

Tax Allocation Pledge Agreement – Description of Changes

The City and OCII are parties to the Tax Increment Allocation Pledge Agreement (“Pledge Agreement”) which is dated for reference purposes as of June 3, 2010. The First Amendment to the Pledge Agreement proposes the following amendments:

Section 3.1 and Section 3.2. Language implementing SB 143 authorizing tax increment revenues to flow between Zone 1 of Project Area B and Phase 2 of the Hunters Point Shipyard Project Area.

Section 4.1(a). Clarify that CFD for the Project may finance privately-owned Infrastructure or Improvements open to the public to the extent permitted under the SFD Act and CFD governing documents.

Section 5 (Recognized Obligation Payment Schedule). Replaces references to “Statement of Indebtedness” with “Recognized Obligations Payment Schedule” and clarifies that OCII submits to the City Controller, Oversight Board, and City a Recognized and Obligations Payment Schedule (ROPS).

Sections 6.1 (Shipyard Effective Date) and 6.2 (BVHP Effective Date). The First Amendment implements SB 143 by establishing the following Term for the Pledge Agreement:

- As to the BVHP Redevelopment Plan Area, 45 years from the 2024 Plan Amendment Date. Solely for the purpose of using property tax revenues generated from Zone 1 of the BVHP Redevelopment Plan Area to fund Qualified Project costs and other costs necessary to complete the enforceable obligations of the CP-HPS2 project, including Agency Affordable Housing Costs and Agency Costs (as defined in the CP-HPS2 DDA)) in Phase 2 of the Shipyard Redevelopment Plan Area, the Pledge Agreement shall remain in effect until a date that is (i) forty five (45) years from the 2024 Plan Amendment Date (as defined in the BVHP Redevelopment Plan), plus (ii) an additional fifteen (15) years, which amount represents Anticipated Navy Delay.
- As to the Shipyard Redevelopment Plan Area, 45 years from the Initial HPS Transfer Date plus an additional fifteen (15) years, which amount represents Anticipated Navy Delay.

Section 6.4 (Indebtedness Time Limits). The First Amendment implements SB 143 by establishing the following time limits:

- Time limit for establishing loans, advances, and indebtedness for Zone 1 of Project Area B shall be 30 years from the 2024 Plan Amendment Date (defined as date on which the Board of Supervisors adopts the 2024 amendments to the BVHP Plan). Solely for the purpose of using property tax revenues generated from Zone 1 of the BVHP Redevelopment Plan Area to fund Qualified Project costs and other costs necessary to complete the enforceable obligations of the CP-HPS2 project, including Agency Affordable Housing Costs and Agency Costs (as defined in the CP-HPS2 DDA) in Phase 2 of the Shipyard Redevelopment Plan Area, this Agreement shall remain in effect until a

date that is (i) thirty (30) years from the 2024 Plan Amendment Date (as defined in the BVHP Redevelopment Plan), plus (ii) an additional fifteen (15) years, which amount represents Anticipated Navy Delay.

- The time limit for establishing loans, advances, and indebtedness in connection with Phase 2 of the HPS Project Area shall be 30 years from the date of conveyance to the Developer of all Phase 2 parcel(s) required for the completion of development of the first Major Phase located within Phase 2 (“Initial HPS Transfer Date”), plus an additional fifteen (15) years, which amount represents Anticipated Navy Delay.

Recital Q (Increase in Indebtedness Limit). Consistent with SB 143’s authorization for tax increment revenues to flow between Phase 2 of the HPS Project Area and Zone 1 of Project Area B, the First Amendment also adjusts the limit on the amount of bonded indebtedness that can be outstanding at one time by establishing a single limit on the amount of bonded indebtedness applicable to both Zone 1 of the BVHP Plan and Phase 2 of the HPS Project Area. As reflected in Recital Q of the First Amendment, the aggregate total amount of bonded indebtedness of OCII to be repaid from the allocation of taxes to OCII for both Zone 1 of Project Area B and Phase 2 of the HPS Project Area that can be outstanding at one time may not exceed \$5.9 billion.