RESOLUTION NO. 181-99
(Adopted November 16, 1999)

DECLARING THE INTENTION TO ESTABLISH A COMMUNITY
FACILITIES DISTRICT NO. 5 (MISSION BAY MAINTENANCE DISTRICT)
AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES
IN THE DISTRICT

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the “Agency”) and Catellus Development Corporation (“Catellus”) entered into a Mission Bay North Owner Participation Agreement, dated as of November 16, 1998 (the “North OPA”), and a Mission Bay South Owner Participation Agreement, dated as of November 16, 1998 (the “South OPA”, and, together with the North OPA, the “OPAs”) with respect to the development of land in the Mission Bay North Project Area and the Mission Bay South Project Area, respectively.

2. The Financing Plans attached to the OPAs contemplate the formation of a community facilities district for the purpose of maintaining the Open Space Parcels, as defined in the OPAs, including the portion of the Bayfront Park located on Port of San Francisco property adjacent to the South Plan Area (as described in the South OPA), but excluding the UCSF Open Space (as defined in the Financing Plan attached to the Mission Bay South Owner Participation Agreement).

3. Catellus has submitted a Petition (Including Waivers) to this Commission requesting that this Commission form a community facilities district for maintenance services as contemplated by Articles 7 of the Financing Plans attached to the OPAs.

4. Under Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code (the “Act”), this Commission is the legislative body for any community facilities district to be formed pursuant to the OPAs and is empowered with the authority to establish such a community facilities district.

5. This Commission now desires to proceed with the establishment of a community facilities district to finance the maintenance of the Open Space Parcels, including the portion of the Bayfront Park located on Port of San Francisco property adjacent to the South Plan Area (as described in the South OPA), but excluding the UCSF Open Space.
RESOLUTION

ACCORDINGLY, IT IS RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, THAT:

1. This Commission proposes to conduct proceedings to establish a community facilities district (the "District") pursuant to the Act. The name proposed for the District is Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 5 (Mission Bay Maintenance District).

2. The proposed boundaries of the District are as shown on the map of the District on file with the Secretary of the Agency, which boundaries are hereby preliminarily approved and to which map reference is hereby made for further particulars. The Secretary is hereby directed to record, or cause to be recorded, said map of the boundaries of the District in the office of the County Recorder within fifteen days of the date of adoption of this Resolution.

3. The services proposed to be financed by the District and pursuant to the Act shall consist of those services listed on Exhibit A hereto which Exhibit is by this reference incorporated herein (the "Services").

4. Except to the extent that funds are otherwise available to the District to pay for the Services, a special tax sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in the District, will be levied annually within the District and collected in the same manner as ordinary ad valorem property taxes or in such other manner as this Commission or its designee shall determine, including direct billing of the affected property owners. The proposed rate and method of apportionment of the special tax among the parcels of real property within the District, in sufficient detail to allow each landowner within the proposed District to estimate the maximum amount such owner will have to pay, are described in Exhibit B attached hereto, which Exhibit is by this reference incorporated herein. This Commission hereby finds that the provisions of Sections 53313.6, 53313.7 and 53313.9 of the Act (relating to adjustments to ad valorem property taxes and schools financed by a community facilities district) are inapplicable to the District.

5. The levy of the proposed special tax shall be subject to the approval of the qualified electors of the District at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the proposed District, with each owner having one vote for each acre or portion of an acre such owner owns in the District.

6. Except as may otherwise be provided by law, all lands owned by any public entity, including the United States, the State of California, the City and County of San Francisco and/or the Agency, or any departments or political subdivisions thereof, shall be omitted from the levy of the special tax to be made to cover the costs of the Services. In the event that a portion of the property within the District shall become for any reason exempt, wholly or in part, from the levy of the special tax described in Exhibit B, the Agency, on
behalf of the District, will increase the levy to the extent necessary upon the remaining property within the District which is not exempt in order to yield the required annual expenses of the District, if any, subject in any event to the provisions of the rate and method of apportionment of the special taxes for the District.

7. The Senior Project Manager of the Agency for the Mission Bay North Project Area and the Mission Bay South Project Area, as the officer responsible for administration of certain matters related to the OPAs, is hereby directed to study the proposed District and to make, or cause to be made, and file with the Secretary a report in writing, presenting the following:

(a) A brief description of the Services by type which will be required to adequately meet the needs of the District.

(b) An estimate of the fair and reasonable cost of providing the Services, including the cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith and incidental expenses in connection therewith.

The report shall be made a part of the record of the public hearing provided for below.

8. Tuesday, December 21, 1999, at 4:00 p.m., in the regular meeting place of this Commission, Room 416, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, is appointed and fixed as the time and place when and where this Commission, as legislative body for the District, will conduct a public hearing on the establishment of the District and consider and finally determine whether the public interest, convenience and necessity require the formation of the District and the levy of said special tax.

9. The Secretary is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper published in the area of the District in accordance with the Act. The publication of the notice shall be completed at least seven days before the date herein set for the hearing.

APPROVED AS TO FORM

Robert A. Firehock
Acting Agency General Counsel

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11/5/99
Ongoing operation, maintenance and repair of Open Space Parcels, as defined in the Mission Bay North Owner Participation Agreement, dated as of November 16, 1998 and the Mission Bay South Owner Participation Agreement, dated as of November 16, 1998, each between the Agency and Catellus Development Corporation (collectively, the "OPAs"), including but not limited to landscaping in public plazas and public parks within the North Plan Area and the South Plan Area and the portion of the Bayfront Park located on Port property adjacent to the South Plan Area, but excluding the UCSF Open Space (all such capitalized terms being as defined in the applicable OPA). Costs to be funded shall be in amounts and for such purposes as determined by the Agency, and shall include all personnel or third party costs related to such maintenance, costs of maintaining irrigation systems and other equipment directly related to such maintenance, maintenance or replacement as needed of landscape areas, water features, bathrooms, trash receptacles, park benches, planting containers, picnic tables and other equipment or fixtures installed in areas to be maintained, insurance costs and any other related overhead costs, along with Agency personnel, administrative and overhead costs related to such maintenance and the District or to contracting for and managing third parties in connection with such maintenance or the District, all to the end that the Agency or the City will not need to expend their own funds to maintain open space areas in the North Plan Area or the South Plan Area, or to administer the District, so long as the District is in place.
EXHIBIT B

REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 5
(Mission Bay Maintenance District)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel of Taxable Property in the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 5 (Mission Bay Maintenance District) (herein "CFD No. 5") shall be levied and collected according to the tax liability determined by the Administrator (or designee thereof) through the application of the procedures described below. All of the real property in CFD No. 5, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The capitalized terms hereinafter set forth have the following meanings when used in this Rate and Method of Apportionment:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan or other parcel map recorded with the County Recorder. For an Airspace Parcel, Acreage means the portion of the Underlying Land Parcel that is assigned to the Airspace Parcel pursuant to procedures set forth in Section C below. If the Acreage of a particular Parcel is unclear after reference to available maps, the Administrator shall determine the appropriate Acreage for a Parcel.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311), Part 1, Division 2, of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any or all of the following: charges levied by the County or any division or office thereof in connection with the levy and collection of Special Taxes, costs of services provided by the Administrator or Agency staff involved in the annual administration of the CFD, including any costs associated with responding to public inquiries regarding Special Tax levies and appeals and attorneys' fees and other costs associated with the commencement or
pursuit of foreclosure for delinquent Special Taxes; and all other costs and expenses of the Agency, the Administrator, and the County related to the administration of CFD No. 5.

"Administrator" means the Deputy Executive Director, Finance and Administration of the Agency or such other person or entity designated by the Executive Director of the Agency to administer the Special Tax according to this Rate and Method of Apportionment of Special Tax.

"Agency" means the Redevelopment Agency of the City and County of San Francisco.

"Airspace Parcel" means an Assessor's Parcel that shares common vertical space of an Underlying Land Parcel with other parcels that have been assigned separate Assessor's Parcel numbers.

"Assessor's Parcel" or "Parcel" means a lot, parcel or Airspace Parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating Parcels by Assessor's Parcel number.

"City" means the City and County of San Francisco.

"Commission" means the Commission of the Agency, being the legislative body of CFD No. 5.

"County" means the City and County of San Francisco.

"Developed Property" means, in any Fiscal Year, all Taxable Property for which a building permit for new construction (excluding renovations to buildings that were built prior to the date of adoption of the Resolution of Formation) was issued prior to July 1 of that Fiscal Year or any previous Fiscal Year, excluding any Parcel of Taxable Property for which a building permit was issued prior to formation of CFD No. 5 but only until such time as a building permit is issued for any such Parcel following the formation of CFD No. 5.

"Equivalent Dwelling Unit Factor" or "EDU" means the numerical factor assigned to each For-Sale Residential Unit category in Section C below for purposes of apportioning the Maximum Special Tax.

"Exempt Land" means any real property within the boundaries of CFD No. 5 (i) owned by a governmental agency as of the date of adoption of the Resolution of Formation (but not after the date, if any, such land is conveyed to a nongovernmental entity), (ii) from and after the date conveyed to a governmental agency under the terms of the Mission Bay North Owner Participation Agreement or Mission Bay South Owner Participation Agreement as in effect on the date the Resolution of Formation was adopted by the Commission, (iii) from and after the date conveyed to a governmental agency under the terms of the Land Transfer Agreements as in effect on the date the Resolution of Formation was adopted by the Commission, (iv) which is Agency Affordable Housing Parcels (as defined in the Mission Bay North Owner Participation Agreements and Mission Bay South Owner Participation Agreements).
Participation Agreement or Mission Bay South Owner Participation Agreement as in effect on the date the Resolution of Formation was adopted by the Commission) from and after the date conveyed to the Agency or a Qualified Housing Developer (as defined in the Mission Bay North Owner Participation Agreement or Mission Bay South Owner Participation Agreement as in effect on the date the Resolution of Formation was adopted by the Commission), (v) which is a VARA Corridor, (vi) which makes up the strip of land under Interstate 280 that: (1) is owned by Catellus Development Corporation, (2) has a separate Assessor's Parcel number assigned to it, and (3) on the date the Resolution of Formation was adopted, was part of Assessor's Parcel number 8709-01, 8703-01 or 8723-01, or (vii) which is the subject of a public trust or other permanent easement to a public agency making impractical its use for other than the purposes set forth in the easement. Any land described in clauses (ii), (iii), (iv), or (vii) which is or becomes Exempt Land shall thereafter always remain Exempt Land. The Administrator shall determine the extent to which any real property in CFD No. 5 is Exempt Land.

"Exempt Parking Parcel" means an Assessor's Parcel: (1) that is an Airspace Parcel in a building, (2) that has been assigned its own Assessor's Parcel number and will receive its own tax bill, (3) on which the primary use is parking, and (4) because of other land uses within the structure of which the Exempt Parking Parcel is a part, does not meet the definition of Stand-Alone Parking.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"For-Sale Residential Category" means any of the individual land use categories for For-Sale Residential Units identified in Table 1 of Section C.2 below.

"For-Sale Residential Property" means, in any Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit has been issued for construction of For-Sale Residential Units. For-Sale Residential Property shall also include Assessor's Parcels that were Rental Residential Property before the Rental Residential Units on the Parcel were converted to For-Sale Residential Units.

"For-Sale Residential Units" means dwelling units which are not located on Exempt Land and which are intended at the time of issuance of a certificate of occupancy to be offered for sale for individual unit ownership, as determined by the Administrator. Residential units that are initially Rental Residential Units and subsequently converted and offered for sale for individual unit ownership shall, upon completion of such conversion, be categorized as For-Sale Residential Units.

"Land Transfer Agreements" means the Amended and Restated City Land Transfer Agreement, the Amended and Restated Port Land Transfer Agreement and the Amended and Restated Agreement Concerning the Public Trust, all as referenced in the Mission Bay North Owner Participation Agreement or the Mission Bay South Owner Participation Agreement.

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"Maximum Special Tax" means, with respect to any Parcel, the maximum Special Tax, determined in accordance with Section C, that can be levied in any Fiscal Year on such Parcel.

"Mission Bay North Owner Participation Agreement" means the agreement by that name, dated as of November 16, 1998, between the Agency and Catellus Development Corporation.

"Mission Bay South Owner Participation Agreement" means the agreement by that name, dated as of November 16, 1998, between the Agency and Catellus Development Corporation.

"Rental Residential Units" means dwelling units which are not located on Exempt Land and are not For-Sale Residential Units.

"Rental Residential Property" means, in any Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit has been issued for construction of Rental Residential Units.

"Resolution of Formation" means the Resolution of Formation of Community Facilities District No. 5, as adopted by the Commission.

"Services" means the public services authorized to be funded by CFD No. 5, as defined in the Resolution of Formation for CFD No. 5.

"Special Tax" means the special tax to be levied pursuant to the Act in each Fiscal Year on Taxable Property within CFD No. 5.

"Special Tax Requirement" means the amount necessary in any Fiscal Year, as determined by the Administrator, (i) to pay the costs of Services in the calendar year that commences in such Fiscal Year, (ii) to establish a reserve for facility replacement in any amount determined to be reasonable by the Administrator, which amount shall not in any Fiscal Year exceed 2.0% of the original hard construction costs for all facilities that have been constructed prior to the start of such Fiscal Year, (iii) to pay Administrative Expenses, and (iv) to cure any delinquencies in the payment of Special Taxes which have occurred or (based on delinquency rates in prior years) may be expected to occur in the Fiscal Year in which the Special Tax will be collected. The Special Tax Requirement may be reduced in any Fiscal Year, as determined by the Administrator, by taking into account money reasonably expected to be available from one or more of the following sources (i) surplus Special Tax revenues collected in prior Fiscal Years, and (ii) any other funds available to apply against the Special Tax Requirement as determined by the Administrator.

"Square Foot", "Square Footage" or "Square Feet" means the square footage reflected on the original construction building permit issued for construction of a residential or non-residential building and any Square Footage subsequently added to a residential or non-residential building after issuance of a building permit for expansion or renovation of such building.

"Stand-Alone Parking" means a structure that meets all of the following criteria: (i) the primary use (i.e., the majority of Square Footage) of the structure is parking, (2) the structure has been
assigned its own Assessor’s Parcel number and will receive its own tax bill, and (3) the structure does not include Square Footage that is designated for residential, hotel or office uses other than office areas used for parking operations.

“Stand-Alone Parking Acreage” means the portion of an Underlying Land Parcel that is used for Stand-Alone Parking. If the Stand-Alone Parking is physically located on its own Assessor’s Parcel (i.e., a Parcel not shared by any other land use), the Stand-Alone Parking Acreage shall be the Acreage of the Assessor’s Parcel. If the Stand-Alone Parking shares an Underlying Land Parcel with other land uses, the corresponding Stand-Alone Parking Acreage shall be determined by (1) dividing the Square Footage of the Stand-Alone Parking by the total Square Footage of all structures built or anticipated to be built on the Underlying Land Parcel (not including Square Footage built on Exempt Parking Parcels), and (2) multiplying the quotient by the total Acreage of the Underlying Land Parcel on which the building sits.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 5 which are not: (1) Exempt Land, (2) Exempt Parking Parcels, or (3) exempt from the Special Tax pursuant to law.

“UCSF Agreement” means the agreement between the Agency and the University of California, San Francisco (UCSF) setting forth UCSF’s contribution to park maintenance costs in Mission Bay.

“UCSF Campus” means the campus of the University of California, San Francisco within the Mission Bay project.

“Underlying Land Parcel” means an area of land that had been or would be a single Assessor’s Parcel except for the assignment of separate Assessor’s Parcel numbers to individual condominiums or other Airspace Parcels located on the Underlying Land Parcel.

“Undeveloped Property” means Parcels of Taxable Property in CFD No. 5 not classified as Developed Property.

“VARA Corridor” means a privately-owned corridor running through the South of Channel project that is designated as an easement for public utilities, pedestrian and vehicular circulation, and views. Property will only be designated as a VARA Corridor if it is reflected on an Assessor’s Parcel Map as a piece of property separate from a Parcel of Taxable Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

On or about July 1 of each Fiscal Year, the Administrator shall determine which Parcels in CFD No. 5 are Taxable Property and shall classify all Taxable Property as either Developed Property or Undeveloped Property. Taxable Property shall be subject to Special Taxes for the Fiscal Year which commences on such July 1, in accordance with the rate and method of apportionment

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described in Sections C and D below. For purposes of determining the applicable Special Tax for For-Sale Residential Units pursuant to Section C, the Administrator shall determine the number and Square Footage of all For-Sale Residential Units built or to be built on a Parcel. Such determinations shall be made by referencing the building permit, approved Major Phase documentation as defined in the Mission Bay North Owner Participation Agreement or Mission Bay South Owner Participation Agreement, as applicable, condominium plan, site plan, or other development plan deemed relevant by the Administrator.

C.  **MAXIMUM SPECIAL TAX**

1.  **Maximum Special Tax, Developed Property Other than For-Sale Residential Property**

   For Fiscal Year 2000-01, the Maximum Special Tax for all Parcels of Developed Property within CFD No. 5, other than For-Sale Residential Property, is $20,000 per Acre. On each July 1, commencing July 1, 2001, the Maximum Special Tax for the Fiscal Year commencing such July 1 shall be increased by four percent (4%) of the Maximum Special Tax in effect in the previous Fiscal Year.

   If multiple Assessor's Parcel numbers have been assigned to different land uses in the same building and/or on the same Underlying Land Parcel anywhere within CFD No. 5, the Administrator shall delineate the Acreage of the Underlying Land Parcel and determine the Maximum Special Tax for each Assessor’s Parcel as follows:

   a.  **If All Assessor’s Parcels on the Underlying Land Parcel are Developed Property**

      Step 1:  By reference to the building permit(s) issued for the building(s) on the Underlying Land Parcel, identify the Square Footage built or to be built (based on building permits issued) on each Assessor’s Parcel on the Underlying Land Parcel not including Square Footage built or to be built on Exempt Parking Parcels.

      Step 2:  Divide the Square Footage for each Assessor’s Parcel as determined in Step 1 by the total Square Footage built or to be built (based on building permits issued) on the Underlying Land Parcel, not including Square Footage built or to be built on Exempt Parking Parcels, to determine each Assessor’s Parcel’s proportionate share of the total Square Footage.

      Step 3:  Multiply the total Acreage of the Underlying Land Parcel by each Assessor’s Parcel’s proportionate share of the total as calculated in Step 2 to determine the Acreage to be assigned to each Assessor’s Parcel that is not an Exempt Parking Parcel.
Step 4: Multiply the Acreage assigned to each Assessor’s Parcel pursuant to Step 3 by the Maximum Special Tax for Developed Property as set forth above to determine the Maximum Special Tax for each Assessor’s Parcel on the Underlying Land Parcel that is not an Exempt Parking Parcel.

b. **If the Underlying Land Parcel Includes Both Developed Property and Undeveloped Property**

If a building permit has been issued for development of a structure on an Underlying Land Parcel in the CFD which is anticipated to have additional structures built on it excluding Exempt Parking Parcels, a portion of the Acreage of the Underlying Land Parcel shall be taxed as Undeveloped Property if building permits for all of the structures in the approved Major Phase documentation as defined in the Mission Bay North Participation Agreement or Mission Bay South Owner Participation Agreement, as applicable, for the Underlying Land Parcel were not issued as of July 1 of the Fiscal Year in which the Special Taxes are being levied. If the Acreage assigned to each building anticipated on the Underlying Land Parcel is not clearly delineated on a subdivision map, the Acreage of the portion of the Underlying Land Parcel to be taxed as Developed Property shall be equal to the Developed Property’s pro rata share of the total residential units (if all of the buildings on the Underlying Land Parcel are expected to be For-Sale Residential Units and/or Rental Residential Units) or Square Footage (if some or all of the buildings on the Underlying Land Parcel are expected to be non-residential land uses) anticipated to be constructed on the Underlying Land Parcel (not counting Square Footage on Exempt Parking Parcels), as determined by reference to the Major Phase documentation, multiplied by the total Acreage of the Underlying Land Parcel.

Once the Acreage of Undeveloped Property and Developed Property on the Underlying Land Parcel have been delineated, the Maximum Special Tax for the Acreage of Developed Property shall be determined as follows: (1) if there is only one Assessor’s Parcel number associated with the Developed Property, multiply the Acreage assigned to the Developed Property by the Maximum Special Tax for Developed Property as set forth above to determine the Maximum Special Tax for the Developed Property Acreage, and (2) if there are multiple Assessor’s Parcel numbers associated with the Developed Property, apply Steps 1 through 4 from Section C.1.a. above to calculate the Special Tax for Developed Property on the Underlying Land Parcel. For the Undeveloped Property on the Underlying Land Parcel, apply the Maximum Special Tax for Undeveloped Property set forth in Section C.3. below to the Acreage of Undeveloped Property on the Underlying Land Parcel.

Notwithstanding the above, if one or more of the additional structures to be built on the Underlying Land Parcel is expected to be a parking structure that will not be Stand-Alone Parking or if it is uncertain whether the structure will be Stand-Alone Parking, the Acreage associated with the Exempt Parking Parcel shall be assigned to the building for which a
building permit has been issued and shall factor into the Maximum Special Tax calculation for that building. If the Exempt Parking Parcel ultimately becomes Stand-Alone Parking, a separate Maximum Special Tax shall be assigned to the parking structure based on the Acreage determined to be Stand-Alone Parking Acreage, and the Maximum Special Tax that had originally been assigned to the building that was first built on the Underlying Land Parcel shall be reduced by the amount of the Maximum Special Tax allocated to the Parcel of Stand-Alone Parking.

Once a Maximum Special Tax has been assigned to a Parcel of Developed Property, the Maximum Special Tax shall not be reduced in future Fiscal Years regardless of changes in land use, Square Footage, or Acreage, unless (1) a reduction in the Maximum Special Tax is approved by the Commission for the entire CFD, or (2) Stand-Alone Parking is added to an Underlying Land Parcel as set forth in the paragraph above. The Maximum Special Tax assigned to the Parcel may be increased if additional Square Footage is constructed on the Parcel.

2. Maximum Special Tax, Developed Property that is For-Sale Residential Property

If building permits have been issued on any Parcel in the CFD for construction of For-Sale Residential Units, the Administrator shall determine whether permits have been issued for all of the For-Sale Residential Units that will be constructed on the Parcel. That portion of the Acreage of an Assessor's Parcel with respect to which the building permits for all of the units in the approved Major Phase documentation as defined in the Mission Bay North Owner Participation Agreement or the Mission Bay South Owner Participation Agreement, as applicable, for that Assessor's Parcel were not issued as of July 1 of the Fiscal Year in which the Special Taxes are being levied (the "Undeveloped Units") shall be taxed as Undeveloped Property pursuant to Section C.3. below. The Acreage of an Assessor's Parcel to be taxed as Undeveloped Property shall equal the product of (i) the Undeveloped Units divided by the number of For-Sale Residential Units allowed to be built on such Assessor's Parcel pursuant to the approved Major Phase documentation as defined in the Mission Bay North Owner Participation Agreement or the Mission Bay South Owner Participation Agreement, as applicable, multiplied by (ii) the total Acreage of that Assessor's Parcel.

If the Underlying Land Parcel on which the For-Sale Residential Property is located includes other land uses which have been assigned separate Assessor's Parcel numbers not including Exempt Parking Parcels, the Administrator shall use Steps 1 through 4 from Section C.1.a. above to delineate the Acreage of the Underlying Land Parcel. Once the Acreage for the For-Sale Residential Property has been identified, the Administrator shall apply the procedures set forth below to determine the Maximum Special Tax for the For-Sale Residential Property.

The Maximum Special Tax for For-Sale Residential Property is $20,000 per Acre. On each July 1, commencing July 1, 2001, the Maximum Special Tax for the Fiscal Year
commencing such July 1 shall be increased by four percent (4%) of the Maximum Special Tax in effect in the previous Fiscal Year. Using this per-Acre maximum, a separate Maximum Special Tax shall be determined for each For-Sale Residential Unit through application of the following steps:

**Step 1.** For each building on For-Sale Residential Property, determine the Acreage of the Underlying Land Parcel on which the building is located. If additional buildings will be constructed on the Underlying Land Parcel, assign a portion of the Underlying Land Parcel to the building for which building permits have been issued as follows: (1) divide the total number of For-Sale Residential Units that will be constructed in the building (as determined by the Administrator) by the total number of For-Sale Residential Units expected to be built on the Underlying Land Parcel based on reference to the approved Major Phase documentation as defined in the Mission Bay North Owner Participation Agreement or the Mission Bay South Owner Participation Agreement, as applicable, for the Parcel or other maps or plans available to the Administrator, and (2) multiply the quotient by the total Acreage of the Underlying Land Parcel to determine the building's pro-rata share of the Underlying Land Parcel Acreage.

**Step 2.** Multiply the Acreage determined in Step 1 by the Maximum Special Tax per Acre set forth above to determine the Maximum Special Tax for the Parcel or the building's share of the Parcel, as applicable.

**Step 3.** Identify the square footage of each For-Sale Residential Unit to be constructed within the building.

**Step 4.** Using the square footage information from Step 3, multiply the number of For-Sale Residential Units expected within each For-Sale Residential Category by the appropriate Equivalent Dwelling Unit factor from Table 1 below and sum the EDUs for all For-Sale Residential Categories represented within the building for which Special Taxes are being calculated.
TABLE 1
FOR-SALE RESIDENTIAL CATEGORIES AND EQUIVALENT DWELLING UNIT FACTORS

<table>
<thead>
<tr>
<th>For-Sale Residential Category</th>
<th>EDU Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>For-Sale Residential Units, Less than 550 square feet</td>
<td>0.55</td>
</tr>
<tr>
<td>For-Sale Residential Units, 551 to 800 square feet</td>
<td>0.70</td>
</tr>
<tr>
<td>For-Sale Residential Units, 801 to 1,175 square feet</td>
<td>0.85</td>
</tr>
<tr>
<td>For-Sale Residential Units, Greater than 1,175 square feet</td>
<td>1.00</td>
</tr>
</tbody>
</table>

For example, assume 200 For-Sale Residential Units that are 1,300 square feet and 300 For-Sale Residential Units that are 900 square feet will be constructed in a building. The total EDUs for the building would be calculated as follows:

\[
\begin{align*}
200 \text{ Units} \times \text{EDU Factor of } 1.00 & = 200 \text{ EDUs} \\
300 \text{ Units} \times \text{EDU Factor of } 0.85 & = 255 \text{ EDUs} \\
\text{Total EDUs in Building} & = 455 \text{ EDUs}
\end{align*}
\]

**Step 5:** Divide the Maximum Special Tax determined in Step 2 by the number of EDUs calculated in Step 4 to determine the “Special Tax per EDU”.

**Step 6:** If each For-Sale Residential Unit has been assigned an individual Assessor's Parcel number, multiply the Special Tax per EDU determined in Step 5 by the number of EDUs on each individual Parcel to determine the Maximum Special Tax for each Parcel. If separate Assessor's Parcels are not created for each For-Sale Residential Unit or if separate Assessor's Parcel numbers have not yet been assigned to the individual Parcels, multiply the number of EDUs in the building (as determined in Step 4) by the Special Tax per EDU from Step 5 to determine the Maximum Special Tax for the building.

If additional buildings will be constructed on the Parcel on which the building is located, the Special Tax levied on the Parcel shall be a combination of the Special Tax calculated pursuant to this Step 6 and the Special Tax to be levied on the remaining Undeveloped Property within the Parcel.
Once a Maximum Special Tax has been assigned to a Parcel of For-Sale Residential Property, the Maximum Special Tax assigned to that Parcel shall never be reduced regardless of changes in land use on the Parcel in future years unless a reduction in the Maximum Special Tax is approved by the Commission for the entire CFD.

3. Maximum Special Tax, Undeveloped Property

The Maximum Special Tax for Undeveloped Property is $20,000 per Acre and shall apply to all Parcels of Taxable Property within CFD No. 5 that are Undeveloped Property in each Fiscal Year in which the Special Tax is collected. On each July 1, commencing July 1, 2001, the Maximum Special Tax for Undeveloped Property for the Fiscal Year commencing such July 1 shall be increased by four percent (4%) of the Maximum Special Tax for Undeveloped Property in effect in the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2000-01 and for each following Fiscal Year, the Administrator or designee shall determine the Special Tax Requirement for CFD No. 5 in the applicable Fiscal Year. The Special Tax shall then be levied as follows:

**Step 1:** The Administrator shall calculate a Special Tax assuming all Acres of Developed Property in CFD No. 5 and all Acres of “developed property” (as defined in the UCSF Agreement) on the UCSF Campus proportionately bear the total Special Tax Requirement for such Fiscal Year (i.e., divide the Special Tax Requirement by the total number of developed Acres to determine a per-Acre amount). The Agency shall then levy a Special Tax on each Acre of Developed Property in CFD No. 5 and impose a fee on each Acre of “developed property” on the UCSF Campus equal in such Fiscal Year to the lesser of: (i) the amount calculated in the immediately preceding sentence, and (ii) the Maximum Special Tax in the case of Developed Property (as set forth in Section C above) and the maximum annual fee that can be imposed on the UCSF Campus developed property pursuant to the UCSF Agreement in the case of the UCSF Campus.

**Step 2:** If additional monies are needed to pay the Special Tax Requirement after Step 1 has been completed, the Administrator shall calculate a Special Tax assuming all Acres of Undeveloped Property in CFD No. 5 and all Acres of “undeveloped property” (as defined in the UCSF Agreement) on the UCSF Campus proportionately bear the net remaining Special Tax Requirement for such Fiscal Year that is calculated by taking the total Special Tax Requirement for the Fiscal Year and subtracting revenues available from Step 1 above (i.e., divide the net remaining Special Tax Requirement by the total number of undeveloped Acres to determine a per-Acre amount). The Agency shall then levy a Special Tax on each Acre of Undeveloped Property in CFD No. 5 and impose a fee on each Acre of “undeveloped property” on the UCSF Campus equal in such Fiscal Year to the lesser of: (i) the amount calculated in the immediately preceding sentence, and (ii) the Maximum Special Tax in the case of Undeveloped Property (as set forth in Section C above) and the
maximum annual fee that can be imposed on the UCSF Campus undeveloped property pursuant to the UCSF Agreement in the case of the UCSF Campus.

E. LIMITATIONS

No Special Taxes shall be levied in any Fiscal Year on Exempt Land or Exempt Parking Parcels as defined in Section A. The Special Tax may be levied and collected within CFD No. 5 until the Agency determines that Special Tax revenues are no longer needed to pay for Services, but in any event not later than Fiscal Year 2043-44.

F. MANNER OF COLLECTION

The Special Taxes will be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that the Administrator may directly bill the Special Tax and may collect Special Taxes at a different time or in a different manner as determined by the Administrator to be necessary to meet the financial obligations of CFD No. 5 or otherwise more convenient or efficient in the circumstances. Foreclosure of delinquent Special Taxes may be initiated and pursued in the manner permitted in the Act and for such purpose any contracts of the Agency for CFD No. 5 for all or any portion of the Services shall be considered to be “debt”.

G. APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal with the Administrator not later than one calendar year after having paid the Special Tax that is disputed. The Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the Administrator's decision requires the Special Tax to be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of the levy), but an adjustment shall be made to the next Special Tax levy. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any legal action by such owner.