Dissolution Act. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Recognized Obligation Payment Schedule.” Moneys deposited by the City Controller into the Retirement Fund representing Pledged Tax Revenues will first be deposited by the Successor Agency in the “Subordinate Bonds Special Fund,” which is to be held by the Successor Agency within the Retirement Fund (the “**Special Fund**”), and will then be transferred by the Successor Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

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

Senior Obligations

The pledge of tax increment revenues from the Project Areas to pay debt service on the 2017D/E Bonds is *subordinate* to the prior pledge, or priority of payment, of such tax increment revenue to the payment of the Existing Loan Agreements (defined herein) and certain other obligations in certain Project Areas (collectively, the “**Senior Obligations**,” as further described herein). As of August 2, 2017, approximately \$363.1 million aggregate principal amount of the Existing Loan Agreements was outstanding. See also “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – General” and “– Senior Obligations.”

Parity Debt

As of August 2, 2017, the Successor Agency had outstanding \$86,840,000 aggregate principal amount of the 2014 Bonds (defined herein), the debt service on which is payable on a parity with the payment of debt service on the 2017D/E Bonds from Pledged Tax Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Parity Obligations.”

The Successor Agency has the right to issue additional indebtedness payable on a parity with the 2017D/E Bonds and the 2014 Bonds from Pledged Tax Revenues upon the satisfaction of certain conditions set forth in the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Limitations on Additional Indebtedness – *Parity Debt*.”

Subordinate Debt

Under the Indenture, the Successor Agency may issue Subordinate Debt (defined herein). See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Subordinate Obligations” and “ – Limitations on Additional Indebtedness – *Subordinate Debt*.”

Reserve Account

The Indenture establishes a Reserve Account to be held by the Trustee. The Indenture also establishes a “**2017 Series D Taxable Subaccount**” and a “**2017 Series E Subaccount**” within the Reserve Account for the 2017 Series D Taxable Bonds and the 2017 Series E Bonds, respectively (the 2017 Series D Taxable Subaccount and the 2017 Series E Subaccount, each, a “**Reserve Subaccount**”). The Reserve Requirement will be calculated separately for the 2017 Series D Taxable Bonds and the 2017 Series E Bonds. A portion of the proceeds of the 2017 Series D Taxable Bonds will fund a deposit of \$_____ to satisfy the Reserve Requirement with respect to the 2017 Series D Taxable Bonds; in the alternative, the Successor Agency may meet the Reserve Requirement with respect to the 2017 Series D Taxable Bonds with the deposit of a Reserve Policy. A portion of the proceeds of the 2017 Series E Bonds will fund a deposit of \$_____ to satisfy the Reserve Requirement with respect to the 2017 Series E Bonds; in the alternative, the Successor Agency may meet the Reserve Requirement with respect to the 2017 Series E Bonds with the deposit of a Reserve Policy. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Special Fund; Deposit of Pledged Tax Revenues – *Reserve Account*.”

[The Successor Agency has solicited bids for a Reserve Policy to satisfy the Reserve Requirement for each Series of 2017D/E Bonds. No assurance can be given as to whether the Successor Agency will obtain such a Reserve Policy. If a Reserve Policy is obtained, the Reserve Requirement for each Series of 2017D/E Bonds will be calculated at the time of delivery of such Reserve Policy and will not be subject to increase or decrease. The Successor Agency’s decision as to whether to deposit a Reserve Policy in the Reserve Account will be made at or about the time of the pricing of the 2017D/E Bonds and will be based upon, among other things, market conditions at the time of such pricing. If the Successor Agency decides to not obtain a Reserve Policy with respect to either Series, then the reserve subaccount for such Series will be funded with proceeds from the sale of the applicable Series of 2017D/E Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Special Fund; Deposit of Pledged Tax Revenues – *Reserve Account*.”]

Bond Insurance

The Successor Agency may obtain a municipal bond insurance policy to insure the principal of and interest on the 2017D/E Bonds when due. If a municipal bond insurance policy is obtained, it would guarantee the scheduled payment of the principal of and interest on all or a portion of the 2017D/E Bonds as determined by the Successor Agency prior to the issuance of the 2017D/E Bonds. No assurance can be given as to whether the Successor Agency will obtain a municipal bond insurance policy. The Successor Agency’s decision as to whether to purchase a municipal bond insurance policy if offered by a municipal bond insurer will be made at or about the time of the pricing of the 2017D/E Bonds and will be based upon, among other things, market conditions at the time of such pricing. If the Successor Agency purchases a municipal bond insurance policy to insure all or a portion of the principal of and interest on the 2017D/E Bonds, information regarding the municipal bond insurer will be included in the final Official Statement.

Certain Risk Factors

Certain events could affect the ability of the Successor Agency to pay debt service on the 2017D/E Bonds when due. See “CERTAIN RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the 2017D/E Bonds.

Continuing Disclosure

The Successor Agency has covenanted for the benefit of Owners and Beneficial Owners to provide certain financial information and operating data relating to the Successor Agency not later than six (6) months after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2017 (the “**Annual Report**”), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of the specified events will be filed with the Municipal Securities Rulemaking Board (the “**MSRB**”) through the Electronic Municipal Market Access website (“**EMMA**”) of the MSRB. The specific nature of the information to be contained in the Annual Report and the notice of events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

See “CONTINUING DISCLOSURE” for additional information.

Available Information

This Official Statement contains brief descriptions of the 2017D/E Bonds, the security for the 2017D/E Bonds, the Indenture, the Successor Agency, the Former Agency, the City, the Project Areas and certain other information relevant to the issuance of the 2017D/E Bonds. All references herein to the Indenture, the Refunding Law, the Redevelopment Law, the Redevelopment Dissolution Act, the State Constitution and laws of the State are qualified in their entirety by reference to the complete text thereof and all references to the 2017D/E Bonds are further qualified by reference to the form thereof contained in the Indenture. Capitalized terms used and not otherwise defined in this Official Statement shall have the meanings given to such terms in the Indenture.

The Successor Agency’s audited financial statements for the period ended June 30, 2016 are included in APPENDIX A – “SUCCESSOR AGENCY’S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016.” Urban Analytics, LLC, San Francisco, California (the “**Fiscal Consultant**”) is providing consulting services to the Successor Agency with respect to the Project Areas and their projected taxable values and anticipated tax increment revenues. The Fiscal Consultant’s report is attached hereto as APPENDIX B – “REPORT OF FISCAL CONSULTANT.” The proposed form of legal opinion of Bond Counsel relating to the 2017D/E Bonds is set forth in APPENDIX E – “FORM OF BOND COUNSEL FINAL OPINION.”

The information set forth herein and in the Appendices hereto has been furnished by the Successor Agency and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by the Successor Agency or the Underwriters and is not to be construed as a representation by the Underwriters. Copies of documents referred to herein and information concerning the 2017D/E Bonds are available upon written request from the Trustee, U.S. Bank National Association, One California Street, Suite 1000, Mail Code: SF-CA-SFCT, San Francisco, California 94111. Within the City, the Successor Agency, which is constituted as the Office of Community Investment and Infrastructure or “OCII,” may be contacted at: Office of Community Investment and Infrastructure, One South Van Ness Avenue, 5th Floor, San Francisco,

California 94103; telephone: (415) 749-2465. The Successor Agency will respond to requests by any Bondowner for public information. The Successor Agency may impose a charge for copying, mailing and handling.

THE REFUNDING PLAN

General. The proceeds of each Series of 2017D/E Bonds will be applied, together with certain other available funds, to prepay certain existing loan agreements entered into by the Former Agency and the City and County of San Francisco Redevelopment Financing Authority (the “**Authority**”) reflecting loans from the Authority to the Former Agency of the proceeds of certain bonds issued by the Authority for the benefit of the Former Agency, as described further below. Such prepayment will be applied to the defeasance and redemption, in whole or in part, of the outstanding bonds of the Authority to which such loan agreements relate. The proceeds of each Series of 2017D/E Bonds will also be used to pay costs associated with the issuance of the 2017D/E Bonds and may be used to make a deposit in the subaccount of the Reserve Account established for such Series or to purchase a Reserve Policy for such Series to satisfy such Series’ Reserve Requirement. The Former Agency used the loaned bond proceeds described above to finance or refinance its redevelopment activities.

Payment of Certain Existing Loan Agreements and Refunding the Related Outstanding Authority Bonds. The following tables detail the series, maturity dates and principal amounts of the outstanding bonds of the Authority (“**Refunded Authority Bonds**”) and related loan agreements (“**Refunded Loan Agreements**”) that may be refunded with the proceeds of a Series of 2017D/E Bonds. The specific Refunded Authority Bonds and related Refunded Loan Agreements (collectively, the “**Refunded Obligations**”) to be refunded with the proceeds of each Series of 2017D/E Bonds will be determined by the Successor Agency at the time that the Successor Agency and the Underwriters execute the bond purchase contract. **The bonds to be refunded, dates and amounts are subject to change by the Successor Agency in its sole discretion.**

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Refunded Obligations to be Refunded by the 2017 Series D Taxable Bonds*

Series Designation	Issue Date	Maturity Date	Base CUSIP (79771P)	Principal Amount Outstanding	Principal Amount to be Redeemed*	Redemption Date
Series 2009A ⁽¹⁾	9/3/2009			\$7,045,000	\$6,095,000	8/1/2018 ⁽⁶⁾
		8/1/2019	P33	11,035,000	10,010,000	8/1/2019
		8/1/2024	P41	18,240,000	18,240,000	8/1/2019
Series 2009B ⁽²⁾	9/3/2009	8/1/2018	M51	1,255,000	1,255,000	8/1/2018
		8/1/2019	M69	1,315,000	1,315,000	8/1/2019
		8/1/2028	M77	2,010,000	2,010,000	8/1/2019
		8/1/2032	M85	2,120,000	2,120,000	8/1/2019
		8/1/2039	M93	3,495,000	3,495,000	8/1/2019
Series 2009E ⁽³⁾	12/17/2009			185,000	170,000	8/1/2018 ⁽⁶⁾
		8/1/2019	U52	210,000	190,000	8/1/2019
		8/1/2024	U60	10,320,000	10,320,000	8/1/2019
Series 2010A ⁽⁴⁾	9/28/2010	8/1/2018	X42	330,000	330,000	8/1/2018
		8/1/2019	X59	350,000	350,000	8/1/2019
		8/1/2020	X67	1,355,000	1,355,000	8/1/2020
		8/1/2025	X75	8,275,000	8,275,000	8/1/2020
		8/1/2030	X83	12,855,000	12,855,000	8/1/2020
		8/1/2040	X91	14,835,000	14,835,000	8/1/2020
Series 2011A ⁽⁵⁾	3/18/2011	8/1/2018	Y82	335,000	335,000	8/1/2018
		8/1/2019	Y90	400,000	400,000	8/1/2019
		8/1/2020	Z24	480,000	480,000	8/1/2020
		8/1/2021	Z32	495,000	495,000	2/1/2021
		8/1/2026	Z40	1,265,000	1,265,000	2/1/2021
		8/1/2031	Z57	1,640,000	1,640,000	2/1/2021
		8/1/2041	Z65	16,140,000	16,140,000	2/1/2021
Total				\$115,985,000	\$113,975,000	

⁽¹⁾ Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Bayview Hunters Point Project Area B – Zone 2, Mission Bay North Project Area, Mission Bay South Project Area, Rincon Point – South Beach Project Area, Transbay Project Area, Western Addition Project Area A-2, and Yerba Buena Center Project Area D-1. Loan Agreements for Mission Bay North Project Area and Mission Bay South Project Area will not be prepaid with proceeds of the 2017D/E Bonds.

⁽²⁾ Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Bayview Hunters Point Project Area B – Zone 2, South of Market Project Area, Transbay Project Area, and Yerba Buena Center Project Area D-1.

⁽³⁾ Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Bayview Hunters Point Project Area B – Zone 2, Mission Bay South Project Area, Rincon Point – South Beach Project Area, Western Addition Project Area A-2, and Yerba Buena Center Project Area D-1. Loan Agreement for Mission Bay South Project Area will not be prepaid with proceeds of the 2017D/E Bonds.

⁽⁴⁾ Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Golden Gateway Project Area, Transbay Project Area, and Western Addition Project Area A-2.

⁽⁵⁾ Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Bayview Hunters Point Project Area B – Zone 2, Golden Gateway Project Area, Bayview Hunters Point Project Area A, South of Market Project Area, Transbay Project Area, and Western Addition Project Area A-2.

⁽⁶⁾ Mandatory sinking fund redemption of term bonds maturing on August 1, 2019.

Source: Piper Jaffray & Co.

* Preliminary, subject to change.

Refunded Obligations to be Refunded by the 2017 Series E Bonds

Series Designation	Issue Date	Maturity Date	Base CUSIP (79771P)	Principal Amount Outstanding	Principal Amount to be Redeemed*	Redemption Date
Series 2009F ⁽¹⁾	12/17/2009	8/1/2018	V85	\$ 120,000	\$ 120,000	8/1/2018
		8/1/2019	V93	135,000	135,000	8/1/2019
		8/1/2024	W27	985,000	985,000	8/1/2019
		8/1/2029	W35	1,680,000	1,680,000	8/1/2019
		8/1/2039	W43	3,305,000	3,305,000	8/1/2019
Series 2011B ⁽²⁾	4/26/2011	8/1/2026	2M6	2,230,000	2,230,000	2/1/2021
		8/1/2031	2P9	3,535,000	3,535,000	2/1/2021
		8/1/2041	2R5	10,255,000	10,255,000	2/1/2021
Total				\$22,245,000	\$22,245,000	

⁽¹⁾ Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Bayview Hunters Point Project Area B – Zone 2, South of Market Project Area, and Transbay Project Area (collectively, the “2009F Loan Agreements”).

⁽²⁾ Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Bayview Hunters Point Project Area B – Zone 2, South of Market Project Area, and Transbay Project Area (collectively, the “2011B Loan Agreements”).

Source: Piper Jaffray & Co.

The refunding of each series of Refunded Obligations will be effected by depositing a portion of the proceeds of the indicated Series of 2017D/E Bonds, together with other available monies, into a special and irrevocable escrow fund (each, an “**Escrow Fund**”) established for such series of Refunded Obligations in accordance with an Agreement regarding Redemption, Defeasance and Payment of such Refunded Obligations (each, a “**Redemption Agreement**”). Each Redemption Agreement will be dated as of _____, 2017, by and among the Authority, the Successor Agency and the trustee for the applicable Refunded Obligation, as escrow trustee thereunder (the “**Escrow Trustee**”). The amounts deposited in each Escrow Fund will be held as cash or will be invested in direct noncallable obligations of, or unconditionally guaranteed by, the United States of America (“**Escrowed Securities**”). The Escrowed Securities will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that such amounts together with any amounts held as cash in such Escrow Funds, will provide sufficient monies to pay interest on the series of Refunded Obligations to which it relates as the same shall become due and to pay the redemption price (i.e., 100% of the principal amount of such series of Refunded Authority Bonds) so refunded on the redemption date therefor as described above.

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

Verification. Causey Demgen & Moore P.C., independent certified public accountants, will verify, from the information provided to them, the mathematical accuracy as of the date of delivery of the

* Preliminary, subject to change.

2017D/E Bonds of computations relating to the adequacy of the maturing principal amounts of the Escrowed Securities deposited into an Escrow Fund pursuant to each Redemption Agreement and the interest to be earned thereon, together with any amounts held as cash in such Escrow Fund, to pay the interest coming due on the related series of Refunded Obligations and to pay, on the redemption date therefor, the redemption price of such Refunded Authority Bonds. See “Verification of Mathematical Computations.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2017D/E Bonds are as follows:

	<i>2017 Series D Taxable Bonds</i>	<i>2017 Series E Bonds</i>	<i>Total</i>
<i>Sources:</i>			
Par Amount			
Plus Original Issue Premium			
Plus Other Money ⁽¹⁾			
Total Sources			
<i>Uses:</i>			
_____ (Taxable)			
Escrow Fund			
_____ (Taxable)			
Escrow Fund			
_____ (Taxable)			
Escrow Fund			
_____ Escrow Fund			
_____ Escrow Fund			
_____ Escrow Fund			
_____ Escrow Fund			
_____ Escrow Fund			
_____ Escrow Fund			
[Reserve Account ⁽²⁾]			
Costs of Issuance ⁽³⁾			
Underwriters’ Discount			
Total Uses			

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

⁽²⁾ Reflects the aggregate amount of cash deposited from the 2017D/E Bonds to their respective subaccounts in the Reserve Account under the Indenture.

⁽³⁾ Includes legal, financing and consultant fees, rating agency fee, verification agent fees, the fees for the Reserve Policies, [costs of bond insurance] and other miscellaneous expenses.

THE 2017D/E BONDS

Authority for Issuance

The 2017D/E Bonds were authorized for issuance pursuant to the Indenture, the Refunding Law, the Redevelopment Law and the Redevelopment Dissolution Act. See “INTRODUCTION – The Successor

Agency.” Issuance of the 2017D/E Bonds and the execution of the related documents were authorized by the Successor Agency pursuant to a resolution adopted on June 20, 2017 (the “**Resolution**”), and approved by the Oversight Board pursuant to a resolution of the Oversight Board adopted on July 10, 2017 (the “**Oversight Board Resolution**”).

Written notice of the Oversight Board Resolution was provided to the California Department of Finance, as required by the Redevelopment Dissolution Act, on July 10, 2017. On September 11, 2017, which is within the time period allotted under the Redevelopment Dissolution Act for the California Department of Finance to review the Oversight Board Resolution, the California Department of Finance provided a letter to the Successor Agency stating that, based on the California Department of Finance’s review of the Oversight Board Resolution and application of applicable law, the California Department of Finance approved of the issuance of the 2017D/E Bonds. A copy of the California Department of Finance’s letter is attached hereto as APPENDIX G.

Description of the 2017D/E Bonds

The 2017D/E Bonds will be issued in the form of fully registered bonds without coupons and in principal denominations of \$5,000 or any integral multiple thereof. No 2017D/E Bond will have more than one maturity date.

The 2017D/E Bonds will be dated, and will bear interest from, their date of delivery to the original purchasers thereof. The 2017D/E Bonds will be issued in the respective aggregate amounts, will bear interest at the respective rates and will mature, subject to redemption provisions set forth hereinafter, on the respective dates and in the amounts all as set forth on the inside cover page hereof.

Interest on the 2017D/E Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2018 (each, an “**Interest Payment Date**”). Interest on the 2017D/E Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months. Each 2017D/E Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated after the close of business on the fifteenth (15th) calendar day of the month preceding an Interest Payment Date whether or not such fifteenth (15th) calendar day is a business day (the “**Record Date**”) and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to January 15, 2018, in which event it will bear interest from the date of delivery of the 2017D/E Bonds to the original purchasers thereof, provided, however, that if at the time of authentication of a 2017D/E Bond, interest thereon is in default, such 2017D/E Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Book-Entry Only System

Each Series of 2017D/E Bonds will be initially issued as fully registered bonds without coupons for each maturity of the 2017D/E Bonds. Upon initial delivery, the ownership of the 2017D/E Bonds will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“**DTC**”), New York, New York. DTC will act as a securities depository for the 2017D/E Bonds. Individual purchases may be made in book-entry only form. Purchasers will not receive certificates representing their beneficial ownership interest in the 2017D/E Bonds so purchased. So long as DTC, or its nominee, Cede & Co., is the registered owner of the 2017D/E Bonds, payments of principal, premium, if any, and interest evidenced by the 2017D/E Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the 2017D/E Bonds and references herein and in the Indenture to the Owners or Bondowners mean Cede & Co. and do not mean the Beneficial Owners of the 2017D/E Bonds. In this Official Statement,

the term “**Beneficial Owner**” means the person for whom a DTC Participant acquires an interest in the 2017D/E Bonds. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Each such payment to DTC or its nominee will be valid and effective to fully discharge all liability of the Successor Agency or the Trustee with respect to the principal or redemption price of or interest on the 2017D/E Bonds to the extent of the sum or sums so paid. The Successor Agency and the Trustee cannot and do not give any assurance that DTC’s Direct Participants or Indirect Participants will distribute to Beneficial Owners (i) payments of interest, principal or premium, if any, with respect to the 2017D/E Bonds, (ii) confirmation of ownership interests in the 2017D/E Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the 2017D/E Bonds, or that DTC’s Direct Participants or Indirect Participants will do so on a timely basis.

Neither the Successor Agency nor the Trustee will have any responsibility or obligation to DTC Direct Participants, Indirect Participants or Beneficial Owners with respect to the payments or the providing of notice to DTC Direct Participants, Indirect Participants or Beneficial Owners or the selection of the 2017D/E Bonds for redemption. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

In the event that either (i) DTC or a successor securities depository determines not to continue to act as a securities depository for the 2017D/E Bonds, or (ii) the Successor Agency determines to terminate DTC or a successor securities depository as such, then the Successor Agency will discontinue the book-entry system. Thereupon, DTC or the then current securities depository will furnish the Trustee with the names and addresses of the book-entry system Participants and their respective ownership interests thereof and the Trustee will issue replacement 2017D/E Bonds thereto.

Redemption Provisions*

Optional Redemption. The 2017 Series D Taxable Bonds maturing on or prior to August 1, 20__, are not subject to optional redemption. The 2017 Series D Taxable Bonds maturing on or after August 1, 20__, are subject to optional redemption, prior to their respective maturity dates as a whole, or in part by lot, on any date on or after August 1, 20__, by such maturity or maturities as will be directed by the Successor Agency (or in the absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption will be at a redemption price equal to 100% of the principal amount of the 2017D/E Bonds to be redeemed, plus accrued but unpaid interest thereon to the date fixed for redemption, without premium.

The 2017 Series E Bonds maturing on or prior to August 1, 20__, are not subject to optional redemption. The 2017 Series E Bonds maturing on or after August 1, 20__, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after August 1, 20__, by such maturity or maturities as will be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption will be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The 2017 Series D Taxable Bonds that are Term Bonds maturing on August 1, 20__, and August 1, 20__, are also subject to mandatory sinking fund redemption in whole, or in part by lot, on August 1 in each year, commencing on August 1, 20__ and August 1, 20__, respectively, as set forth below, from sinking fund payments made by the Successor Agency to the

* Preliminary, subject to change.

2017 Series E Term Bonds maturing on August 1, 20__

Sinking Account
Redemption Date
(August 1)

Principal Amount
to be Redeemed

*Maturity

2017 Series E Term Bonds maturing on August 1, 20__

Sinking Account
Redemption Date
(August 1)

Principal Amount
to be Redeemed

*Maturity

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

Selection of Bonds for Redemption. Whenever any 2017D/E Bonds or any Parity Debt (defined herein) currently Outstanding or to be issued pursuant to a further supplement to the Indenture (such Parity Debt and 2017D/E Bonds hereinafter together referred to as, “**Bonds**”) or portions thereof are to be selected for redemption by lot, the Trustee will make such selection, in such manner as the Trustee will deem appropriate, and will notify the Successor Agency thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee will assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed will be the Bonds that were assigned the numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 will be redeemed as will equal \$5,000 for each number assigned to it and so selected.

Notice of Redemption; Rescission. Notice of redemption will be mailed by the Trustee by first class mail not less than thirty (30) and not more than sixty (60) days prior to the redemption date (i) to any Insurer and to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and one or more Information Services designated in a Written Request of the Successor Agency filed with the Trustee; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will state, in the case of an optional redemption, that such redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the

Redemption Account, will designate the CUSIP number of the Bonds to be redeemed, will state the individual number of each Bond to be redeemed or will state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and will require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

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

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

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

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

Mutilated, Lost, Destroyed or Stolen Bonds. The Successor Agency and the Trustee will, under certain circumstances, replace Bonds which have been mutilated, lost, destroyed or stolen. The Successor Agency may require payment of a reasonable fee and of the expenses which may be incurred by the Successor Agency and the Trustee in connection with the issuance of a new Bond to replace a Bond which has been mutilated, lost, destroyed or stolen.

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DEBT SERVICE SCHEDULE

Set forth below is a table showing scheduled principal, interest and total debt service for the Existing Loan Agreements, the 2014 Bonds and the 2017D/E Bonds assuming no optional redemption thereof prior to maturity. Such table does not show Subordinate Debt.

Bond Year ending August 1	Existing Loan Agreements ⁽¹⁾	2014 Bonds ⁽²⁾	2017 Series D Taxable Bonds			2017 Series E Bonds			Aggregate Debt Service
			Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	
2018	\$50,674,383.10	\$26,793,500.50							
2019	45,841,471.50	18,111,512.50							
2020	34,508,096.66	12,777,698.00							
2021	36,916,016.80	13,239,505.30							
2022	46,388,544.36	5,178,557.00							
2023	48,539,720.16	2,805,507.50							
2024	48,374,425.76	2,824,677.00							
2025	32,470,857.96	2,907,781.00							
2026	31,824,024.90	2,897,565.00							
2027	31,815,630.80	2,917,099.00							
2028	31,796,665.46	2,905,793.50							
2029	31,785,570.50	2,900,430.50							
2030	31,756,645.36	2,450,510.00							
2031	30,142,467.26	1,213,483.50							
2032	30,137,990.06	1,196,731.50							
2033	30,130,498.20	1,198,518.50							
2034	30,107,613.66	1,187,870.50							
2035	25,930,213.06	1,190,274.50							
2036	26,034,938.36	-							
2037	20,660,665.60	-							
2038	10,594,797.96	-							
2039	10,584,741.70	-							
2040	8,615,606.26	-							
2041	6,102,556.26	-							
2042	-	-							
2043	-	-							
2044	-	-							
2045	-	-							
2046	-	-							

⁽¹⁾ The Successor Agency's obligation to pay debt service on the Existing Loan Agreements is senior to that of the 2017D/E Bonds. Includes Refunded Loan Agreements. See "INTRODUCTION – Senior Obligations" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Senior Obligations – *Existing Loan Agreements*."

⁽²⁾ Reflects debt service on the 2014 Bonds. The Successor Agency's obligation to pay debt service on the 2014 Bonds is on a parity with that of the 2017D/E Bonds. See "INTRODUCTION – Parity Debt" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Parity Obligations."

Sources: Piper Jaffray & Co. and the Successor Agency.

SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS

General

The 2017D/E Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture, and are payable solely from and equally secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues and moneys in the Special Fund and all the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account established under the Indenture. Except for the Pledged Tax Revenues and such moneys in such funds and accounts, no fund or property of the Successor Agency is pledged to, or otherwise secure, the payment of principal of or interest or redemption premium (if any) on the 2017D/E Bonds. See “– Security for the 2017D/E Bonds; Equal Security.” See also APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

“**Pledged Tax Revenues**” are defined in the Indenture as all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State or pursuant to other applicable State laws and that are deposited in the RPTTF, excluding (i) amounts payable pursuant to Existing Loan Agreements, (ii) all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, unless such payments are subordinated to payments on the 2014 Bonds or any additional Bonds (as defined in the Indenture) or to the payments owed under any resolution, indenture of trust, supplemental indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt (a “**Parity Debt Instrument**”) pursuant to Section 33607.5(e) of the Redevelopment Law and Section 34177.5(c) of the Redevelopment Dissolution Act, and (iii) amounts required to be paid to the Transbay Joint Powers Authority in accordance with Section 5.7 of the Redevelopment Plan - Transbay Redevelopment Project Area. Under the Indenture, the term “Bonds” is defined to mean the 2014 Bonds and any Parity Debt (defined herein) (including the 2017D/E Bonds) issued as bonds pursuant to a Supplemental Indenture. See also “– Security for the 2017D/E Bonds; Equal Security.”

The 2017D/E Bonds are not a debt of the City, the State, or any of its political subdivisions (other than the Successor Agency and only to the limited extent set forth in the Indenture), and none of the City, the State, or any of its political subdivisions is liable therefor, nor in any event will the 2017D/E Bonds be payable out of any funds or properties other than those of the Successor Agency and only to the limited extent set forth in the Indenture. The 2017D/E Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. None of the members of the Successor Agency Commission, the Successor Agency, the City, or any persons executing the 2017D/E Bonds is liable personally for the 2017D/E Bonds by reason of their issuance. Although the Successor Agency receives certain tax increment revenues, the Successor Agency has no taxing power.

Tax Increment Financing Generally

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

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

for the acquisition or improvement of real property and approved on or after January 1, 1989, is paid into the funds of the respective Taxing Agencies; and

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

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

Allocation of Taxes Pursuant to the Redevelopment Dissolution Act

Prior to the enactment of the Redevelopment Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects by permitting the pledge of tax increment revenues derived from the applicable project area to repayment of tax allocation bonds. The Redevelopment Dissolution Act requires that all property tax increment derived from all former project areas be deposited in a RPTTF for the Successor Agency held and maintained by the City Controller. **DISCUSSIONS HEREIN REGARDING TAX INCREMENT OR TAX REVENUES REFER TO THOSE MONEYS DEPOSITED BY THE CITY CONTROLLER INTO THE RPTTF AND NOT OBLIGATED FOR OTHER PURPOSES.**

The Redevelopment Dissolution Act authorizes bonds, including the 2017D/E Bonds, to be secured by property tax revenues available in the Successor Agency’s RPTTF from the Project Areas, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Redevelopment Dissolution Act for permitted administrative costs of the City Controller. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described below.

The Redevelopment Dissolution Act requires the City Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the RPTTF for the Successor Agency established and held by the City Controller pursuant to the Redevelopment Dissolution Act. The Redevelopment Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency, such as the 2017D/E Bonds, will be considered indebtedness incurred by the Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date so that property tax revenues (formerly tax increment revenues) are paid to the Successor Agency in such amounts and on such dates to ensure the timely payment of debt service on the bonds. Pursuant to the Redevelopment Dissolution Act, the Successor Agency has covenanted to take all actions necessary to ensure that the 2017D/E Bonds will be included in each of the Successor Agency’s Recognized Obligation Payment Schedules as prepared from time to time under the Redevelopment Dissolution Act. See “– Recognized Obligation Payment Schedule” below.

The Successor Agency tax rate calculated by the City is one percent (1.000%) for the secured roll and the unsecured roll. See APPENDIX B – “REPORT OF FISCAL CONSULTANT” for more information. In

accordance with Section 33670(e) of the Redevelopment Law, the Successor Agency tax rate excludes taxes related to bonded indebtedness of the City approved by the voters of the City on or after January 1, 1989, and issued for the acquisition or improvement of real property. The Successor Agency receives, on an annual basis, only those tax increment revenues required by it to pay debt service or other enforceable obligations. See the tables for the Project Areas under “PLEDGED TAX REVENUES AND DEBT SERVICE – Historical and Current Assessed Valuation and Tax Revenues.”

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

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. Notwithstanding the foregoing, in those specific circumstances where the Former Agency found that a significant amount of the proceeds of a loan agreement entered into by the Former Agency was going to be used for low and moderate income housing purposes that also benefitted other project areas, such other project areas (referred to as contributing cross-collateralization project areas) agreed, in the event of an insufficiency in the reserve account related to such loan agreement committed, to provide funds for deposit in such reserve account in an amount and on the terms set forth in the applicable loan agreement.

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

Despite the provisions of the Redevelopment Dissolution Act that appear to permit the Successor Agency to use tax increment revenue that does not constitute Pledged Tax Revenues to pay debt service on the 2017D/E Bonds, investors should assume that the 2017D/E Bonds are secured by and payable solely from the Pledged Tax Revenues and moneys in the Special Fund, and that tax revenues attributable to the Excluded Project Areas are not available for payment of debt service on the 2017D/E Bonds.

Teeter Plan. The City has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et. seq.* of the State Revenue and Taxation Code. Generally, under the Teeter Plan, each participating local agency, including cities, levying property taxes in its county may receive the amount of uncollected taxes credited to its fund in the same manner as if the amount credited had been collected. In return, the county would receive and retain delinquent payments, penalties and interest, as collected, that would have been due to the local agency. However, although a local agency could receive the total levy for its property taxes without regard to actual collections, funded from a reserve established and held by the county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency.

The Teeter Plan remains in effect in the City unless and until the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the City (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the City, in which event, the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the City. There can be no assurance that the Teeter Plan will remain in effect throughout the life of the 2017D/E Bonds. In the event the Teeter Plan within the Project Areas were discontinued, the amount of the levy of property tax revenue that can be allocated to the Successor Agency would depend upon the actual collections of taxes within the Project Areas. Substantial delinquencies in the payment of property taxes could then impair the timely receipt by the Successor Agency of Pledged Tax Revenues and the payment of debt service on the 2017D/E Bonds.

As of May 11, 2017, the overall delinquency rate – the percentage of property tax revenue unpaid after the due date for the second installment in April 2017 – for all secured properties in the Project Areas was 1.4%. See APPENDIX B – “REPORT OF FISCAL CONSULTANT.”

Former Housing Fund. Prior to the Redevelopment Dissolution Act, the Redevelopment Law required generally that redevelopment agencies set aside in a low and moderate income housing fund not less than twenty percent (20%) of all tax revenues allocated to such agencies. This twenty percent (20%) set-aside requirement was eliminated by the Redevelopment Dissolution Act and is no longer in effect. As a result, and because the former housing set-aside and other tax increment revenues from certain of the Project Areas were previously pledged as security for the Existing Loans, the former housing set-aside is available to pay debt service on the 2017D/E Bonds to the extent the former housing set-aside is not needed to pay debt service on the Existing Loans.

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

AB 1290 established, among other things, a mandatory statutory formula for sharing tax increment (“**Statutory Pass-Through Amounts**”) for project areas established, or amended in certain respects, on or after January 1, 1994, which applied to tax increment revenues net of the housing set-aside. The first twenty-five percent (25%) of net tax increment generated by the increase in assessed value after the establishment of the project areas or the effective date of the amendment is required to be paid to affected taxing entities. In addition, beginning in the 11th year of collecting tax increment, an additional twenty-one percent (21%) of the increment generated by increases in assessed value after the 10th year must be so paid. Finally, beginning in the 31st year of collecting tax increment, an additional fourteen percent (14%) of the increment generated by increases in assessed value after the 30th year must be so paid.

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

Statutory Pass-through Shares By Taxing Entity⁽¹⁾

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

* ERAF is not itself a Taxing Entity; revenue deposited to ERAF is distributed to schools.

⁽¹⁾ The Statutory Pass-Throughs have been subordinated to debt service on the 2017D/E Bonds.

Source: City Controller.

The Redevelopment Dissolution Act requires the City Controller to distribute from the RPTTF the Statutory Pass-Through Amounts required to be distributed to the Taxing Entities on each January 2 and June 1 before amounts are distributed by the City Controller from the RPTTF to the Retirement Fund, unless (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded by the Successor Agency (see discussion below relating to subordination of Statutory Pass-Through Amounts to the 2017D/E Bonds), or (ii) (a) the Successor Agency has reported, no later than the December 1 and May 1 preceding the applicable January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the RPTTF allocation to the Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations, are insufficient to fund the Successor Agency’s enforceable obligations, Statutory Pass-Through Amounts, and the Successor Agency’s administrative cost allowance for the applicable period, and (b) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes.

If the requirements stated in the above paragraph have been met, the Redevelopment Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed on the applicable January 2 or June 1 property tax distribution date (as adjusted for weekends and holidays). To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the Taxing Entities under the Redevelopment Dissolution Act after payment of the Successor Agency’s enforceable obligations, Statutory Pass-Through Amounts, and the Successor Agency’s administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for administrative costs for the applicable period in order to fund the enforceable obligations. Finally,

funds required for servicing bond debt may be deducted from the amounts to be distributed as Statutory Pass-Through Amounts, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. See “– Recognized Obligation Payment Schedule” for further information regarding applicable periods and dates.

The process prescribed by the Redevelopment Dissolution Act of administering the tax revenues and the Statutory Pass-Through Amounts may affect the availability of an adequate amount of Pledged Tax Revenues for the payment of principal and interest on the 2017D/E Bonds when due. See “– Recognized Obligation Payment Schedule.” See also “PLEDGED TAX REVENUES AND DEBT SERVICE” for additional information regarding the Statutory Pass-Through Amounts applicable to the Successor Agency and the tax revenues derived from the Project Areas.

Statutory Pass-Through Amounts are Subordinated to Payment of Debt Service on the 2017D/E Bonds. Section 34177.5(c) of the Redevelopment Dissolution Act sets forth a process pursuant to which such payments may be subordinated to debt service on newly-issued bonds or loans. Accordingly, the Successor Agency notified the Taxing Entities of its intent to subordinate the Statutory Pass-Through Amounts to the payment of debt service on the 2017D/E Bonds and requested the Taxing Entities to approve of such subordination. All Taxing Entities have either approved such subordination or are deemed to have approved such subordination by not acting within 45 days after receipt of the Successor Agency’s request. The Statutory Pass-Through Amount paid through ERAF to school districts is assumed to be subordinated with the Statutory Pass-Through Amount paid directly to school districts. See also “CERTAIN RISK FACTORS – Subordination of ERAF.” The total Statutory Pass-Through Amounts for the Taxing Entities (including ERAF) for Fiscal Year 2017-18 is estimated to be \$34.1 million.

Property Tax Administration Fees. Pursuant to the Redevelopment Dissolution Act, the City Controller charges the Successor Agency a fee to recover property tax administration costs. This administration fee is approximately 0.017% of tax increment and is allocated among all of the Successor Agency’s project areas as determined at the discretion of the Successor Agency. For Fiscal Year 2016-17, the County’s administrative charge to the Successor Agency for all of its project areas was \$18,090. For Fiscal Year 2017-18, it is expected to be approximately \$34,038. See also “LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure – *Property Tax Administrative Costs.*”

Security for the 2017D/E Bonds; Equal Security

Pursuant to the Indenture, the 2017D/E Bonds, the 2014 Bonds and any other Parity Debt will be equally secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues and the moneys in the Special Fund, and will also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys in the funds and accounts described herein, no funds or properties of the Successor Agency will be pledged to, or otherwise be liable for, the payment of principal of or interest on the 2017D/E Bonds.

Pledged Tax Revenues, as defined in the Indenture, generally consist of tax revenues from the Project Areas, which are deposited into the RPTTF from time to time, excluding (i) amounts payable pursuant to the Existing Loan Agreements and (ii) all Statutory Pass-Through Amounts required to be paid to Taxing Entities unless such payments are subordinated to payments on the 2017D/E Bonds, the 2014 Bonds or any other Parity Debt, and (iii) amounts required to be paid to the Transbay Joint Powers Authority in accordance with Section 5.7 of the Redevelopment Plan – Transbay Redevelopment Project Area. See “– Senior Obligations.” No amounts deposited into the RPTTF reflecting tax revenues from the

Excluded Project Areas or constituting State Parcel Net Tax Increment are pledged to, or anticipated to be available for, payment of debt service on the 2017D/E Bonds.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control (e.g., any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies) could affect the amount of Pledged Tax Revenues available to pay the principal of and interest on the 2017D/E Bonds. See “– Tax Increment Financing Generally,” “– Recognized Obligation Payment Schedule,” “LIMITATIONS ON TAX REVENUES” and “CERTAIN RISK FACTORS.”

In consideration of the acceptance of the 2017D/E Bonds by those who will hold the same from time to time, the Indenture constitutes a contract between the Successor Agency and the Owners from time to time of the 2017D/E Bonds, and the covenants and agreements set forth therein to be performed on behalf of the Successor Agency are for the equal and proportionate benefit, security and protection of all owners of the 2017D/E Bonds, without preference, priority or distinction as to security or otherwise of any of the 2017D/E Bonds over any of the others by reason of the number or date thereof, or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided in the 2017D/E Bonds or in the Indenture.

Special Fund; Deposit of Pledged Tax Revenues

The Indenture establishes the Special Fund to be held by the Successor Agency within the Retirement Fund. On each January 2, commencing January 2, 2018, the Successor Agency will transfer all of the Pledged Tax Revenues on a pro rata basis to the Special Fund and to any other special fund created with respect to any additional Parity Debt that is not issued as bonds under the Indenture, promptly upon receipt thereof by the Successor Agency, until such time as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred in the Bond Year commencing on the immediately preceding August 2 (i) for deposit into the Interest Account, the Principal Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to the Indenture and (ii) if applicable, with respect to any additional Parity Debt (other than additional bonds issued pursuant to a Supplemental Indenture) for deposit into the funds and accounts that may be required pursuant to the applicable Parity Debt Instruments. If the amount of Pledged Tax Revenues received on January 2 will be insufficient to deposit the full amount required to be deposited pursuant to subsections (i) and (ii) of this paragraph, then the Successor Agency will deposit the Pledged Tax Revenues received on June 1 in the Special Fund in order to make the remainder of the transfers and deposits described above. If there nonetheless remains insufficient Pledged Tax Revenues to make the transfers and deposits required above, then the Successor Agency will transfer such Pledged Tax Revenues for deposit pro rata based on the full amounts required to be so deposited. Additionally, if the Successor Agency determines it is necessary to ensure timely payment of debt service on the Bonds, the Successor Agency may also collect on each January 2, a reserve to be held for debt service on the Existing Loan Agreements, the Bonds, any other Parity Debt, the 2017 Subordinate Bonds (defined herein) and any 2017 Subordinate Parity Debt (defined herein); provided, however, the Successor Agency will not be obligated to collect any such reserve. See also “– Recognized Obligation Payment Schedule.”

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

in the Special Fund, except as may be provided in the Indenture and in any Supplemental Indenture or Parity Debt Instrument.

There has been established under the Indenture a fund to be known as the Debt Service Fund, which will be held by the Trustee in trust in accordance with the Indenture. The Indenture requires the Successor Agency to transfer from the Special Fund to the Trustee (i) on or before the fifth (5th) business day preceding each Interest Payment Date, commencing with the Interest Payment Date of February 1, 2018, the amount necessary to pay the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date, (ii) on or before the fifth (5th) business day preceding August 1 in each year, beginning August 1, 2018, the necessary amount to pay the principal due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds on the next August 1, (iii) at any time that the amount on deposit in the Reserve Account or any subaccount is less than the Reserve Requirement, unless there is a Reserve Policy on deposit, the amount necessary to maintain the Reserve Requirement for the applicable Series of Bonds on deposit in the applicable subaccount of the Reserve Account, and (iv) on or before the business day preceding any date on which Bonds are to be optionally redeemed, the amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date pursuant to the Indenture or the applicable Supplemental Indenture.

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

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

Principal Account. The Trustee will deposit in the Principal Account the amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including pursuant to mandatory sinking account redemption, on the next August 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next August 1 on all of the Outstanding Serial Bonds and Term Bonds. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and the Term Bonds, including by mandatory sinking account redemption, as it becomes due and payable.

Reserve Account. The Indenture establishes a “**2017 Series D Taxable Subaccount**” and a “**2017 Series E Subaccount**” within the Reserve Account for the 2017 Series D Taxable Bonds and the 2017 Series E Bonds, respectively. The amount on deposit in the Reserve Account is required to be maintained at the “**Reserve Requirement**,” which is defined in the Indenture to mean, with respect to the 2014 Bonds, the 2017D/E Bonds and each series of Parity Debt issued in the form of Bonds, the lesser of (i) one hundred twenty-five percent (125%) of average Annual Debt Service with respect to that series of Bonds, (ii) Maximum Annual Debt Service with respect to that series of Bonds, or (iii) with respect to an individual series of Bonds, ten percent (10%) of the original principal amount of such series of Bonds (or, if such series of Bonds has more than a *de minimis* amount of original issue discount or premium, 10% of the issue price of such series of Bonds); subject to the limitations and conditions in the Indenture.

The Reserve Requirement for the 2017 Series D Taxable Bonds is \$_____ and the Reserve Requirement for the 2017 Series E Bonds is \$_____. Amounts on deposit in the 2017 Series D Taxable Subaccount will be available only to pay debt service on the 2017 Series D Taxable Bonds, and amounts on deposit in the 2017 Series E Subaccount will be available only to pay debt service on the 2017 Series E Bonds. Each of the Reserve Requirement with respect to the 2017 Series D Taxable Bonds and the Reserve Requirement with respect to the 2017 Series E Bonds may be satisfied by the delivery of a Reserve Policy with respect to such Series of 2017D/E Bonds to the Trustee on the date the 2017D/E Bonds are delivered.

[The Successor Agency has solicited bids for Reserve Policies to satisfy the Reserve Requirement with respect to the 2017 Series D Taxable Bonds and the Reserve Requirement with respect to the 2017 Series E Bonds. No assurance can be given as to whether the Successor Agency will obtain such Reserve Policies. The Successor Agency's decision as to whether to purchase such Reserve Policies will be made at or about the time of the pricing of the 2017D/E Bonds and will be based upon, among other things, market conditions at the time of such pricing.

If the Reserve Requirement for any Series of 2017D/E Bonds is satisfied by the delivery of a Reserve Policy for such Series to the Trustee on the Closing Date for deposit in the applicable Reserve Subaccount for such Series, the Trustee will draw on the Reserve Policy in accordance with its terms and conditions and the terms of the Indenture. Pursuant to the Indenture, in the event a Qualified Reserve Account Credit Instrument, such as a Reserve Policy, is delivered at any time to meet the entirety of the Reserve Requirement with respect to one or more series of Bonds, including a Series of 2017D/E Bonds (that is, no cash is being deposited or will remain deposited in the Reserve Account with respect to those series of Bonds), then, notwithstanding the above definition of Reserve Requirement, the Reserve Requirement will, with respect to those series of Bonds, be determined only at the time of the delivery of the Qualified Reserve Account Credit Instrument and will not be subject to increase or decrease at a later date.]

The amounts available under the Reserve Policy for the applicable Series of 2017D/E Bonds will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts, or for the retirement, of such Series of 2017D/E Bonds then Outstanding. The Trustee will comply with all documentation relating to the Reserve Policies as required to maintain the Reserve Policies in full force and effect and as required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture. [The Successor Agency has no obligation to replace any Reserve Policy or to fund a Reserve Subaccount with cash if, at any time that any such Series of 2017D/E Bonds are Outstanding, amounts are not available under the Reserve Policy. Additionally, the Successor Agency will have no obligation to replace a Reserve Policy or to deposit any cash in the applicable Reserve Subaccount in the event that any rating assigned to the issuer of the Reserve Policy by S&P or Moody's is lowered or withdrawn.] If the Successor Agency obtains a Reserve Policy to satisfy the Reserve Requirement with respect to one or both Series of 2017D/E Bonds, information regarding the issuer of the Reserve Policy will be included in the final Official Statement. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" relating to use of a Reserve Policy. Amounts on deposit in the Reserve Account and subaccounts therein are not available to pay debt service on any other obligation of the Successor Agency.

Redemption Account. All moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the 2017 Series D Taxable Bonds, the 2017 Series E Bonds and such other Bonds to be optionally redeemed on the date set for such redemption. Interest due on the 2017 Series D Taxable Bonds, the 2017 Series E Bonds or such other Bonds to be redeemed on the date set for redemption will, if applicable, be paid from funds available therefor in the Interest Account. Notwithstanding the foregoing, at any time prior to giving

notice of redemption of any such 2017 Series D Taxable Bonds, such 2017 Series E Bonds or such other Bonds, the Trustee may, at the direction of the Successor Agency, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of all or a portion of the 2017 Series D Taxable Bonds, the 2017 Series E Bonds or such other Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on such 2017 Series D Taxable Bonds, such 2017 Series E Bonds or such other Bonds, which is payable from the Interest Account) as will be directed by the Successor Agency.

Senior Obligations

Existing Loans. Payment of debt service on the 2017D/E Bonds and other Bonds from tax increment revenues from the Project Areas is subordinate to the Successor Agency's obligations to pay debt service on certain loans (the "**Existing Loans**") made to the Former Agency by the Authority pursuant to certain loan agreements between the Former Agency and the Authority to fund redevelopment activities (the "**Existing Loan Agreements**"). The loans made by the Authority to the Former Agency were made with proceeds of certain bonds issued by the Authority (the "**Authority Bonds**"). Of the Existing Loan Agreements, approximately \$136.2* million is expected to be prepaid with the proceeds of the 2017D/E Bonds. Proceeds of such prepayments will be used by the Authority to defease and redeem the Refunded Authority Bonds. See "THE REFUNDING PLAN."

As of August 2, 2017, the Existing Loan Agreements were outstanding in the aggregate principal amount of \$363.1 million. Excluding the Refunded Authority Bonds*, the total par of Existing Loan Agreements is approximately \$226.9* million. See "DEBT SERVICE SCHEDULE."

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* Preliminary, subject to change.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Table of Existing Loan Agreements (Senior Lien)
(The Project Areas)**

Lien	Series	Project Areas	Outstanding Par Amount	Final Maturity
	1998C	Non-Mission Bay (RP)	\$ 1,072,519	8/1/2024
	1998D	Non-Mission Bay (GS, HP, WA, YB)	11,869,002	8/1/2024
	2003A	Non-Mission Bay (GS)	2,140,000	8/1/2018
	2003B	Non-Mission Bay (GS, RP, WA, YB)	4,175,000	8/1/2018
	2006A	Non-Mission Bay (GG)	31,001,331	8/1/2036
	2007A	Mission Bay ⁽²⁾	11,615,000	8/1/2037
		Non-Mission Bay (BV, RP, SM, TB, YB)	92,160,000	8/1/2037
	2007B	Non-Mission Bay (GS, HP, IB, RP, WA, YB)	15,045,000	8/1/2022
	2009A	Mission Bay ⁽²⁾	1,975,000	8/1/2019
		Non-Mission Bay (BV, RP, TB, WA, YB) ⁽¹⁾	34,345,000	8/1/2024
	2009B	Non-Mission Bay (BV, SM, TB, YB) ⁽¹⁾	10,195,000	8/1/2039
	2009E	Mission Bay ⁽²⁾	820,000	8/1/2025
		Non-Mission Bay (BV, RP, WA, YB) ⁽¹⁾	65,715,000	8/1/2039
	2009F	Non-Mission Bay (BV, SM, TB) ⁽¹⁾	6,225,000	8/1/2039
	2010A	Non-Mission Bay (GG, TB, WA) ⁽¹⁾	38,000,000	8/1/2040
	2011A	Non-Mission Bay (BV, GG, HP, SM, TB, WA) ⁽¹⁾	20,755,000	8/1/2041
	2011B	Non-Mission Bay (BV, SM, TB) ⁽¹⁾	16,020,000	8/1/2041
		Mission Bay⁽²⁾	\$ 14,410,000	
		Non-Mission Bay	348,717,852	
		Total Senior Lien Existing Loans	\$363,127,852	

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

(1) Existing Loan Agreements with respect to such Senior Authority Bonds may be prepaid with proceeds of the 2017D/E Bonds.

(2) Existing loans with respect to Mission Bay project areas will be paid with tax revenue from the Mission Bay project areas, which are Excluded Project Areas.

Project Area-Specific Prior Obligations. Tax increment revenue from certain of the Project Areas is subject to other obligations that are senior to the payment of debt service on the 2017D/E Bonds.

South of Market Project Area. A portion of the tax increment revenue from the Original Sub-Area of the South of Market Project is allocable to school districts under Section 33676(a) of the Redevelopment Law and the Santa Ana Section 33676 Decision described in the REPORT OF FISCAL CONSULTANT attached hereto as APPENDIX B, wherein this obligation is referred to as a “senior obligation.” This portion is payable on a basis senior to the payment of debt service on the 2017D/E Bonds. The amount of tax revenue payable to the school entities is estimated to be \$62,000 for Fiscal Year 2017-18.

Yerba Buena Center Project Area D-1. In the Yerba Buena Center Project Area D-1, consistent with an amendment to its redevelopment plan, a portion of the tax increment revenues (i.e., 2% of growth) from the Emporium Sub-Area is allocated to certain Taxing Entities. Distribution of this 2% occurs prior to calculation of tax increment revenue available for payment of debt service on the 2017D/E Bonds. The portion of assessed valuation excluded from tax increment in this manner is approximately \$28.0 million in Fiscal Year 2017-18 or approximately \$280,000 in tax increment. See APPENDIX B – “REPORT OF FISCAL CONSULTANT” wherein this obligation is referred to as a “senior obligation.”

Property Tax Administration Fees. Pursuant to the Redevelopment Dissolution Act, beginning for Fiscal Year 2012-13, the City Controller charges the Successor Agency a fee to recover property tax administration costs. This administration fee reported as deducted from total tax increment for Fiscal Year 2017-18 is expected to be approximately 0.017% of tax increment and is allocated among all of the project areas as determined at the discretion of the Successor Agency. For Fiscal Year 2016-17, the County’s administrative charge to the Successor Agency for all of its project areas was \$18,090. For Fiscal Year 2017-2018, it is expected to be approximately \$34,038. See also “LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedures – *Property Tax Administrative Costs.*”

Parity Obligations

Payment of debt service on the 2017D/E Bonds and other Bonds from tax increment revenues from the Project Areas is on a parity with the Successor Agency’s obligations to pay debt service on the Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) and the Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series C Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) (together, the “**2014 Bonds**”). The 2014 Bonds are outstanding in the aggregate principal amount of \$86,840,000. Prior to the issuance of the 2017D/E Bonds, the 2014 Bonds are the only Parity Debt.

Subordinate Obligations

Under the Indenture, the Successor Agency may issue loans, advances or indebtedness, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Tax Revenues; or (b) secured by a pledge of or lien upon the Pledged Tax Revenues which is expressly subordinate to the pledge of and lien upon the Pledged Tax Revenues under the Indenture for the security of the 2017D/E Bonds, the 2014 Bonds, the Existing Loans and any Parity Debt (the “**Subordinate Debt**”). In March 2017, the Successor Agency issued \$89,765,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2017 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) and \$19,850,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2017 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects) (together, the “**2017 Subordinate Bonds**”), pursuant to the Indenture of Trust dated as of March 1, 2017, by and between the Successor Agency and U.S. Bank National Association, as trustee (as it may be amended or supplemented, the “**2017 Subordinate Indenture**”). The Successor Agency’s obligation to pay debt service on the 2017 Subordinate Bonds is secured by a pledge on tax increment revenues from the Project Areas that is subordinate to the pledge securing the 2017D/E Bonds, the 2014 Bonds, the Existing Loans and any Parity Debt.

Limitations on Additional Indebtedness

Senior and Parity Debt. Under the Indenture, the Successor Agency has covenanted that so long as any Bonds are Outstanding, the Successor Agency will not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness which is in any case payable from all or any part of the Tax Revenues (as defined in the Existing Loan Agreements), except for obligations issued to refund any of the Existing Loan Agreements, so long as the debt service in any Bond Year (as such term is defined in the Existing Loan Agreements) does not increase as a result of such refunding. Further, the Successor Agency covenants that, so long as the Bonds are Outstanding, the Successor Agency will not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Tax Revenues, other than the 2014 Bonds, the 2017D/E Bonds, any additional bonds, loans, advances or indebtedness issued or incurred by the Successor Agency on a parity with the 2014 Bonds (the “**Parity Debt**”) meeting the requirements of the Indenture, as described under “– *Parity Debt*,” below, or Subordinate Debt. See also “– Senior Obligations” above. The Successor Agency has also covenanted that it will not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Tax Revenues or other amounts pledged to the Bonds superior or equal to the pledge and lien herein created for the benefit of the Bonds.

Parity Debt. In addition to the 2017D/E Bonds, the Successor Agency may issue or incur Parity Debt to refund additional Existing Loan Agreements or outstanding Bonds or Parity Debt, in such principal amount as will be determined by the Successor Agency, subject to the following specific conditions, which are all conditions precedent to the issuance and delivery of such Parity Debt:

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

(b) The debt service on the Parity Debt either will be less than the debt service on the Existing Loans, the 2014 Bonds, the 2017D/E Bonds or any Parity Debt being refunded in each Bond Year or, alternatively, Pledged Tax Revenues received or to be received for the then current Fiscal Year based on the most recent taxable valuation of property in the Project Areas as evidenced in a written document from an appropriate official of the City and County, exclusive of State subventions and taxes levied to pay voter approved outstanding general obligation bonded indebtedness, will be at least equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on the 2014 Bonds, the 2017D/E Bonds and any other Parity Debt that will be outstanding immediately following the issuance of such Parity Debt;

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

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

Subordinate Debt. The Successor Agency may issue or incur Subordinate Debt in such principal amount as will be determined by the Successor Agency. Such Subordinate Debt may be payable from any assets or property of the Successor Agency, including Pledged Tax Revenues, on a subordinate basis to the payment of debt service on the Bonds.

The Successor Agency currently anticipates needing to issue Subordinate Debt to finance approximately \$63 million of infrastructure in the Transbay Project Area in the next five years and affordable housing projects in the future. The amount and time in the preceding sentence reflect current

projections. No assurance can be given as to the exact timing or amount of any additional Subordinate Debt.

Recognized Obligation Payment Schedule

The Redevelopment Dissolution Act requires successor agencies to annually prepare and approve, and submit to the successor agency's oversight board, the county auditor-controller, and the California Department of Finance for approval, a Recognized Obligation Payment Schedule (the "**Recognized Obligation Payment Schedule**" hereinafter referred to as "**ROPS**") pursuant to which enforceable obligations (as defined in the Redevelopment Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Only those payments listed in a ROPS may be made by the successor agency from the funds specified in the ROPS. A reserve may be included on the ROPS and held by the successor agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

Pursuant to SB 107, commencing on February 1, 2016, successor agencies transitioned to an annual ROPS process pursuant to which successor agencies are required to submit by each February 1 their oversight board-approved ROPS for the July 1 through June 30 period to the California Department of Finance for its approval and to the successor agencies' respective auditor-controllers. If the Successor Agency does not timely submit an Oversight Board-approved ROPS to the California Department of Finance and the City Controller, then the Successor Agency will be subject to a \$10,000 per day civil penalty for every day the ROPS is late. Additionally, if the Successor Agency does not submit a ROPS to the California Department of Finance and the City Controller within ten (10) days of the deadline, then the Successor Agency's maximum administrative cost allowance may be reduced by up to twenty-five percent (25%). For additional information regarding procedures under the Redevelopment Dissolution Act relating to late ROPSs and implications thereof for the 2017D/E Bonds, see "CERTAIN RISK FACTORS – Recognized Obligation Payment Schedule." Also see "– Last and Final Recognized Obligation Payment Schedule" below for a description of the Last and Final ROPS authorized by the Redevelopment Dissolution Act pursuant to SB 107.

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

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

(i) scheduled debt service on the Existing Loans and any amounts required to replenish any reserve account established under an Existing Loan Agreement,

(ii) scheduled debt service on the 2014 Bonds, the 2017D/E Bonds and any Parity Debt and any amount required under the Indenture or any Parity Debt Instrument to replenish the Reserve Account or the reserve account established under the Indenture or any Parity Debt Instrument,

(iii) scheduled debt service on the 2017 Subordinate Bonds, any indebtedness incurred on a parity with the 2017 Subordinate Bonds in accordance with the 2017 Subordinate Indenture (the "**2017 Subordinate Parity Debt**") and any amount required under the 2017 Subordinate Indenture or any instrument pursuant to which 2017 Subordinate Parity Debt is issued to replenish the reserve accounts established thereunder, and

(iv) amounts due to any Insurer under the Indenture or under an insurance or surety bond agreement,

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

These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and California Department of Finance the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Redevelopment Dissolution Act, that are necessary to comply with the Indenture. In particular, on September 13, 2017, the Successor Agency submitted to the California Department of Finance and to the City Controller an Oversight Board-approved amendment to the ROPS previously submitted by the Successor Agency relating to the June 1, 2017 and January 2, 2018 disbursement dates, amending the amounts to be distributed on January 2, 2018 to include all amounts that, together with other amounts on deposit in the RPTTF reserved for payment of debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, any Parity Debt, the 2017D/E Bonds, the 2017 Subordinate Bonds and any 2017 Subordinate Parity Debt or on deposit in the Special Fund or in the special fund relating to such other debt, are sufficient for the payment of debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, the 2017D/E Bonds, any Parity Debt, the 2017 Subordinate Bonds and any 2017 Subordinate Parity Debt on February 1, 2018 and August 1, 2018. Not later than February 1, 2018 and each February 1 thereafter (or at such other time as may be required by the Redevelopment Dissolution Act) for so long as any of the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, the 2017D/E Bonds, any Parity Debt, the 2017 Subordinate Bonds or any 2017 Subordinate Parity Debt remain outstanding, (a) the Successor Agency will place on the ROPS relating to the subsequent January 2 disbursement date all amounts that, together with other amounts on deposit in the RPTTF reserved for payment of debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, the 2017D/E Bonds, any Parity Debt, the 2017 Subordinate Bonds or any 2017 Subordinate Parity Debt or on deposit in the Special Fund or in the special fund relating to such other debt, are sufficient to pay debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, the 2017D/E Bonds, any Parity Debt, the 2017 Subordinate Bonds and any 2017 Subordinate Parity Debt on the immediately succeeding August 1 and February 1, and (b) if the Successor Agency determines it is necessary to do so to ensure receiving sufficient tax increment revenues from the Project Areas to pay debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, the 2017D/E Bonds, any Parity Debt, the 2017 Subordinate Bonds and any 2017 Subordinate Parity Debt on a timely basis, the Successor Agency will place on the ROPS relating to the June 1 disbursement date amounts required to pay debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, the 2017D/E Bonds, any Parity Debt, the 2017 Subordinate Bonds and any 2017 Subordinate Parity Debt on the next succeeding August 1. Additionally, if the Successor Agency determines it is necessary to ensure timely payment of debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, the 2017D/E Bonds, any Parity Debt, the 2017 Subordinate Bonds and any 2017 Subordinate Parity Debt, the Successor Agency may also collect on each January 2 a reserve to be held for debt service on the Existing Loan Agreements, any debt issued on a parity with the Existing Loan Agreements, the 2014 Bonds, the 2017D/E Bonds, any Parity Debt, the 2017 Subordinate Bonds and any 2017 Subordinate Parity Debt on February 1 and August 1 of the next succeeding calendar year. Further, the Successor Agency will place any amounts required to replenish the Reserve Account established under the Indenture or the reserve account established under any Parity Debt

Instrument and any amounts owing to any Insurer under the Indenture or under an insurance or surety bond agreement, on its next Recognized Obligation Payment Schedule upon any such amounts becoming owing.

Last and Final Recognized Obligation Payment Schedule

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

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

The Successor Agency does not currently intend to submit a Last and Final ROPS.

THE SUCCESSOR AGENCY

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

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

Authority and Personnel

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

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

<u>Name</u>	<u>Occupation</u>	<u>First Appointed</u>	<u>Term Expires</u>
Marily Mondejar	Community Organizer	2012	November 3, 2018
Mara Rosales	Attorney	2012	November 3, 2018
Darshan Singh	Businessman	2012	November 3, 2020
Miguel Bustos	Banker	2014	November 3, 2020
Leah Pimentel	Consultant	2015	November 3, 2020

The Successor Agency has 47 full-time equivalent positions budgeted, approximately 40 of which are filled. The Successor Agency Commission appointed Nadia Sesay to serve as Interim Executive Director on January 17, 2017. The other principal full-time staff positions are: the Deputy Director of Finance and Administration; the Deputy Director of Project and Programs; and the General Counsel and Deputy Director. Each project area in which the Successor Agency continues to implement enforceable obligations is managed by a designated project manager. There are separate staff support divisions with real estate and housing development specialists as well as planning and other technical staff. The Successor Agency has its own fiscal, legal, and administrative staff.

Effect of the Redevelopment Dissolution Act

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

Pursuant to Ordinance No. 215-12 adopted by the Board of Supervisors on October 2, 2012 and signed by the Mayor on October 4, 2012, the Board of Supervisors: (i) officially gave the following name to the Successor Agency: the “**Successor Agency to the Redevelopment Agency of the City and County of San Francisco**”; (ii) created the Successor Agency Commission as the policy body of the Successor Agency; (iii) delegated to the Successor Agency Commission the authority to act in place of the Former Agency’s Commission to implement the surviving redevelopment projects, the replacement housing obligations and other enforceable obligations of the Former Agency and the authority to take actions that AB 26 and AB 1484 require or allow on behalf of the Successor Agency; and (iv) established the composition and terms of the members of the Successor Agency Commission. As discussed below, many actions of the Successor Agency are subject to approval by the Oversight Board and review or

approval by the California Department of Finance, including the issuance of bonds such as the 2017D/E Bonds.

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

SB 107. On September 22, 2015, the Redevelopment Dissolution Act was further amended by SB 107, which, among other things: a) clarified the authority of the Successor Agency to issue bonds for affordable housing and certain infrastructure (California Health & Safety Code § 34177.7); b) removed, for purposes of payment of enforceable obligations, certain time limits that had previously applied to the issuance of debt, the receipt of tax increment, the repayment of debt and any other matters set forth in Sections 33333.2, 33333.4, and 33333.6 of the Redevelopment Law; and c) authorized the Successor Agency to secure new debt with the property tax revenues (former tax increment) from project areas that had generated tax increment upon the dissolution of the Former Agency on February 1, 2012 (Stats. 2015, ch. 325, § 27(e)). Significantly, these project areas include those with redevelopment plans that may have expired for other purposes but that continue to be a source of funds for repayment of indebtedness. Accordingly, the Successor Agency will continue to be allocated revenue from all former project areas until such time as all enforceable obligations have been repaid, even if such time extends beyond such project area plan's stated last day to repay indebtedness. SB 107 did not however change a redevelopment plan's limit on the amount of bonds that can be outstanding at any one time or restore or continue funding for projects whose contractual terms specified that project funding would cease once the limits in the Redevelopment Law were realized. See "– Continuing Activities" below for more information relating to Section 34177.7.

Oversight Board

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

Department of Finance Finding of Completion

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

promptly remitted to the City Controller the amount of unobligated balances relating to all other funds determined by the California Department of Finance in the amount of \$959,147. The Successor Agency has made all payments required under AB 1484 and received its finding of completion from the California Department of Finance on May 29, 2013.

State Controller Asset Transfer Review

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

Continuing Activities

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

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

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

THE PROJECT AREAS

General

As discussed under “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS,” the 2017D/E Bonds are secured by Pledged Tax Revenues consisting of certain tax revenues from ten (10) Project Areas, specifically:

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

* Tax increment revenues from certain portions of these Project Areas or certain portions of tax increment revenues from these Project Areas are excluded and not pledged for payment of the 2017D/E Bonds. Bayview Hunters Point Project Area B – Zone 2 excludes Zone 1/Candlestick Point. See “– Project Areas – Bayview Hunters Point Project Area B – Zone 2.” References to Hunters Point Shipyard Project Area excludes tax increment from areas other than the Hunters Point Hill Residential District. See “– Project Areas – Hunters Point Hill Residential District of the Hunters Point Shipyard Project Area.” Tax increment revenues from the State Parcels in the Transbay Project Area are excluded and not pledged for payment of the 2017D/E Bonds. See “– Project Areas – Transbay Project Area.”

The 2017D/E Bonds are not secured by a lien on tax increment revenues generated in the Excluded Project Areas. Accordingly, information regarding the Excluded Project Areas is not included in this Official Statement. See “INTRODUCTION – Excluded Project Areas.”

Redevelopment Plans

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

Project Areas

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

Bayview Hunters Point Project Area B – Zone 2. The 1,081-acre Bayview Hunters Point Project Area B – Zone 2 consists of residential, commercial, industrial, and public uses in the Bayview Hunters Point community, which is located in the southeast quadrant of San Francisco. As defined herein, this project area includes Zone 2 of the larger Bayview Hunters Point Project Area B, but excludes Zone 1 referred to as “**Candlestick Point**.” Tax increment revenue from Zone 1/Candlestick Point is not pledged to the payment of the 2017D/E Bonds and is part of what is referred to herein as the “Excluded Project Areas.”

The Bayview Hunters Point Project Area B – Zone 2 includes the majority of the length of Bayview’s portion of the Third Street commercial corridor, which extends from Cesar Chavez Street on the north side, to Meade Street and Highway 101 on the south side. The project area also includes large portions of industrial and residential areas west of Third Street towards Bayshore Boulevard, east of Third Street, roughly between Palou Street and Jamestown Street, towards the Yosemite Slough, and a residential district near the India Basin shoreline adjacent to the Bayview Hunters Point Project Area A.

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

Golden Gateway Project Area. The Golden Gateway Project Area is a 51-acre high density district located along the Embarcadero, largely north of Market Street and east of Battery Street. This project area is developed with 1,400 housing units, an 840-room hotel, approximately 3.5 million square feet of office and commercial space (including the Embarcadero Center) and twelve acres of public parks and open space, as well as the Embarcadero Station of the BART.

Hunters Point Hill Residential District of the Hunters Point Shipyard Project Area. The Hunters Point Hill Residential District of the Hunters Point Shipyard Project Area is approximately 74 acres that consists of residential, retail, and community uses in the Bayview Hunters Point community located in the southeast quadrant of San Francisco. As defined herein, this project area includes the Hunters Point Residential District of the Hunters Point Shipyard Project Area, but excludes the remaining land use districts within the Hunters Point Shipyard Redevelopment Plan. Tax increment revenue from the remaining land use districts within the Hunters Point Shipyard Project Area is not pledged to the payment of the 2017D/E Bonds. See also “INTRODUCTION – Excluded Project Areas.”

The Hunters Point Hill Residential District consists of two geographic areas, the “Hilltop” and the “Hillside”. The two sites are entitled for 1,600 housing units, of which between twenty-seven percent (27%) and forty percent (40%), respectively, will be below-market rate, and 80,000 square feet of retail. The Hilltop consists of Block 1 and Blocks 49 to 57. Vertical developers have received major phase approvals for all private development blocks on the Hilltop, with the exception of Block 1, for a total of 579 units of housing of which 111 are below market rate. To date, 343 units of housing including 87 below-market rate units, have been completed on Blocks 49, 50, 51, 53, 54, and 56. Site permits for

construction have been issued on an additional 162 units of housing of which 23 are below-market rate units. The Hillside consists of Block 48, which will be developed in 6 phases. To date, vertical developers have received major phase approvals for all private development blocks on the Hillside, for a total of 404 housing units of which 56 are below-market rate units. Construction in Block 48 is expected to start in spring of 2018.

Within the Hunters Point Hill Residential District, the Successor Agency has an enforceable obligation to build an additional 218 units of affordable housing, of which 143 below-market rate units will be located on the Hilltop and 75 below-market rate units will be located on the Hillside.

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

Rincon Point-South Beach Project Area. The Rincon Point-South Beach Project Area is a 115-acre area consisting of two noncontiguous subareas located within the northeastern waterfront area of San Francisco, immediately south of the Ferry Building. The major artery through this project area is the Embarcadero Roadway, which connects the project area to the City's financial district to the north and to the Mission Bay district to the south. Over 2,800 residential units and over one million square feet of mid- and high-rise office space have been constructed in this project area. In 2000, the 43,000-seat major league baseball park for the San Francisco Giants (AT&T Park) opened in the project area on land owned by the Port of San Francisco. Public improvements completed in the project area include the 700-berth South Beach Harbor, two major waterfront parks and roadway and streetscape improvements.

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

Transbay Project Area. The Transbay Project Area is approximately 40 acres in size and roughly bounded by Mission Street on the north, Main Street on the east, Folsom Street on the south, and Second Street on the west. This project area is currently composed of transportation-related infrastructure, high-rise and mid-rise commercial and residential development, and a number of vacant public and private parcels entitled for high-rise and mid-rise commercial and residential development. The area includes a mix of market rate and affordable housing, new parks and open space, a new public library and retail to serve residents and the larger community.

Major development within the Transbay Project Area began in 2011. Recently completed in this project area is Rene Cazenave Apartments which is 120 units of permanent affordable housing for formerly homeless individuals, and Solaire, which consists of 479 residential units of which 70 units are affordable. Within the Transbay Project Area, there are nearly 2,100 units of housing currently under construction, 767,000 square feet of office space under construction at Howard and Beale Streets, 1.4 million square feet of office space under construction at Mission and First Streets, and 500,000 square feet of office space under construction on Fremont Street. With the exception of 477 of the nearly 2,100 units of housing and the property under construction, these new developments are located on State Parcels. As described below, tax increment revenue attributable to State Parcels is not available for payment of debt service on the 2017D/E Bonds.

Land Use Entitlement and Construction. The table below sets forth the land use entitlements and construction in the Transbay Project Area, as of September 1, 2017.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Current Entitlements and Construction Status in the Transbay Project Area
as of September 1, 2017**

<u>Entitlement</u>	<u>Completed⁽¹⁾</u>	<u>Under Construction⁽²⁾</u>	<u>Total Completed or Under Construction</u>	<u>Additional Construction Approved or in Process⁽³⁾</u>	<u>% Completed or Under Construction</u>
Residential					
Affordable Housing	190 units	596 units	786 units	357 units	69%
Market Rate Housing	409 units	1,487 units	1,896 units	784 units	71%
Retail	12,405 sq. ft.	51,871 sq. ft.	64,276 sq. ft.	16,060 sq. ft.	80%
Office	-	2.6 million sq. ft.	2.6 million sq. ft.	312,180 sq. ft.	89%
Open Space	-	-	-	4 acres	0%

⁽¹⁾ All completed developments set forth below are located on State Parcels, the tax increment revenue attributable to which is not available for payment on debt service on the 2017D/E Bonds.

⁽²⁾ With the exception of 477 units of housing (60 units of which will be affordable housing) and 500,000 square feet of office space, these new developments under construction are located on State Parcels, the tax increment revenue attributable to which is not available for payment on debt service on the 2017D/E Bonds.

⁽³⁾ All units of housing in this column, except for 405 units (61 units of which will be affordable housing), are located on State Parcels. 29,332 square feet of retail and 286,880 square feet of office are located on State Parcels. The tax increment revenue attributable to State Parcels is not available for payment on debt service on the 2017D/E Bonds.

Source: Successor Agency.

Excluded Tax Increment. Pursuant to the redevelopment plan for the Transbay Project Area, State Parcel Net Tax Increment from certain parcels within the Transbay Project Area totaling approximately 10 acres of land currently or previously owned by the State (referred to herein as the “**State Parcels**”) has been pledged to the Transbay Joint Powers Authority (the “**TJPA**”) to help pay the cost of replacing the former Transbay Terminal. “**State Parcel Net Tax Increment**” as used herein means all property and tax increment revenues attributable to the parcels acquired by the City and/or the TJPA pursuant to the Cooperative Agreement, dated as of July 11, 2003, by and among the City, the State and the TJPA, allocated to and received by the Successor Agency, but specifically excluding (i) charges for County administrative charges, fees or costs; (ii) the portion of the tax increment revenues that the Former Agency was required by law to set-aside in the Former Agency’s affordable housing fund, pursuant to the Redevelopment Law; (iii) a portion of the tax increment revenues equal to the percentage of such revenue required to pay all governmental entities as required under the Redevelopment Law; and (iv) the portion of tax increment revenues equal to the percentage of such revenues that the State may mandate the Successor Agency, as successor to the Former Agency, to pay from time to time in the future. Therefore, State Parcel Net Tax Increment is not available for payment of debt service on the 2017D/E Bonds. See also “INTRODUCTION – Excluded Project Areas.” State Parcel Net Tax Increment revenue for Fiscal Year 2017-18 is approximately \$5.5 million. See APPENDIX B – “REPORT OF FISCAL CONSULTANT.” The Successor Agency retains the remainder of the tax increment from the State Parcels for payment of City Controller property tax administration fees (if collected), Statutory Pass-Through Amounts and contribution of the low- and moderate-income housing fund, which amount is pledged to debt service on the 2017D/E Bonds. For Fiscal Year 2017-18, this amount is approximately \$3.6 million.

Western Addition Project Area A-2. The Western Addition Project Area A-2 is an approximately 277-acre area located in the northeast quadrant of San Francisco. It encompasses portions of the area

bounded by Van Ness Avenue, Bush Street, Broderick Street and Grove Street. Its land uses are predominantly multi-family residential, with retail, commercial, public and institutional uses concentrated along the project area's main commercial corridors.

Yerba Buena Center Project Area D-1. The Yerba Buena Center Project Area D-1 consists of an approximately 87-acre area in the central city area of San Francisco. This project area contains the Moscone Center convention center, cultural institutions of regional importance, such as the Yerba Buena Center for the Arts and the SFMOMA, as well as the Yerba Buena Gardens, recreational uses and the Children's Creativity Museum. The project area is located in the southwest portion of San Francisco's downtown office, hotel and retail district and is developed with high-rise and mid-rise hotels and residential and commercial buildings. It extends from Market Street on the north to Harrison Street on the south, and from Second Street on the east to Fourth Street on the west, and includes the Emporium Sub-Area, which contains the Westfield San Francisco Centre regional shopping mall, located between Market Street and Mission Street and between Fourth Street and Fifth Street.

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Assessed Valuation and Other Information Regarding the Project Areas

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

Table 1
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Assessed Value by Land Use in the Project Areas, Fiscal Year 2017-18

Category by Value	Bayview Hunters Point Project Area B ⁽¹⁾	Golden Gateway Project Area	Bayview Hunters Point Project Area A	Hunters Point Hill Residential District	India Basin Industrial Park Project Area	Rincon Point - South Beach Project Area	South of Market Project Area
Commercial	\$ 172,612,253	\$2,288,937,013	-	-	\$ 34,906,069	\$ 528,047,095	\$ 211,689,669
Industrial	922,459,523	-	-	-	72,123,095	-	109,462,278
Residential							
<i>Single-Family</i>	494,705,142	-	\$ 95,507,756	-	-	-	17,022,501
<i>Condominiums</i>	172,094,407	201,917,902	37,608,123	\$58,658,912	-	1,021,422,334	261,812,263
<i>Apartments</i>	210,822,922	80,994,770	31,591,546	-	-	372,969,658	502,504,889
Vacant	83,921,275	173	409,991	9,491,612	6,265,722	-	13,293,171
Other Secured	32,194,407	2,163,693	-	590,098	-	50,366,420	6,885,797
SBE-Assessed Utilities ⁽²⁾	1,010,600	181,329	-	-	-	907,500	-
Unsecured	176,424,349	337,135,907	19,173,733	389,267	22,575,396	617,727,367	28,371,553
Total	\$2,266,244,878	\$2,911,330,786	\$184,291,148	\$69,129,888	\$135,870,282	\$2,591,440,374	\$1,151,042,120
Acreage	1,361	51	137	N/A	126	115	69

Category by Value	Transbay Project Area ⁽³⁾	Western Addition Project Area A-2	Yerba Buena Center Project Area D-1	Total Value	% of Total Value	Number of Properties Levied ⁽⁴⁾
Commercial	\$3,707,371,434	\$ 541,548,441	\$2,700,255,812	\$10,185,367,786	45.4%	1,835
Industrial	13,467,378	-	15,335,675	1,132,847,948	5.0	857
Residential						
<i>Single-Family</i>	-	89,927,781	-	697,163,180	3.1	1,883
<i>Condominiums</i>	888,113,087	1,005,906,390	1,025,262,166	4,672,795,584	20.8	5,249
<i>Apartments</i>	484,257,009	735,018,507	186,545,348	2,604,704,648	11.6	801
Vacant	178,354,591	1,854,721	2,113,960	295,705,215	1.3	700
Other Secured	185,486,878	103,141,339	45,747,975	426,576,606	1.9	271
SBE-Assessed Utilities ⁽²⁾	-	-	209,648	2,309,077	0.0	-
Unsecured	280,494,547	69,935,626	863,025,734	2,415,253,479	10.8	-
Total	\$5,737,544,924	\$2,547,332,805	\$4,838,496,318	\$22,432,723,523	100.0%	11,596
Acreage	40	277	87	2,263		

⁽¹⁾ Amounts shown here include assessed value of Candlestick Point, which amounts are not available to pay debt service on the 2017D/E Bonds.

⁽²⁾ Non-unitary property assessed by the State Board of Equalization.

⁽³⁾ Amounts shown here include values for State Parcels, the tax increment from which are not available to pay debt service on the 2017D/E Bonds.

⁽⁴⁾ Excludes the totals for the SBE-Assessed Utilities and Unsecured value categories which represent duplicate parcel counts.

Sources: Assessor; Urban Analytics.

The top ten largest taxpayers by valuation in the Project Areas in Fiscal Year 2017-18 are set forth below in Table 2. Ownership concentration for these top assesseees is 25.5% of total assessed valuation and 28.5% of incremental assessed valuation in the Project Areas.

Table 2
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Top Ten Taxpayers By Assessed Valuation in the Project Areas, Fiscal Year 2017-18

Assessee Name ⁽¹⁾	Project Area	Use	Parcel Count	Assessed Value	Percent of Total Aggregate Value	Percent of Incremental Value
BOSTON PROPERTIES	Golden Gateway	Office	4	\$1,472,938,396	6.6%	7.4%
EMPORIUM MALL LLC	YBC - Emporium	Commercial/Retail	5	745,763,198	3.3	3.7
TRANSBAY TOWER LLC ⁽²⁾	Transbay	Office	1	560,824,799	2.5	2.8
UNION INVESTMENT REAL ESTATE G	Transbay	Office	1	483,303,358	2.2	2.4
CHINA BASIN BALLPARK CO* (2: 2016-17, 1: 2015-16)	Rincon	Sports Facility	3	474,386,933	2.1	2.4
MARRIOTT HOTEL	YBC - Original	Hotel	1	468,162,361	2.1	2.3
T-C FOUNDRY SQUARE II OWNER LLC	Transbay	Office	1	403,866,450	1.8	2.0
PPF OFF ONE MARITIME PLAZA LP	Golden Gateway	Office	4	403,592,429	1.8	2.0
VIVA SOMA LP	YBC - Original	Hotel	2	359,074,264	1.6	1.8
KILROY REALTY LP	YBC - Original	Office	2	340,286,345	1.5	1.7
TOTAL			24	\$5,712,198,533	25.5%	28.5%

* Owner has the indicated number of appeals pending in the years shown.

⁽¹⁾ The Millennium Towers in the Transbay Project Area is assessed through its individual condominium owners, a number of whom have pending assessment appeals. The combined assessment for all condominiums in the building is \$855,742,905, or 3.8% of the total aggregate value and 4.3% of incremental value see “PLEDGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals”.

⁽²⁾ The Transbay Tower is located on the State Parcels; approximately 60% of the tax increment revenue from this property is obligated to the Transbay Joint Powers Authority to fund infrastructure.

Sources: Assessor; Urban Analytics.

The assessed valuation of the Millennium Tower (defined herein) condominium building in the Transbay Project Area consists of assessments on individual property owners which do not separately appear among the top ten largest assesseees. Taken as a whole, the properties would appear as the second largest in the Project Areas; the 421 condominiums in the building total \$855,742,905 in Fiscal Year 2017-18 assessed valuation, or 3.8% of total valuation and 4.3% of incremental valuation for the Project Areas. As discussed under “PLEDGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals” below, the Millennium Tower is currently subject to assessment appeals and a lawsuit related to the settling of the building.

The Project Areas include two other residential condominium buildings in addition to the Millennium Tower whose constituent condominium assessments would, if taken in the aggregate, be included among the ten largest properties for Fiscal Year 2017-18. These buildings are located at 219-239 Brannan with an aggregate valuation of \$416.3 million and 765 Market (the Four Seasons) with an aggregate valuation of \$458.5 million. None of these condominium buildings, including the Millennium Tower, is on the State Parcels.

PLEDGED TAX REVENUES AND DEBT SERVICE

Pursuant to the Indenture, Pledged Tax Revenues are to be deposited by the Successor Agency into the Special Fund. Thereafter, moneys in the Special Fund will be transferrable by the Successor Agency to the Trustee for deposit in the Debt Service Fund, administered by the Trustee and applied to the payment of the principal of and interest on the 2017D/E Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Special Fund; Deposit of Pledged Tax Revenues.” The Successor Agency has retained the Fiscal Consultant to provide projections of taxable assessed valuation, tax increment revenue and Pledged Tax Revenues from developments in the Project Areas.

Historical and Current Assessed Valuation and Tax Revenues

A summary of the projected total taxable valuation and tax increment for the Project Areas for Fiscal Year 2017-18 is set forth in Table 3 below. The total assessed valuation for Fiscal Year 2017-18 in the Project Areas, after deducting all exemptions, except the homeowner’s exemption which is reimbursed by the State, is approximately \$22.4 billion. Deducting the base year valuation for the Project Areas of approximately \$2.4 billion produces an incremental assessed valuation amount of approximately \$20.0 billion. The largest contributor to incremental assessed valuation, at 24.3% (including State Parcel Net Tax Increment, which is not available to pay debt service on the 2017 D/E Bonds), is the Transbay Project Area, followed by the Yerba Buena Center Project Area – Original Area at 20.0% and the Golden Gateway Project Area at 14.4%. Gross tax increment, calculated by applying a one percent tax rate to the incremental assessed valuation, is \$200.2 million for Fiscal Year 2017-18.

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Table 3
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Tax Increment Estimates by Project Areas, Fiscal Year 2017-18

Project Area	Number of Acres	Total Assessed Valuation	Less Base Year Assessed Valuation	Incremental Valuation	% of Incremental Valuation	Gross Tax Increment
Bayview Hunters Point Project Area B ⁽¹⁾	1,361	\$2,266,244,878	\$1,165,228,645	\$1,101,016,233	5.5%	\$ 11,010,162
Golden Gateway Project Area ⁽¹⁾	51	2,911,330,786	21,172,000	2,890,158,786	14.4	28,901,588
Bayview Hunters Point Project Area A	137	184,291,148	2,847,427	181,443,721	0.9	1,814,437
Hunters Point Hill Residential District of the Hunters Point Shipyard Project Area	NA	69,129,888	6,526,793	62,603,095	0.3	626,031
India Basin Industrial Park Project Area	126	135,870,282	13,691,137	122,179,145	0.6	1,221,791
Rincon Point - South Beach Project Area	115	2,591,440,374	18,092,701	2,573,347,673	12.9	25,733,477
South of Market Project Area ⁽¹⁾⁽²⁾						
<i>Original Area</i>	63	1,117,198,926	108,585,675	1,008,613,251	5.0	10,086,133
<i>Western Expansion Area</i>	6	33,843,194	9,360,179	24,483,015	0.1	244,830
Transbay Project Area ⁽¹⁾	40	5,737,544,924	880,853,389	4,856,691,535	24.3	48,566,915
Western Addition Project Area A-2	277	2,547,332,805	61,239,180	2,486,093,625	12.4	24,860,936
Yerba Buena Center Project Area D-1 ⁽³⁾						
<i>Original Area</i>	74	4,050,232,203	52,656,706	3,997,575,497	20.0	39,975,755
<i>Emporium Site Area</i>	13	788,264,115	69,957,924	718,306,191	3.6	7,183,062
Total	2,263	\$22,432,723,523	\$2,410,211,756	\$20,022,511,767	100.0%	\$200,225,118

⁽¹⁾ In the Bayview Hunters Point Project Area B project area revenue from Candlestick Point (Zone 1) portion of the Project Area, estimated to be \$62,682 in Fiscal Year 2017-18, is not available to pay debt service on the 2017D/E Bonds. In the Transbay Project Area, revenue estimated to be \$5.48 million in Fiscal Year 2017-18 from the State-Owned Parcels is not available to pay debt service on the 2017D/E Bonds. Revenue from the South of Market and Golden Gateway Project Areas is offset by negative revenue of approximately \$47,000 from the Federal Office Building Redevelopment Project Area through a fiscal merger of these project areas.

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

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

Sources: Assessor, Successor Agency, and Urban Analytics,

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The following Table 4 shows the historic and current assessed valuation for the Project Areas. Net Available Tax Increment Revenue is determined by deducting from gross tax increment: the portion of tax increment attributable to Candlestick Point, the State Parcel Net Tax Increment, the 2% Section 33676 Allocation, the 2% Emporium Amount, the Federal Building negative tax increment and the property tax administrative charge.

Table 4
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Historical and Current Assessed Valuations and Net Available Tax Increment Revenue by Project Areas

Project Area	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
Bayview Hunters Point Project Area B	\$ 1,796,514,288	\$ 1,820,614,153	\$ 1,884,299,746	\$ 2,007,100,093	\$ 2,266,244,878
Golden Gateway Project Area	2,745,358,555	2,820,312,330	2,777,262,024	2,835,658,470	2,911,330,786
Bayview Hunters Point Project Area A	133,551,088	120,262,500	125,858,063	164,275,111	184,291,148
Hunters Point Hill Residential District of the Hunters Point Shipyard Project Area	28,478,300	28,885,097	46,184,608	130,429,768	69,129,888
India Basin Industrial Park Project Area	125,414,075	125,065,713	129,218,189	132,629,716	135,870,282
Rincon Point - South Beach Project Area	1,960,405,398	2,334,310,589	2,456,783,561	2,555,937,236	2,591,440,374
South of Market Project Area	598,013,842	644,941,044	848,108,361	937,861,093	1,151,042,120
Transbay Project Area	2,670,324,353	3,296,924,967	3,508,811,066	4,067,318,711	5,737,544,924
Western Addition Project Area A-2	2,080,975,580	2,169,091,370	2,238,974,889	2,359,272,835	2,547,332,805
Yerba Buena Center Project Area D-1	3,852,697,238	4,119,616,940	4,181,559,300	4,443,641,672	4,838,496,318
Total Value⁽¹⁾	\$15,991,732,717	\$17,480,024,703	\$18,197,059,807	\$19,634,124,705	\$22,432,723,523
<i>% Change</i>	<i>3.59%</i>	<i>9.31%</i>	<i>4.10%</i>	<i>7.90%</i>	<i>14.25%</i>
Base year	2,410,211,756	2,410,211,756	2,410,211,756	2,410,211,756	2,410,211,756
Total Incremental Value	\$13,581,520,961	\$15,069,812,947	\$15,786,848,051	\$17,223,912,949	\$20,022,511,767
<i>% Change</i>	<i>4.25%</i>	<i>10.96%</i>	<i>4.76%</i>	<i>9.10%</i>	<i>16.25%</i>
Gross Tax Increment ⁽²⁾	\$ 135,815,210	\$ 150,698,129	\$ 157,868,481	\$ 172,239,129	\$ 200,225,118
Less Excluded Project Areas Revenue ⁽³⁾	458,999	1,467,649	2,003,096	3,026,262	5,591,729
Less Senior Obligations ⁽⁴⁾	296,358	302,401	324,783	348,701	375,729
Net Available Tax Increment Revenue	\$ 135,059,853	\$ 148,928,079	\$ 155,540,601	\$ 168,864,166	\$ 194,257,659

Note: Columns may not add due to rounding

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

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

⁽³⁾ In the Bayview Hunters Point Project Area B, revenue from Candlestick Point (Zone 1) portion of the Project Area, estimated to be \$62,682 in Fiscal Year 2017-18, is not available to pay debt service on the 2017D/E Bonds. In the Transbay Project Area, revenue estimated to be \$5.48 million in Fiscal Year 2017-18 from the State Parcel Net Tax Increment is not available to pay debt service on the 2017D/E Bonds. Revenue from the South of Market and Golden Gateway Project Areas is offset by negative revenue of approximately \$47,000 from the Federal Office Building Redevelopment Project Area through a fiscal merger of these project areas.

⁽⁴⁾ In the Yerba Buena Center Project Area D-1, a portion of the base-year value increases each year pursuant to that Project Area’s redevelopment plan. This (the 2% Emporium Amount) is calculated as a two percent (2%) increase per annum on the base year assessed value of the Westfield multi-use commercial development in the Emporium Site Area added to the Yerba Buena Center Redevelopment Project Area pursuant to a plan amendment dated August 3, 2000, estimated to be \$280,000 for fiscal Year 2017-18. In the South of Market Project Area, a portion of revenue, estimated to be \$61,690, is potentially allocable to school districts under Section 33676 of the Redevelopment Law and the Santa Ana Section 33676 Decision. Beginning in Fiscal Year 2012-13, the City Controller charges a property tax administration fee, pursuant to the Redevelopment Dissolution Act, of approximately 0.017% of tax increment. Amount does not reflect the bonds or loans (including the Existing Loans) payable from tax increment revenues on a senior basis to the 2017D/E Bonds.

Source: Urban Analytics.

Projected Pledged Tax Revenues and Debt Service Coverage

Set forth below are tables showing net available tax increment revenues from the Project Areas on an aggregate basis, projected Pledged Tax Revenues and estimated debt service coverage for all Existing Loan Agreements (excluding Refunded Obligations), the 2014 Bonds and the 2017D/E Bonds. The below projections assume, with the exception of Table 6, approximately two percent (2%) annual growth in gross tax increment revenues beginning in Fiscal Year 2018-19 through the maturity of the 2017D/E Bonds. The projections do not take into consideration any changes in assessed valuation due to new construction, property sales, Proposition 8 reductions, assessment appeals or other factors. The actual growth rate in the Project Areas may differ from that which is projected.

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

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Table 5
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Projected Net Available Tax Increment
(The Project Areas)
(in thousands)

Fiscal Year	Assessed Valuation ⁽¹⁾	Base Year Valuation	Incremental Valuation	Gross Tax Increment Revenues ⁽²⁾	Excluded Revenue ⁽³⁾	County Admin Charge ⁽⁴⁾	Project Area-Specific Prior Obligations ⁽⁵⁾	Net Available Tax Increment Revenues
2017/18	\$22,432,724	\$2,410,212	\$20,022,512	\$ 200,225	\$ (5,592)	\$ (34)	\$ (342)	\$ 194,258
2018/19	22,831,561	2,410,212	20,421,349	204,213	(5,701)	(35)	(364)	198,113
2019/20	23,238,375	2,410,212	20,828,163	208,282	(5,813)	(35)	(387)	202,046
2020/21	23,653,325	2,410,212	21,243,113	212,431	(5,927)	(36)	(411)	206,057
2021/22	24,076,574	2,410,212	21,666,362	216,664	(6,044)	(37)	(434)	210,149
2022/23	24,508,288	2,410,212	22,098,077	220,981	(6,162)	(38)	(459)	214,322
2023/24	24,948,637	2,410,212	22,538,425	225,384	(6,283)	(38)	(484)	218,579
2024/25	25,397,792	2,410,212	22,987,580	229,876	(6,407)	(39)	(509)	222,921
2025/26	25,855,931	2,410,212	23,445,719	234,457	(6,533)	(40)	(535)	227,350
2026/27	26,323,232	2,410,212	23,913,020	239,130	(6,661)	(41)	(561)	231,867
2027/28	26,799,879	2,410,212	24,389,668	243,897	(6,792)	(41)	(588)	236,475
2028/29	27,286,060	2,410,212	24,875,848	248,758	(6,926)	(42)	(615)	241,175
2029/30	27,781,964	2,410,212	25,371,752	253,718	(7,062)	(43)	(643)	245,969
2030/31	28,287,786	2,410,212	25,877,574	258,776	(7,201)	(44)	(672)	250,858
2031/32	28,803,724	2,410,212	26,393,512	263,935	(7,343)	(45)	(701)	255,846
2032/33	29,329,981	2,410,212	26,919,770	269,198	(7,488)	(46)	(731)	260,933
2033/34	29,866,764	2,410,212	27,456,552	274,566	(7,635)	(47)	(761)	266,122
2034/35	30,414,282	2,410,212	28,004,070	280,041	(7,786)	(48)	(792)	271,415
2035/36	30,972,750	2,410,212	28,562,538	285,625	(7,939)	(49)	(823)	276,814
2036/37	31,542,388	2,410,212	29,132,176	291,322	(8,085)	(50)	(855)	282,332
2037/38	32,123,418	2,410,212	29,713,206	297,132	(8,233)	(51)	(888)	287,960
2038/39	32,716,069	2,410,212	30,305,857	303,059	(8,385)	(52)	(922)	293,701
2039/40	33,320,573	2,410,212	30,910,362	309,104	(8,539)	(53)	(956)	299,556
2040/41	33,937,168	2,410,212	31,526,956	315,270	(8,697)	(54)	(990)	305,529
2041/42	34,566,094	2,410,212	32,155,882	321,559	(8,857)	(55)	(1,026)	311,621
2042/43	35,207,598	2,410,212	32,797,386	327,974	(9,021)	(56)	(1,062)	317,835
2043/44	35,861,933	2,410,212	33,451,721	334,517	(9,188)	(57)	(1,099)	324,173
Total	\$772,084,867	\$65,075,717	\$707,009,150	\$7,070,092	\$(196,304)	\$(1,202)	\$(18,609)	\$6,853,977

Note: Columns may not add due to rounding.

⁽¹⁾ Assessed valuation includes a growth factor of 2% per year.

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

⁽³⁾ In the Bayview Hunters Point Area B Project Area, revenue from the Candlestick Point portion of the Project Area, estimated to be \$62,682 in Fiscal Year 2017-18, is not available to pay debt service or replenish any reserve account for parity debt after 2009. In the Transbay Terminal Project Area, revenue from designated parcels are not available to pay debt service on existing Successor Agency bonds, estimated to be \$5,482,048 in Fiscal Year 2017-18. Revenue from the South of Market and Golden Gateway project areas is offset by negative revenue of approximately \$47,000 from the Federal Office Building Redevelopment Project Area through a fiscal merger.

⁽⁴⁾ From Fiscal Year 2012-13, the City Controller charges a property tax administration fee, per the Redevelopment Dissolution Act, of approximately 0.017% of tax increment.

⁽⁵⁾ Consists of Project Area-specific prior obligations senior to the 2017D/E Bonds. In the Yerba Buena Center Project Area D-1, a portion of the base-year value increases each year pursuant to that project area's redevelopment plan. This is calculated as a two percent (2%) increase per annum on the base year assessed value of the Westfield multi-use commercial development in the Emporium Site Area added to the Yerba Buena Center Redevelopment Project Area pursuant to a plan amendment dated August 3, 2000, estimated to be \$280,000 for Fiscal Year 2017-18. In the South of Market Project Area, a portion of revenue, estimated to be \$61,690, is potentially allocable to school districts under Section 33676 and the Santa Ana Section 33676 Decision. Projections in this column do not include Existing Loans, which are payable from tax increment on a basis senior to the 2017D/E Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Senior Obligations – Project Area-Specific Prior Obligations."

Source: Urban Analytics.

Table 6
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Estimated All-In Debt Service Coverage – No Growth*
(The Project Areas)

Fiscal Year Ending	Net Available Tax Increment Revenues	Less Existing Loan Agreements*⁽¹⁾	Pledged Tax Revenues	2014 Bonds	2017D/E Bonds*	Total Payments for All-In Debt Service Coverage Calculation*⁽²⁾	All-In Debt Service Coverage*⁽³⁾
2018	\$194,257,558	\$32,340,558	\$161,917,000	\$26,793,501	\$10,289,931	\$69,423,989	2.80x
2019	194,237,966	24,018,031	170,219,935	18,111,513	13,881,181	56,010,724	3.47x
2020	194,217,983	19,283,308	174,934,675	12,777,698	15,220,215	47,281,221	4.11x
2021	194,197,600	22,170,164	172,027,436	13,239,505	14,566,888	49,976,557	3.89x
2022	194,176,809	30,936,414	163,240,395	5,178,557	15,101,271	51,216,242	3.79x
2023	194,155,603	32,306,689	161,848,913	2,805,508	14,041,380	49,153,577	3.95x
2024	194,133,972	32,303,477	161,830,495	2,824,677	13,876,686	49,004,840	3.96x
2025	194,111,908	23,564,227	170,547,682	2,907,781	6,699,365	33,171,373	5.85x
2026	194,089,404	22,920,937	171,168,466	2,897,565	6,698,007	32,516,510	5.97x
2027	194,066,449	22,896,481	171,169,968	2,917,099	6,713,733	32,527,312	5.97x
2028	194,043,035	22,896,434	171,146,601	2,905,794	6,695,325	32,497,552	5.97x
2029	194,019,153	22,876,471	171,142,683	2,900,431	6,705,499	32,482,400	5.97x
2030	193,994,794	21,885,189	172,109,605	2,450,510	7,668,013	32,003,712	6.06x
2031	193,969,947	23,858,861	170,111,086	1,213,484	4,078,554	29,150,899	6.65x
2032	193,944,603	23,847,321	170,097,282	1,196,732	4,085,019	29,129,072	6.66x
2033	193,918,752	23,839,711	170,079,042	1,198,519	4,086,299	29,124,528	6.66x
2034	193,892,385	23,821,782	170,070,602	1,187,871	4,080,590	29,090,243	6.67x
2035	193,865,490	19,304,732	174,560,758	1,190,275	4,420,286	24,915,292	7.78x
2036	193,838,057	19,292,295	174,545,762	-	4,540,408	23,832,702	8.13x
2037	193,810,075	13,727,503	180,082,572	-	4,729,543	18,457,046	10.50x
2038	193,781,534	2,936,692	190,844,842	-	5,454,247	8,390,939	23.09x
2039	193,752,422	2,921,542	190,830,880	-	5,459,222	8,380,764	23.12x
2040	193,722,727	-	193,722,727	-	6,410,288	6,410,288	30.22x
2041	193,692,439	-	193,692,439	-	3,897,618	3,897,618	49.70x
2042	193,661,545	-	193,661,545	-	-	-	-
2043	193,630,033	-	193,630,033	-	-	-	-
2044	193,597,891	-	193,597,891	-	-	-	-
2045	193,565,106	-	193,565,106	-	-	-	-
2046	193,531,666	-	193,531,666	-	-	-	-

* Preliminary, subject to change.

⁽¹⁾Excludes Refunded Obligations.

⁽²⁾Total debt service on all Existing Loan Agreements (excluding Refunded Obligations), 2014 Bonds and 2017D/E Bonds.

⁽³⁾Net available tax increment revenues divided by total debt service on all Existing Loan Agreements (excluding Refunded Obligations), 2014 Bonds and 2017D/E Bonds.

Source: Piper Jaffray & Co.

Table 7
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Estimated All-In Debt Service Coverage – 2% Growth*
(The Project Areas)

Fiscal Year Ending	Net Available Tax Increment Revenues	Less Existing Loan Agreements*⁽¹⁾	Pledged Tax Revenues	2014 Bonds	2017D/E Bonds*	Total Payments for All-In Debt Service Coverage Calculation*⁽²⁾	All-In Debt Service Coverage*⁽³⁾
2018	\$194,257,558	\$32,340,558	\$161,917,000	\$26,793,501	\$10,289,931	\$69,423,989	2.80x
2019	198,113,120	24,018,031	174,095,089	18,111,513	13,881,181	56,010,724	3.54x
2020	202,045,794	19,283,308	182,762,486	12,777,698	15,220,215	47,281,221	4.27x
2021	206,057,121	22,170,164	183,886,957	13,239,505	14,566,888	49,976,557	4.12x
2022	210,148,675	30,936,414	179,212,261	5,178,557	15,101,271	51,216,242	4.10x
2023	214,322,060	32,306,689	182,015,371	2,805,508	14,041,380	49,153,577	4.36x
2024	218,578,913	32,303,477	186,275,436	2,824,677	13,876,686	49,004,840	4.46x
2025	222,920,902	23,564,227	199,356,675	2,907,781	6,699,365	33,171,373	6.72x
2026	227,349,732	22,920,937	204,428,794	2,897,565	6,698,007	32,516,510	6.99x
2027	231,867,137	22,896,481	208,970,657	2,917,099	6,713,733	32,527,312	7.13x
2028	236,474,892	22,896,434	213,578,457	2,905,794	6,695,325	32,497,552	7.28x
2029	241,174,801	22,876,471	218,298,330	2,900,431	6,705,499	32,482,400	7.42x
2030	245,968,708	21,885,189	224,083,519	2,450,510	7,668,013	32,003,712	7.69x
2031	250,858,494	23,858,861	226,999,633	1,213,484	4,078,554	29,150,899	8.61x
2032	255,846,075	23,847,321	231,998,753	1,196,732	4,085,019	29,129,072	8.78x
2033	260,933,408	23,839,711	237,093,697	1,198,519	4,086,299	29,124,528	8.96x
2034	266,122,487	23,821,782	242,300,705	1,187,871	4,080,590	29,090,243	9.15x
2035	271,415,348	19,304,732	252,110,616	1,190,275	4,420,286	24,915,292	10.89x
2036	276,814,066	19,292,295	257,521,772	-	4,540,408	23,832,702	11.61x
2037	282,331,956	13,727,503	268,604,452	-	4,729,543	18,457,046	15.30x
2038	287,960,166	2,936,692	285,023,475	-	5,454,247	8,390,939	34.32x
2039	293,700,906	2,921,542	290,779,364	-	5,459,222	8,380,764	35.04x
2040	299,556,426	-	299,556,426	-	6,410,288	6,410,288	46.73x
2041	305,529,023	-	305,529,023	-	3,897,618	3,897,618	78.39x
2042	311,621,039	-	311,621,039	-	-	-	-
2043	317,834,863	-	317,834,863	-	-	-	-
2044	324,172,933	-	324,172,933	-	-	-	-
2045	330,637,733	-	330,637,733	-	-	-	-
2046	337,231,800	-	337,231,800	-	-	-	-

* Preliminary, subject to change.

⁽¹⁾ Excluding Refunded Obligations.

⁽²⁾ Total debt service on all Existing Loan Agreements (excluding Refunded Obligations), 2014 Bonds and 2017D/E Bonds.

⁽³⁾ Net available tax increment revenues divided by total debt service on all Existing Loan Agreements (excluding Refunded Obligations), 2014 Bonds and 2017D/E Bonds.

Source: Piper Jaffray & Co.

Assessment Appeals

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

The most common type of appeal filed is known as a Proposition 8 appeal, in which the property owner seeks a reduction in a particular year's secured assessment based on the current economic value of the property. The Assessor of the City and County of San Francisco (the "**Assessor**") may also adjust valuations based on Proposition 8 criteria. In past years, assessment reductions under Proposition 8 have been generally temporary in nature and were usually restored to their previous levels, as adjusted for inflation, as economic conditions improve.

Assessors have the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of properties affected by particular negative economic conditions. Although the Assessor's office has not indicated how many parcels are currently subject to Proposition 8 reductions, these temporary reductions in value and any restorations of previously-reduced values are incorporated into the Fiscal Year 2017-18 roll data used in the REPORT OF FISCAL CONSULTANT attached hereto as APPENDIX B.

Property owners may also appeal the Proposition 13 base assessment of a property. Although less frequently filed, such appeals, if successful, can permanently reduce the enrolled valuation of a property and consequently affect the Successor Agency's annual revenue. The annual filing period for all appeals extends from July 2 to September 15.

Appeal filings in the Project Areas for the past six (6) years are shown in the table below for the secured roll. The tables compare the Assessor's valuation with the applicant's opinion of the value of a property and show the resulting valuation for resolved appeals. Appeals are considered resolved when they are withdrawn by the applicant, denied a hearing by the City's Assessment Appeals Board ("**Assessment Appeals Board**"), granted a hearing but denied an adjustment in valuation, or granted an adjustment in valuation.

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Table 8
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Assessment Appeals in the Project Areas

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate*
2016-17	Resolved	48	\$ 773,746,316	\$ 410,475,570	\$ 773,130,339	99.9%
2016-17	Pending**	157	1,149,054,064	558,123,886	TBD	TBD
2015-16	Resolved	54	1,878,852,569	1,167,532,122	1,877,901,342	99.9%
2015-16	Pending	1	415,124,195	145,748,029	TBD	TBD
2014-15	Resolved	110	3,552,951,908	2,420,561,703	3,508,003,062	98.7%
2014-15	Pending	-	-	-	-	TBD
2013-14	Resolved	161	3,686,125, 878	2,195,002,566	3,680,224,053	99.8%
2013-14	Pending	1	156,073,117	70,504,944	TBD	TBD
2012-13	Resolved	275	3,647,707,162	2,363,540,179	3,636,843,439	99.7%
2012-13	Pending	1	153,055,628	60,537,809	TBD	TBD
2011-12	Resolved	301	4,169,515,772	2,426,875,034	4,048,130,559	97.1%
2011-12	Pending	1	149,531,660	65,004,384	TBD	TBD
All Years	Resolved	949	17,708,899,605	10,983,987,174	17,524,232,794	99.0%
All Years	Pending	161	2,022,838,664	899,919,052	TBD	-

Potential exposure to reductions in valuation from all pending appeals***: \$ 21,093,980

Potential exposure to reductions in valuation from all pending appeals assuming 100% of requested reduction is granted: \$1,122,919,612

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

**Includes 151 pending appeals filed on condominiums located in the Millennium Towers property within the Transbay Project Area. These pending appeals are on a total of \$347,737,496 in County Valuation with an Applicant Opinion of Value of \$152,080,013. The Millennium Tower property, including all condominiums within the building, had a Fiscal Year 2017-18 valuation of \$855,742,905.

*** Estimated based on the county valuation for pending appeals across all years shown multiplied by the difference between 100% and the retention rate for resolved appeals across all years shown. The potential reduction includes properties with appeals in multiple years and does not necessarily indicate an equivalent reduction in future revenue.

Source: San Francisco County Assessment Appeals Board. Data as of 9/6/2017.

One of the top ten largest taxpayers by valuation in the Project Areas, China Basin Ballpark LLC, owner of the Giants baseball stadium, has two pending appeals of Fiscal Year 2016-17 valuation of \$466.3 million with \$258.8 million under dispute and a single pending appeal of Fiscal Year 2015-16 valuation of \$415.1 million with \$269.4 million under dispute.

Additionally, in the Transbay Project Area, a residential tower at 301 Mission Street (the "Millennium Tower") is reported to have experienced greater settling than anticipated as well as tilting of the building. The property consists of 419 residential condominiums and 2 commercial condominiums with a combined Fiscal Year 2017-18 assessed valuation of \$855.7 million, which represents approximately 3.8% of the aggregate assessed valuation of the properties in the Project Areas shown in Table 3. Of these condominium owners in Millennium Tower, 151 (36% of the total number of units) have pending appeals requesting an overall reduction in Fiscal Year 2016-17 assessed valuation from \$347.7 million to \$152.1 million as of September 6, 2017. An additional 16 appeals filed for Fiscal Year 2016-17 assessed valuations have been resolved with no change in valuation. Neither the response of the Assessment Appeals Board to the pending appeals nor the possibility of future appeals is known at this time. If all of the requested reductions in assessed valuation for Fiscal Year 2016-17 were granted, a reduction of up to \$2.0 million in tax increment could occur if the City Controller's office also changed its policy of deducting appeal-related tax refunds solely from Taxing Entities and not from the Successor

Agency and if the Assessor were to extend any reductions to future rolls for properties granted prior-year reductions.

In addition to currently being subject to assessment appeals, the Millennium Tower is the subject of a lawsuit filed on August 17, 2016, by owners of the condominiums in the Millennium Tower (the “**Lawsuit**”) against the TJPA and the individual members of the TJPA, including the City. The TJPA is responsible under State law for developing the Transbay Transit Center, which will be a new regional transit hub located near the Millennium Tower. See “THE PROJECT AREAS – Project Area – *Transbay Project Area*.” The TJPA began excavation and construction of the Transbay Transit Center in 2010, after the Millennium Tower was completed. In brief, the Lawsuit claims that the construction of the Transbay Transit Center harmed the Millennium Tower by causing it to settle into the soil more than planned and tilt toward the west/northwest, and the owners claim unspecified monetary damages for inverse condemnation and nuisance. The TJPA has said that the Millennium Tower was already sinking more than planned and tilting before the TJPA began construction of the Transbay Transit Center and that the TJPA took precautionary efforts to avoid exacerbating the situation. The City expects that other lawsuits will be filed against the TJPA relating to the subsidence and tilting of the Millennium Tower. Other than the Lawsuit, there is no other pending legal claim against the City regarding the Millennium Tower. The City cannot now make any prediction as to the outcome of the Lawsuit, or whether the Lawsuit, if determined adversely to the TJPA or the City, would have a material adverse impact on City finances. The Successor Agency is not a party to the Lawsuit and does not currently anticipate, even if the Lawsuit were to result in an adverse result for the City, that such an adverse result would materially impair the ability of the Successor Agency to pay debt service on the 2017D/E Bonds as it becomes due.

Were the City Controller to change its policy of deducting appeal-related tax refunds solely from Taxing Entities and not from the Successor Agency or were the Assessor to extend Proposition 8 reductions to future rolls for properties granted prior-year reductions, applying the retention rate of 99.0% set forth in Table 8 to the valuation currently subject to pending appeals, the estimated reduction in prior-year assessed valuation would be approximately 0.1% or \$21.1 million, or approximately 0.1% or \$0.2 million in gross tax increment revenues. As this includes properties with appeals in multiple years, it does not necessarily indicate an equivalent reduction in future revenue. If the full amount of disputed valuation were to be granted by the Assessment Appeals Board across the Project Areas, and if the City Controller were to deduct the resulting tax refunds from the Successor Agency’s tax increment, the estimated reduction in prior-year assessed valuation would be approximately 5.1% or \$1.1 billion for the Project Areas and approximately 5.8% or \$11.2 million in gross tax increment revenues; this includes multi-year appeals and does not necessarily indicate an equivalent reduction in future revenue.

CERTAIN RISK FACTORS

In addition to the information set forth elsewhere in this Official Statement, potential investors should consider the following matters in evaluating an investment in the 2017D/E Bonds. The following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the 2017D/E Bonds. No assurance can be given that additional risk factors will not become evident at any future time. The order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Recognized Obligation Payment Schedule

As described in greater detail above under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Recognized Obligation Payment Schedule,” the Redevelopment Dissolution Act provides that only those payments listed in the ROPS may be made by the Successor Agency from the funds specified in the ROPS. Tax Revenues will not be distributed from the RPTTF by the City Controller to the Retirement Fund without a duly approved and effective ROPS obtained in sufficient

time prior to the distribution date, unless a Last and Final ROPS is filed in which event no periodic filing requirements apply. In instances where a Last and Final ROPS is not filed, if the Successor Agency were to fail to submit an approved ROPS by the applicable date and the California Department of Finance does not provide a notice to the City Controller to withhold funds from distribution to Taxing Entities, amounts in the RPTTF for such period would be distributed to Taxing Entities and the availability of Pledged Tax Revenues for the Successor Agency to pay debt service on the 2017D/E Bonds could be adversely affected for such period. The Successor Agency does not currently plan to file a Last and Final ROPS. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Recognized Obligation Payment Schedule.”

Certain Uncertainties Regarding the Redevelopment Dissolution Act

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Redevelopment Dissolution Act has only required that county auditor-controllers establish a single RPTTF with respect to each former redevelopment agency within the respective county. Additionally, the Redevelopment Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the RPTTF of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (such as the Former Agency) the Redevelopment Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the RPTTF, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Redevelopment Dissolution Act states: *“it is the intent . . . that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.”* The implications of these provisions of the Redevelopment Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area. Due to the pledge of Pledged Tax Revenues securing the 2017D/E Bonds, Pledged Tax Revenues will be used for such purposes prior to being used for any other purpose, including payment of any other indebtedness of the Former Agency now being paid by the Successor Agency (excluding Senior Obligations).

Estimates of Tax Revenues

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

Concentration of Property Ownership

The risk of reduction in assessed value as a result of factors described herein may increase where the assessed value within the Project Areas is concentrated among a relatively few number of property owners. Ownership of property in the Project Areas is significantly concentrated, with the ten largest property owners by assessed valuation accounting for 25.5% of the Fiscal Year 2017-18 assessed

valuation and 28.5% of the Project Areas' incremental assessed value. Significant reduction in the assessed values of these property owners could, by itself or in combination with other factors, have a material adverse effect on the Successor Agency's ability to pay debt service on the 2017D/E Bonds as such payments become due and payable. See "THE PROJECT AREAS – Assessed Valuation and Other Information Regarding the Project Areas – Table 1, Assessed Value by Land Use in the Project Areas" and "– Table 2, Top Ten Taxpayers by Assessed Valuation" and discussion thereafter about three residential condominium buildings whose constituent condominium assessments would, if taken in the aggregate, be among the top ten taxpayers for Fiscal Year 2017-18.

Subordination of ERAF

The Successor Agency has obtained the approval of the Taxing Entities to subordinate payment of their AB 1290 Statutory Pass-Through Amounts to the payment of debt service on the 2017D/E Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Allocation of Taxes Pursuant to the Redevelopment Dissolution Act – *Assembly Bill 1290; Statutory Pass-Throughs.*" As ERAF is not an entity, but a fund, there is not a mechanism to seek affirmative approval of the subordination of monies payable to ERAF. The Successor Agency believes that the Statutory Pass-Through Amounts to be deposited in ERAF have also been subordinated, given that the Taxing Entities, to whom the amounts deposited in ERAF will be distributed, have approved the subordination of the Statutory Pass-Through Amounts directly payable to them. Should a Taxing Entity or the State disagree with the Successor Agency's position with regards to the subordination of the ERAF and determine that the Statutory Pass-Through Amounts due to ERAF cannot be subordinated, such amounts would be a senior obligation and payment thereof would have to be made prior to payment of debt service on the 2017D/E Bonds. The Statutory Pass-Through Amount for ERAF for Fiscal Year 2017-18 is approximately 25% of the total Statutory Pass-Through Amounts. The Successor Agency does not believe that an obligation to pay the ERAF amounts on a basis senior to the payment of debt service on the 2017D/E Bonds will have a materially adverse effect on its ability to pay debt service on the 2017D/E Bonds.

Reduction in Tax Base and Assessed Values

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

The potential exposure of the Successor Agency's tax increment revenue to appeals were the City Controller to change its policy of deducting appeal-related tax refunds solely from Taxing Entities and not from the Successor Agency or were the Assessor to extend Proposition 8 reductions to future rolls for properties granted prior-year reductions may be seen by applying the overall retention rate for all years in a project area to the amount of roll valuation in pending appeals for the project area. Applying the retention rate of 99.0% to the aggregate valuation currently subject to pending appeals in the Project Areas, the Fiscal Consultant estimates a reduction in valuation of approximately 0.1% or \$21.1 million or approximately 0.1% or \$0.2 million in gross tax increment revenues. If the full amount of disputed

valuations were to be granted by the Assessment Appeals Board across the Project Areas, and if the City Controller were to deduct the resulting tax refunds from the tax increment allocated to the Successor Agency, the Fiscal Consultant estimates a reduction in assessed valuation of approximately 5.1% or \$1.1 billion and that the gross tax increment revenue for the Project Areas could be reduced by approximately 5.8% or \$11.2 million. Any such reductions in taxable values could cause a reduction in the Pledged Tax Revenues securing the 2017D/E Bonds and could have an adverse effect on the Successor Agency's ability to make timely payments with respect to the 2017D/E Bonds.

In general, because property on the unsecured tax roll includes personal property and leasehold interests, the values of property on the unsecured roll are more likely to fluctuate and are more susceptible to reduction due to adverse economic circumstances affecting the owner of the properties. Accordingly, unsecured assessed valuation may present special risks and may be more susceptible to fluctuation from year to year than valuation reflected on the secured roll. According to the Fiscal Consultant, the unsecured roll represents approximately 10.8% of the overall assessed value for Fiscal Year 2017-18.

Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a two percent (2%) increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such adjustments are computed on a calendar year basis. In projecting future Pledged Tax Revenues to be available to it to make payments with respect to the 2017D/E Bonds, the Successor Agency has assumed an annual two percent (2%) inflationary increase. The projected Pledged Tax Revenues are based on the latest actual amounts received by the Successor Agency. However, future deflation could cause decreases in property values, a reduction in tax revenues received by the Successor Agency and reduced Pledged Tax Revenues. See "PLEDGED TAX REVENUES AND DEBT SERVICE" and "LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIII A of California Constitution" herein.

In addition to the other limitations on and the required application under the Redevelopment Dissolution Act of tax revenues on deposit in the RPTTF, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing tax revenues allocated to the RPTTF and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce Pledged Tax Revenues and adversely affect the source of repayment and security of the 2017D/E Bonds.

Appeals to Assessed Values

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

In the City, a property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one (1) year period must submit an application to the City's Assessment Appeals Board. Applications for any tax year must be submitted by September 15 of such tax year. Following a review of the application by the Assessor, the Assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Assessment Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Assessment Appeals Board generally is required to determine the outcome of appeals within two (2) years of each appeal's filing date unless waived by applicant. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than two percent (2%)) following the year for which the reduction application is filed. However, the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted. See "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedure" and "PLEDGED TAX REVENUES AND DEBT SERVICE."

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

Assessors have the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of properties affected by particular negative economic conditions. Although the Assessor's office has not indicated how many parcels are currently subject to Proposition 8 reductions, these temporary reductions in value and any restorations of previously-reduced values are incorporated into the Fiscal Year 2017-18 roll data shown in the tables under "PLEDGED TAX REVENUES AND DEBT SERVICE."

One (1) of the top ten (10) largest property taxpayers in the Project Areas and a condominium property in one of the Project Areas have pending property tax appeals. See "THE PROJECT AREAS – Assessed Valuation and Other Information Regarding the Project Areas – Table 2, Top Ten Taxpayers by Assessed Valuation," and "PLEDGED TAX REVENUES AND DEBT SERVICE – Assessment Appeals" for a description of pending appeals and the potential impact on allocable tax revenues if the appeals are granted.

Property Foreclosures

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

State Budget Issues; Changes in State Law

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

There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor

agencies or tax increment revenues, including Pledged Tax Revenues. There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Redevelopment Law, the Redevelopment Dissolution Act or other laws or the Constitution of the State resulting in a reduction of Pledged Tax Revenues, or that otherwise have an adverse effect on the Successor Agency's ability to pay debt service on the 2017D/E Bonds.

The Redevelopment Dissolution Act and the implementation of its provisions have been and may continue to be subject to differing interpretations by different stakeholders, including the California Department of Finance, the State Controller, oversight boards, successor agencies, auditor-controllers, and others. Certain litigation is challenging some of the terms of the Redevelopment Dissolution Act and the Redevelopment Dissolution Act could be subject to further legislative or judicial review. The Successor Agency cannot predict the outcome or impact of any such litigation, interpretations or reviews on the availability of Pledged Tax Revenues to pay the 2017D/E Bonds.

Recent Executive Order; Changes in Federal Law

On January 25, 2017, President Donald Trump issued "Executive Order – Enhancing Public Safety in the Interior of the United States," which aims to address certain immigration policies of the administration, including among other things sanctuary jurisdictions. The order states, in part, that the policy of the executive branch will be to "ensure that jurisdictions that fail to comply with applicable federal law do not receive federal funds, except as mandated by law." However, the City is a sanctuary jurisdiction, and on January 31, 2017, the City filed a lawsuit in United States District Court – Northern District of California challenging the President's executive order as unconstitutional. The Pledged Tax Revenues do not include any federal funds and federal funds constitute less than one percent of the Successor Agency's total budget. **[UPDATE PRIOR TO POSTING]**

Development Risks

Although the Project Areas are substantially developed, there remain undeveloped areas within certain Project Areas, particularly within the Transbay Project Area and Hunters Point Hill Residential District of the Hunters Point Shipyard Project Area.

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

Natural Disasters

Real estate values can be adversely affected by a variety of natural events and conditions, including earthquakes, tsunamis, sea level rise and floods. The Successor Agency expects that one or more of these conditions may occur from time to time, and such conditions may result in delays in

development or damage to property improvements. Any damage resulting from a natural disaster may entail significant repair or replacement costs, and repair or replacement may never occur. Under any of these circumstances, the value of real estate within the Project Areas could depreciate substantially and owners of property may be less willing or able to pay property taxes.

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

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

Climate Change and Flooding. In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is "The Impacts of Sea-Level Rise on the California Coast." The paper posits that increases in sea level will be a significant consequence of climate change over the next century. The paper evaluated the population, infrastructure, and property at risk from projected sea-level rise if no actions are taken to protect the coast. The paper concluded that significant property is at risk of flooding from 100-year flood events as a result of a 1.4 meter sea level rise. The paper further estimates that the replacement value of this property totals nearly \$100 billion (in 2000 dollars). Two-thirds of this at-risk property is concentrated in San Francisco Bay, indicating that this region is particularly vulnerable to impacts associated with sea-level rise due to extensive development on the margins of the Bay. A wide range of critical infrastructure, such as roads, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

Sea level rise can lead not only to permanent inundation of land but it can also expand the 100-year floodplain. Land composed of fill near San Francisco Bay is at risk for inundation because of low elevation and subsidence over time due to compaction from buildings and soil desiccation. The Successor Agency is unable to predict whether sea-level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the Project Areas.

Tsunamis. Tsunamis are large waves in the ocean generated by earthquakes, coastal or submarine landslides, or volcanoes. Damaging tsunamis are not common on the California coast. Most

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

It should be assumed, therefore, that an earthquake or other natural event or man-made activity may occur and may cause damage to improvements on parcels in the Project Areas of varying degrees of severity, that such damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate usability or because other considerations may preclude such repair or replacement. Consequently, the occurrence of any of these conditions could result in a significant decrease in the assessed value of taxable values of property in the Project Areas and could result in a significant reduction in Pledged Tax Revenues. Such reduction of Pledged Tax Revenues could have an adverse effect on the Successor Agency's payment of debt service on the 2017D/E Bonds.

[Bond Insurance Risk Factors

The Successor Agency may obtain a bond insurance policy to guarantee the scheduled payment of principal and interest on all or some maturities of one or both Series of 2017D/E Bonds (such bonds, “**Insured Bonds**”). The Successor Agency has yet to determine whether an insurance policy will be purchased with the 2017D/E Bonds, which decision is at its sole and absolute discretion. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

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

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

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the applicable Bond Policy, the Series of 2017D/E Bonds insured by such Bond Policy will be payable solely from the moneys received pursuant to the Indenture. In the event the bond insurer becomes obligated to make payments with respect to any of the Insured Bonds, no assurance is given that such event will not adversely affect the market price of the Insured Bonds or the marketability (liquidity) of such Insured Bonds.

The long-term ratings on the Insured Bonds are dependent in part on the financial strength of the bond insurer and its claim paying ability. The bond insurer's financial strength and claims paying ability

are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the bond insurer and of the ratings on the Insured Bonds will not be subject to downgrade and such event could adversely affect the market price of the 2017D/E Bonds or the marketability (liquidity) of the 2017D/E Bonds. See description of “RATING” herein.

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

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

Reserve Policy Risk Factors

The Successor Agency may obtain one or more Reserve Policies in lieu of a cash deposit to the 2017 Series D Taxable Subaccount and/or the 2017 Series E Subaccount in the Reserve Account to satisfy the Reserve Requirement for such Series of 2017D/E Bonds. The Successor Agency has yet to determine whether to obtain one or more Reserve Policies, which decision is at the sole and absolute discretion of the Successor Agency. If any Reserve Policy is obtained, the following are risk factors relating to Reserve Policies.

In the event of insufficient Pledged Tax Revenues to pay the scheduled principal of or interest on a Series of 2017D/E Bonds when due, the Trustee will draw upon the applicable Reserve Policy for all or a portion of such payments. The obligations of the issuer of the Reserve Policy are unsecured contractual obligations and in an event of default by the issuer of the Reserve Policy, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

The long-term ratings on the 2017D/E Bonds are dependent in part on the financial strength of the issuer of the Reserve Policy and its claim paying ability. The financial strength and claims paying ability of the issuer of the Reserve Policy are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the issuer of the Reserve Policy and of the ratings on the 2017D/E Bonds will not be subject to downgrade and such event could adversely affect the market price of the 2017D/E Bonds of such Series or the marketability (liquidity) of the 2017D/E Bonds. See description of “RATING” herein.

Neither the Successor Agency nor the Underwriters have made independent investigation into the claims paying ability of the issuer of the Reserve Policy and no assurance or representation regarding the financial strength or projected financial strength of the issuer of the Reserve Policy is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to pay principal of, and interest on, the 2017D/E Bonds and the claims paying ability of the issuer of the Reserve Policy, particularly over the life of the investment.

No Validation Proceeding Undertaken

California Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a “validation proceeding,” for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the 2017D/E Bonds, California

Government Code Section 53511 authorizes a local agency to “bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness.” Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding will, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters herein adjudicated or which could have been adjudicated, against all persons: “The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive.”

The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the 2017D/E Bonds. The Successor Agency and Bond Counsel have relied on the provisions of the Redevelopment Dissolution Act authorizing the issuance of the 2017D/E Bonds and specifying the related deadline for any challenge to the 2017D/E Bonds to be brought. Specifically, Section 34177.5(e) of the Redevelopment Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the 2017D/E Bonds) or the incurrence of indebtedness must be brought within thirty (30) days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the 2017D/E Bonds and the Oversight Board Resolution No. 2-2017 (July 10, 2017) on August 9, 2017.

It is possible that a lawsuit challenging the Redevelopment Dissolution Act or specific provisions thereof based on the inability of successor agencies to meet their obligations to bondholders as those obligations become due, or to pay any other of their other obligations, could be successful and that the mechanisms currently provided for under the Redevelopment Dissolution Act to provide for distribution of tax revenues to the Successor Agency for payment on the 2017D/E Bonds could be impeded and result in a delinquency or default in the timely payment of principal of, and interest on, the 2017D/E Bonds.

Any action by a court to invalidate provisions of the Redevelopment Dissolution Act required for the timely payment of principal of, and interest on, the 2017D/E Bonds could be subject to the same issues regarding an impairment of contract or unconstitutional taking without just compensation. The Successor Agency believes that the aforementioned considerations would provide some protections against the adverse consequences upon the Successor Agency and the availability of Pledged Tax Revenues for the payment of debt service on the 2017D/E Bonds in the event of successful challenges to the Redevelopment Dissolution Act or portions thereof. However, the Successor Agency does not guarantee that any lawsuit challenging the Redevelopment Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Successor Agency’s ability to timely pay debt service on the 2017D/E Bonds.

Hazardous Substances

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

Reduction in Inflation Rate

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent (2%) increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the 2017D/E Bonds could reduce Pledged Tax Revenues. See “LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIII A of California Constitution.”

Delinquencies

The Successor Agency does not have any independent power to levy and collect property taxes. Delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency’s ability to make timely debt service payments. However, the City has adopted the Teeter Plan and provides one hundred percent (100%) of tax revenues to the Successor Agency regardless of delinquencies. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Allocation of Taxes Pursuant to the Redevelopment Dissolution Act – *Teeter Plan*.” Such plan may be discontinued at any time.

Investment Risk

All funds and accounts held by the Trustee under the Indenture and all funds held by the Successor Agency in the Special Fund, into which all allocable tax revenues are initially deposited, are required to be invested in Permitted Investments as provided in the Indenture. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Indenture or the Special Fund could have a material adverse effect on the security for the 2017D/E Bonds.

Bankruptcy and Foreclosure

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

The rights of the Owners of the 2017D/E Bonds and the enforceability of the obligation to make payments on the 2017D/E Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The various legal opinions to be delivered concurrently with the delivery of the 2017D/E Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases. See APPENDIX E – “FORM OF BOND COUNSEL FINAL OPINION.”

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the principal of and interest on the

2017D/E Bonds and the possibility of delinquent tax installments not being paid in full. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

In addition, the United States Bankruptcy Code might prevent moneys on deposit in the Retirement Fund from being applied to pay interest on the 2017D/E Bonds and/or to redeem 2017D/E Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that any of such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

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

As discussed under "SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Allocation of Taxes Pursuant to the Redevelopment Dissolution Act – *Teeter Plan*," under its current policies, the City Controller distributes one hundred percent (100%) of tax increment revenues allocated to the Successor Agency without regard to delinquencies in the payment of property taxes. However, there can be no assurance that such policies will not be changed in the future.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy and collect property taxes. As discussed herein, the Successor Agency only receives, on an annual basis, that amount of tax increment revenue required for it to pay debt service, enforceable obligations and administrative expenses. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the ability of the Successor Agency to pay debt service on the 2017D/E Bonds. Likewise, delinquencies in the payment of property taxes and the impact of bankruptcy proceedings on the legal ability of taxing agencies to collect property taxes could have an adverse effect on the Successor Agency's ability to make timely payments on the 2017D/E Bonds. The City allocates property taxes to the Successor Agency based on one hundred percent (100%) of the tax levy, notwithstanding any delinquencies. However, the City may discontinue such practice at any time. If there is a decline in the general economy of the Project Areas, the owners of property within the Project Areas may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of Pledged Tax Revenues received by the Successor Agency from the Project Areas.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2017 Series E Bonds, the Successor Agency has covenanted in the Indenture to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), and the Successor Agency has covenanted in the Indenture to comply with certain provisions of the Tax Code. The interest on the 2017 Series E Bonds could become includable gross income for purposes of federal income taxation retroactive to the date of issuance of the 2017 Series E Bonds as a result of acts or

omissions of the Successor Agency in violation of these or other covenants in the Indenture applicable to the 2017 Series E Bonds or such interest could become includable gross income for purposes of federal income taxation as a result of change in applicable law. The 2017 Series E Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Indenture. See “TAX MATTERS.”

Risk of Tax Audit

In December 1999, as a part of a larger reorganization of the Internal Revenue Service (the “**IRS**”), the IRS commenced operation of its Tax Exempt and Government Entities Division (the “**TE/GE Division**”), as the successor to its Employee Plans and Exempt Organizations division. The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. There is no assurance that if an IRS examination of the 2017 Series E Bonds was undertaken it would not adversely affect the market value of the 2017 Series E Bonds. See “TAX MATTERS.”

Secondary Market

There can be no guarantee that there will be a secondary market for the 2017D/E Bonds, or if a secondary market exists, that the 2017D/E Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the marketability, liquidity or market price for the 2017D/E Bonds will not be affected by the introduction or enactment of any future legislation or executive order (including, without limitation, amendments to or repeal of any portions of the Tax Code), or by any state constitutional amendments, court decisions, changes in interpretation of the Code (as defined below under “TAX MATTERS”), or actions of the IRS, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2017D/E Bonds for audit examination, or the course or result of any IRS audit or examination of the 2017 Series E Bonds or obligations that present similar tax issues as the 2017D/E Bonds.

Senior Obligations

As discussed above, certain Project Areas have prior obligations to which tax increment from such Project Areas is committed on a basis senior to debt service on the 2017D/E Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Senior Obligations.” In addition, the payment of debt service on the 2017D/E Bonds from tax increment revenues from the Project Areas is subordinate to the Successor Agency’s obligations to pay debt service on the Existing Loan Agreements. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Senior Obligations.”

However, the Successor Agency has covenanted that, so long as Bonds are Outstanding, the Successor Agency will not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues (as defined in the Existing Loan Agreements), except for obligations issued to refund any of the Existing Loan Agreements, but only if the debt service in any Bond Year (as defined in the Existing Loan Agreements) does not increase as a result of such refunding. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Limitations on Additional Indebtedness – *Senior and Parity Debt*.”

Parity Obligations

As described in “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Parity Obligations,” the 2017D/E Bonds are secured by a lien on Pledged Tax Revenues on a parity with its pledge of the lien on Pledged Tax Revenues in favor of the 2014 Bonds. In addition, as described in “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS – Limitations on Additional Indebtedness – *Parity Debt*,” the Successor Agency may issue or incur additional obligations secured by a lien on Pledged Tax Revenues on a parity with its pledge of the lien on Pledged Tax Revenues in favor of the 2017D/E Bonds and the 2014 Bonds. The existence of and the potential for additional Parity Debt increases the risks associated with the Successor Agency’s payment of debt service on the 2017D/E Bonds in the event of a decrease in the Successor Agency’s collection of tax revenues.

Bonds are Limited Obligations

The 2017D/E Bonds are special, limited obligations of the Successor Agency and as such are not debt of the City, the State or any of their political subdivisions other than the Successor Agency, and none of the City, the State or any of their political subdivisions other than the Successor Agency is liable for the payment thereof. The principal of, and premium, if any, and interest on, the 2017D/E Bonds are payable solely from Pledged Tax Revenues allocated to the Successor Agency from the Project Areas and certain other funds pledged therefor under the Indenture. The 2017D/E Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2017D/E BONDS.” No Owner of the 2017D/E Bonds may compel exercise of the taxing power of the State, the City or any of their political subdivisions to pay the principal of, or premium, if any, or interest due on, the 2017D/E Bonds.

Limited Recourse on Default

If the Successor Agency defaults on its obligations under the Indenture, the Trustee has the right to accelerate the 2017D/E Bonds. However, in the event of a default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the 2017D/E Bonds.

LIMITATIONS ON TAX REVENUES

The 2017D/E Bonds are secured by a pledge of Pledged Tax Revenues attributable to the Project Areas. The Successor Agency does not have any independent power to levy and collect property taxes; accordingly, the amount of Tax Revenues available to the Successor Agency for payment of the principal of and interest on the 2017D/E Bonds is affected by several factors, including but not limited to those discussed below. See also “CERTAIN RISK FACTORS.”

Property Tax Collection Procedure

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

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

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

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

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

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

Property Tax Administrative Costs. In 1990, the Legislature enacted Senate Bill 2557 (Statutes of 1990, Chapter 466) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. Subsequent legislation clarified that the provisions of SB 2557 include redevelopment agencies as a local government agency which must pay such administrative costs. In addition, Sections 34182(e) and 34183(a) of the Redevelopment Dissolution Act allow administrative costs of the county auditor-controller for the cost of administering the provisions of the Redevelopment Dissolution Act, as well as the foregoing SB 2557 amounts, to be deducted from property tax revenues before moneys are deposited into the RPTTF.

Taxation of Unitary Property

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

rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1.

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

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization. The City Controller, following guidance from the State Board of Equalization does not share any of the City-wide unitary revenue with the Successor Agency. No unitary tax revenue is included in the projections of Pledged Tax Revenues.

Tax Limitations – Article XIII A of California Constitution

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

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

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly

constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age fifty-five (55) and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in property tax revenues.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the no more than two percent (2%) annual adjustment (2.00% for Fiscal Year 2017-18 and projected two percent (2%) for Fiscal Year 2018-19 in the City) are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

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

Article XIII B of California Constitution

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

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

Articles XIII C and XIII D of California Constitution

On November 5, 1996, California voters approved Proposition 218. Proposition 218 added Articles XIII C and XIII D to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26 amended Article XIII C of the California Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the California Constitution. The 2017D/E Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218 and are outside of the scope of taxes that are limited by Proposition 26.

Future Initiatives

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

TAX MATTERS

2017 Series D Taxable Bonds

General. The interest on the 2017 Series D Taxable Bonds is not intended by the Successor Agency to be excluded from gross income for federal income tax purposes. However, in the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, interest on the 2017 Series D Taxable Bonds is exempt from California personal income taxes.

Owners of the 2017 Series D Taxable Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2017 Series D Taxable Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2017 Series D Taxable Bonds other than as expressly described above.

Form of Bond Counsel Opinion. At the time of issuance of the 2017 Series D Taxable Bonds, Bond Counsel expects to deliver an opinion for the 2017 Series D Taxable Bonds in substantially the form set forth in Appendix E.

2017 Series E Bonds

General. In the opinion of Bond Counsel, subject, however, to the qualifications set forth below, under existing law, the interest on the 2017 Series E Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the 2017 Series E Bonds. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2017 Series E Bonds.

California Tax Status. In the opinion of Bond Counsel, interest on the 2017 Series E Bonds is exempt from California personal income taxes.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a 2017 Series E Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each 2017 Series E Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for

purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2017 Series E Bonds on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2017 Series E Bond to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2017 Series E Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2017 Series E Bonds who purchase the 2017 Series E Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2017 Series E should consult their own tax advisors with respect to the tax consequences of ownership of 2017 Series E Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2017 Series E Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2017 Series E Bond (said term being the shorter of the 2017 Series E Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2017 Series E Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2017 Series E Bond is amortized each year over the term to maturity of the 2017 Series E Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2017 Series E Bond premium is not deductible for federal income tax purposes. Owners of premium 2017 Series E Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2017 Series E Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2017 Series E Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2017 Series E Bonds. Prospective purchasers of the 2017 Series E Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Form of Bond Counsel Opinion. At the time of issuance of the 2017 Series E Bonds, Bond Counsel expects to deliver an opinion for the 2017 Series E Bonds in substantially the form set forth in Appendix E.

Owners of the 2017 Series E Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, 2017 Series E Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2017 Series E Bonds other than as expressly described above.

LITIGATION

[There is no litigation now pending or, to the best knowledge of the Successor Agency, threatened to restrain or enjoin the execution or delivery of the 2017D/E Bonds or the Indenture or in any way questioning or affecting the validity of the foregoing or any of the proceedings for the authorization, sale, execution or delivery of the 2017D/E Bonds. In the opinion of counsel to the Successor Agency, there is no lawsuit or claim now pending against the Successor Agency, which if decided adversely to the Successor Agency would materially affect the Successor Agency's finances so as to impair the ability of the Successor Agency to pay debt service on the 2017D/E Bonds as it becomes due.]

A number of other lawsuits have been filed in the State that challenge the Redevelopment Dissolution Act or the application of certain of its provisions. The Successor Agency is unable to predict the likely outcome of such actions or the possible impact, if any, of their outcomes on the distribution of property tax revenues or other moneys to the Successor Agency under the Redevelopment Dissolution Act or on the Successor Agency's ability to make payments of principal of and interest on the 2017D/E Bonds.

CONTINUING DISCLOSURE

The Successor Agency has covenanted for the benefit of the Owners of the 2017D/E Bonds to provide certain financial information and operating data relating to the Successor Agency by not later than six (6) months after the end of the Successor Agency's Fiscal Year (presently June 30) in each year commencing with its Annual Report for the 2016-17 fiscal year and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of events will be filed by the Successor Agency, or the Dissemination Agent, if any, on behalf of the Successor Agency, with the MSRB. The specific nature of the information to be contained in the Annual Report and the notices of events is summarized in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

In the past five years, the Successor Agency failed on occasion to file a notice of a bond insurer-related rating downgrade on a timely basis. However, such failure was only with respect to downgrades below the underlying rating of the bond. The Successor Agency has since filed notices of all such bond rating downgrades.

Certain tabular information for Fiscal Years 2011-12 and 2012-13, related to a merged project area was not aggregated as required by the applicable continuing disclosure agreement. However, all of the required information was available for the component areas of such merged project area. The missing tabular information was filed in March 2014.

The Annual Report for Fiscal Year 2015-16 was inadvertently not linked to two CUSIPs of outstanding bonds when filed with EMMA. Such Annual Report has since been linked to the two CUSIPs.

The Successor Agency has established procedures which it believes are sufficient to ensure future compliance with its continuing disclosure undertakings.

LEGAL MATTERS

Certain legal matters incident to the issuance, sale and delivery of the 2017D/E Bonds are subject to the approving legal opinion of Jones Hall, A Professional Law Corporation, as Bond Counsel. Certain legal matters incident to the issuance of the 2017D/E Bonds will be passed upon for the Successor Agency by its General Counsel. Alexis S. M. Chiu, Esq., is acting as Disclosure Counsel to the Successor

Agency. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, A Professional Corporation.

Bond Counsel's engagement is limited to a review of the legal procedures required for the authorization, issuance and sale of the 2017D/E Bonds, and the exemption of interest on the 2017 Series E Bonds from federal income taxation, and exemption of interest on the 2017D/E Bonds from California personal income taxes. See "TAX MATTERS" herein and APPENDIX E – "FORM OF BOND COUNSEL FINAL OPINION."

Fees payable to Bond Counsel, Disclosure Counsel and Underwriters' Counsel are contingent upon the sale and delivery of the 2017D/E Bonds.

MUNICIPAL ADVISOR

CSG Advisors Incorporated has served as municipal advisor (the "Municipal Advisor") to the Successor Agency and provided advice with respect to the sale of the 2017D/E Bonds. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiated instruments. The Municipal Advisor has assisted the Successor Agency in the review of this Official Statement and in other matters relating to the planning, structuring, and sale of the 2017D/E Bonds. The Municipal Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Successor Agency to determine the accuracy or completeness of this Official Statement and assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the 2017D/E Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

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

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business ("S&P"), has assigned an underlying rating to the 2017D/E Bonds of "___." Such rating reflects only the view of such organization, and an explanation of the significance of the rating may be obtained by contacting S&P. Such rating is not a recommendation to buy, sell or hold the 2017D/E Bonds. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2017D/E Bonds. The Successor Agency undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

FINANCIAL STATEMENTS

The audited financial statements of the Successor Agency for the Fiscal Year ended June 30, 2016, are included as part of APPENDIX A – "SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016." Such financial statements have been audited by Macias Gini & O'Connell, LLP (the "Auditor"), independent certified public accountants, whose report also appears in Appendix A. The Auditor was not requested to consent to the inclusion of its report in Appendix A, nor has the Auditor undertaken to update its report or to take any action intended or likely to

elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

FISCAL CONSULTANT REPORT

In connection with the issuance of the 2017D/E Bonds, the Successor Agency has engaged Urban Analytics, LLC, San Francisco, California, to prepare a Fiscal Consultant Report. See APPENDIX B – “REPORT OF FISCAL CONSULTANT.”

UNDERWRITING

The 2017D/E Bonds will be sold to Piper Jaffray & Co. (“Piper”), as representative of itself, Stifel, Nicolaus & Company, Incorporated, and Stinson Securities, LLC (collectively, the “**Underwriters**”), pursuant to a bond purchase contract (the “**Purchase Contract**”) between the Successor Agency and the Underwriters. The Underwriters have agreed to purchase: (i) the 2017 Series D Taxable Bonds for \$_____ (which amount represents the \$_____ aggregate principal amount of the 2017 Series D Taxable Bonds, [plus an original issue premium of \$_____,] less an underwriters’ discount of \$_____), and (ii) the 2017 Series E Bonds for \$_____ (which amount represents the \$_____ aggregate principal amount of the 2017 Series E Bonds, [plus an original issue premium of \$_____,] less an underwriters’ discount of \$_____).

Piper has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase 2017D/E Bonds from Piper at the original issue price less a negotiated portion of the selling concession applicable to any 2017D/E Bonds that CS&Co. sells.

The initial public offering prices of the 2017D/E Bonds of each Series may be changed from time to time by the Underwriters. The Purchase Contract provides that the Underwriters will purchase all (but not less than all) of the 2017D/E Bonds and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract including, among others, the approval of certain legal matters by counsel.

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MISCELLANEOUS

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

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

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

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

By: _____
Deputy Director of Finance and Administration

APPENDIX A

**SUCCESSOR AGENCY'S AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

APPENDIX B
REPORT OF FISCAL CONSULTANT

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust (the “Indenture”) authorizing the 2017D/E Bonds that are not otherwise defined in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the actual Indenture (copies of which may be obtained from the Trustee) for the complete terms thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) in connection with its issuance of \$_____ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2017 Series D Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) and \$_____ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2017 Series E Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) (together, the “Bonds”). The Bonds are being issued in accordance with Sections 34177.5 of the California Health and Safety Code (the “Redevelopment Law”), the resolution of the Successor Agency adopted on June 20, 2017 (the “Resolution”), and the Indenture of Trust, dated as of December 1, 2014 (the “Original Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by a First Supplement to Indenture of Trust, dated as of _____, 1, 2017 (the “**First Supplement**” and, the Original Indenture as amended and supplemented by the First Supplement, the “**Indenture**”), by and between the Successor Agency and the Trustee. The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture described in the Official Statement (defined below), which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Annual Report Date” means the date that is six months after the end of the Successor Agency’s fiscal year (currently December 31 based on the City’s fiscal year end of June 30).

“Dissemination Agent” means the Successor Agency, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency and the Trustee a written acceptance of such designation.

“EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the internet at <http://www.emma.msrb.org/>.

“Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Official Statement” means the final Official Statement dated _____, 2017, relating to the Bonds.

“Participating Underwriters” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Project Areas” means the Project Areas as defined in the Official Statement.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than each Annual Report Date, commencing December 31, 2017 with respect to the report for the 2016-17 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to the Annual Report Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent, if other than the Successor Agency. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the financial information regarding each of the Project Areas may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date if not available by that date. If the Successor Agency’s or any of the Project Area’s Fiscal Year changes, the Successor Agency, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(c) below. The Successor Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Successor Agency and shall have no duty or obligation to review such Annual Report.

(b) If, by fifteen (15) business days prior to the Annual Report Date, the Dissemination Agent (if other than the Successor Agency) has not received a copy of the Annual Report, the Dissemination Agent shall notify the Successor Agency of such non-receipt.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the Annual Report Date, the Dissemination Agent in a timely manner shall provide to the MSRB (with a copy to the Trustee and the Participating Underwriters) a notice, in substantially the form attached hereto as Exhibit A.

(d) Unless the Successor Agency has done so pursuant to Section 3(a) above, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Successor Agency, file a certificate with the Successor Agency to the effect that the Annual Report has been provided pursuant to this Disclosure Certificate, stating, to the extent it can confirm such filing of the Annual Report, the date it was provided.

Section 4. Content of Annual Reports. The Successor Agency's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Successor Agency's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Successor Agency, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

1. Description of any parity debt (date, amount, term, rating, insurance) issued by the Successor Agency in the fiscal year to which the Annual Report pertains and the amount of all Successor Agency debt outstanding payable with tax increment revenue from the Project Areas as of the end of the fiscal year to which the Annual Report pertains;

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

3. Assessed valuations and tax increment for the fiscal year to which the Annual Report pertains, by means of an update to the "Historical and Current Assessed Valuations and Net Available Tax Increment Revenue by Project Areas" table as shown in Table 4 of the Official Statement;

4. Estimated all-in debt service coverage for obligations of the Successor Agency for the fiscal year to which the Annual Report pertains by means of an update to the "Estimated All-In Debt Service Coverage" table shown in Table 6 and Table 7 of the Official Statement; and

5. Assessment appeals for the fiscal year to which the Annual Report pertains by means of an update to the "Assessment Appeals in the Project Areas" table shown in Table 8 of the Official Statement.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which are available to the public on the MSRB's internet website, currently EMMA, or filed with the Securities and Exchange Commission. The Successor Agency shall clearly identify each such other document so included by reference.

The Trustee shall have no responsibility for the content of the Annual Report, or any part thereof.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to a Series of Bonds in a timely manner not more than ten (10) business days after the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposal Issue (IRS Form 5701-TEB);
6. Tender Offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; and
10. The issuance of any private placement bonds or the entering into any bank loan of the type, in each case, that would constitute Parity Debt as defined in the Indenture, including the related debt service schedule, to the extent this is not already disclosed on EMMA.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority; or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten (10) business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to the rights of Bondholders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving the Successor Agency or the sale of all or substantially all of the assets of the Successor Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
7. Appointment of a successor or additional trustee or the change of the name of a trustee.

(c) If the Successor Agency determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the Successor Agency, the Successor Agency shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with EMMA in a timely manner not more than ten (10) business days after the event.

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

(e) The Successor Agency hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the Successor Agency and, if the Dissemination Agent is other than the Successor Agency, the Dissemination Agent shall not be responsible for determining whether the Successor Agency's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The obligations of the Successor Agency, the Trustee and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. From time to time, the Successor Agency may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not a designated Dissemination Agent, the Successor Agency shall be the Dissemination Agent. The Dissemination Agent may resign by providing sixty (60) days prior written notice to the Successor Agency.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a) or (b), it may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) The undertakings herein, as proposed to be amended or waived, in the opinion of nationally recognized bond counsel, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or beneficial owners of the Bonds.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that

which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, the Trustee may (and, at the request of any Participating Underwriter or the holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall), after receiving indemnification satisfactory to the Trustee, or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent and the Trustee shall be entitled to the protections and limitations from liability afforded to the Trustee in Article 6 of the Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Trustee shall not be required to consent to any amendment which would impose any greater duties or risk of liability on the Trustee. No person shall have any right to commence any action against the Trustee seeking any remedy other than to compel specific performance of this Agreement. The Trustee shall not be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Certificate.

Section 13. Notices. Any notice or communications to be given under this Disclosure Certificate may be given as follows:

To the Successor Agency:

Successor Agency to the Redevelopment Agency
of the City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Fax: (415) 749-2527
Attention: Deputy Director of Finance and
Administration

To the Participating Underwriters:

Piper Jaffray & Co.
50 California Street, Suite 3100
San Francisco, CA 94111
Fax: (415) 616-1620
Attention: Public Finance

To the Trustee:

U.S. Bank National Trust Association
One California Street, Suite 1000
Mail Code: SF-CA-SFCT
San Francisco, CA 94111
Fax: (415) 677-3769
Attention: Global Corporate Trust and Escrow Services

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Trustee, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2017

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

By: _____
Deputy Director of
Finance and Administration

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Successor Agency to the Redevelopment Agency of the City and County of San Francisco

Name of Issue: Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2017 Series D Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) and 2017 Series E Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)

Date of Issuance: _____, 2017

NOTICE IS HEREBY GIVEN that the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the "Successor Agency") has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.16 of the Indenture. The Successor Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

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

By: _____
Title: _____

cc: Trustee and Participating Underwriters

APPENDIX E

FORM OF BOND COUNSEL FINAL OPINION

[TO COME]

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. Accordingly, the DTC Participants, the Indirect Participants and the Beneficial Owners should not rely on the information in this Appendix F with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2017D/E Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2017D/E Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2017D/E Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2017D/E Bonds. The 2017D/E Bonds of each Series will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each Series of 2017D/E Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2017D/E Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017D/E Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2017D/E Bond (“Beneficial Owner”) is in turn to be recorded on the

Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017D/E Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2017D/E Bonds, except in the event that use of the book-entry system for the 2017D/E Bonds is discontinued.

To facilitate subsequent transfers, all 2017D/E Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2017D/E Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017D/E Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017D/E Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2017D/E Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017D/E Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2017D/E Bond documents. For example, Beneficial Owners of 2017D/E Bonds may wish to ascertain that the nominee holding the 2017D/E Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the 2017D/E Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2017D/E Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2017D/E Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the 2017D/E Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the

responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2017D/E Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2017D/E Bond certificates are required to be printed and delivered.

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2017D/E Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency takes no responsibility for the accuracy thereof.

APPENDIX G

**CALIFORNIA DEPARTMENT OF FINANCE
DETERMINATION LETTER APPROVING THE 2017D/E BONDS**