RESOLUTION NO. 27-2000
(Adopted February 22, 2000)

DECLARING THE INTENTION TO ESTABLISH A COMMUNITY
FACILITIES DISTRICT NO. 6 (MISSION BAY SOUTH
PUBLIC IMPROVEMENTS) AND TO AUTHORIZE
THE LEVY OF SPECIAL TAXES IN THE DISTRICT;
MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Agency and Catellus Development Corporation ("Catellus") entered into a Mission
Bay South Owner Participation Agreement ("OPA"), dated November 16, 1998, with
respect to the development of land in the Agency's Mission Bay South Redevelopment
Project Area ("Project Area").

2. The Financing Plan attached to the OPA ("Financing Plan") contemplates the formation
of one or more community facilities districts for the purpose of financing the
Infrastructure, as defined in the OPA.

3. Catellus has submitted a Petition (including waivers) ("Petition") to the Agency
requesting that the Agency form a community facilities district as contemplated by the
Financing Plan.

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

5. The Commission proposes to conduct proceedings to establish a community facilities
district ("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. 6 (Mission Bay South Public Improvements).

6. The proposed boundaries of the District are as shown on the map of the District on file
with the Secretary of the Agency ("Secretary").

7. The public facilities proposed to be financed by the District and pursuant to the Act shall
consist of those items listed on Exhibit A ("Facilities").

8. Pursuant to Resolution No. 28-2000, the Commission acting as the legislative body for
the District, intends to issue bonds for the District pursuant to the Act in one or more
series to finance in whole or in part the acquisition of the Facilities. The bonds shall be in
the aggregate principal amount of not to exceed $200,000,000, shall bear interest payable
monthly or in such other manner as the Commission shall determine at a rate not to
exceed the maximum rate of interest as may be authorized by applicable law at the time
of sale of the applicable series of such bonds, and any series of the Bonds shall mature
not to exceed 40 years from the date of the issuance.

9. 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 and expenses of the
Facilities. 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 debt service payments and other 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.

10. The City and County of San Francisco ("City") will own and/or operate some of the Facilities, and that the Agency and the City have entered into a Mission Bay South Interagency Cooperation Agreement, dated as of November 16, 1998 ("Agreement"). Pursuant to Section 2.4 of the Agreement, the Agreement is a joint community facilities agreement for purposes of Section 53316.2 of the Act.

11. The Commission reserves the right and authority to allow any interested owner of property in the District (subject to the provisions of Section 53344.1 of the Act and such other conditions as it may otherwise impose and any applicable prepayment penalties as prescribed in the indenture or fiscal agent agreement for any bonds of the Agency for the District) to tender to the Agency in full payment or part payment of any installment of special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond or other obligation secured thereby, in the manner described in Section 53344.1 of the Act.

FINDING

The Agency hereby finds and determines that the public interest will not be served by allowing the property owners in the District to enter into a contract in accordance with Section 53329.5(a) of the Act; however the Agency may enter into one or more contracts directly with any of the property owners with respect to the construction of the Facilities, including an acquisition agreement as contemplated by the Financing Plan.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Commission of the Redevelopment Agency of the City and County of San Francisco that:

1) It intends to establish Community Facilities District No. 6 (Mission Bay South Public Improvements) and to authorize the levy of special taxes in the District. The Facilities to be financed by the District are listed in Exhibit A.

2) The boundaries shown on the map of the District on file with the Secretary of the Agency are hereby preliminarily approved. The Secretary is hereby directed to record, or cause to be recorded, the 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) Except to the extent that funds are otherwise available to the District to pay for the Facilities and/or the principal and interest as it becomes due on bonds of the District issued to finance the Facilities, 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 the 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. 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) have been determined to be inapplicable to the District.

4) 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.

5) The Executive Director or his designee 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 Facilities 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 Facilities, 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, including the costs of the proposed bond financing and all other related costs as provided in Section 53345.3 of the Act.

The report shall be made a part of the record of the public hearing set forth below.

6) On Tuesday, March 28, 2000, at 4:00 p.m., at the regular meeting place of the Commission, Room 416, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, the 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. The Secretary is directed to publish notice of the public hearing 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 set for the hearing.

7) The Executive Director of the Agency is hereby authorized and directed to enter into a joint community facilities agreement with the San Francisco Unified School District and with the Peninsula Corridor Joint Powers Board with respect to any of the Facilities to be owned and/or operated by them, such agreements to be substantially in the respective forms on file with the Agency General Counsel.

8) It acknowledges that a portion of the proceeds of bonds issued by the Agency for the District may be used to reimburse Catellus for costs advanced by Catellus in furtherance of the District, as preliminarily identified in Exhibit B to the Petition. The Commission acknowledges that the provisions of Section 2.E.i. of the Financing Plan attached to the OPA represent an agreement of the character described in Section 53314.9 of the Act with respect to the repayment of such costs advanced by Catellus.

APPROVED AS TO FORM

[Signature]
Bertha A. Ontiveros
Agency General Counsel
EXHIBIT A

DESCRIPTION OF FACILITIES TO BE FINANCED
BY THE DISTRICT

FACILITIES TO BE FINANCED

Those items identified in the Infrastructure Plan, constituting Attachment D to the Mission Bay South Owner Participation Agreement, dated as of November 16, 1998, between the Agency and Catellus Development Corporation, including open space (including, among other items, park improvements and restrooms), streets, rails and rail line bridges, sewer and storm drainage systems, water systems, street improvements (including freeway ramps or other demolition), traffic signal systems, dry utilities, and any other improvements which are to be constructed in or for the benefit of the South Plan Area or any other matters described in said Infrastructure Plan.

OTHER

Bond related expenses, including underwriters discount, appraisals, reserve fund, capitalized interest, bond counsel, disclosure counsel, financial advisor, special tax consultant, bond and official statement printing and all other incidental expenses.

Administrative fees and expenses of the Agency, the District and the Bond trustee or fiscal agent related to the District and the Bonds.
EXHIBIT B

PROPOSED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 6
(Mission Bay South Public Improvements)

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. 6 (Mission Bay South Public Improvements) (herein “CFD No. 6”) 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. 6, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed into CFD No. 6 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

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 the 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: the fees and expenses of any fiscal agent or trustee (including any fees and expenses of its counsel) employed in connection with any Bonds; the expenses of the Administrator and the Agency in carrying out their duties under the Indenture, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its legal counsel, charges levied by the County or any division or office thereof in connection with the levy and collection of Special Taxes, audits, continuing disclosure or other
amounts needed to pay arbitrage rebate to the federal government with respect to Bonds; costs associated with complying with continuing disclosure requirements; costs associated with responding to public inquiries regarding Special Tax levies and appeals; attorneys' fees and other costs associated with commencement or pursuit of foreclosure for delinquent Special Taxes; and all other costs and expenses of the Agency, the Administrator, the County and any fiscal agent, escrow agent or trustee in any way related to the administration of CFD No. 6.

"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.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by the Agency for CFD No. 6 under the Act.

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

"Commission" means the Commission of the Agency, being the legislative body of CFD No. 6.

"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 in prior Fiscal Years, excluding any Parcel of Taxable Property for which a building permit was issued prior to formation of CFD No. 6 but only until such time as a building permit is issued for any such Parcel following the formation of CFD No. 6.

"Equivalent Dwelling Unit Factor" or "EDU" means the numerical factor assigned to each For-Sale Residential Unit category in Table 2 of Section C.2 below for purposes of apportioning the Maximum Special Tax.

"Exempt Land" means any real property within the boundaries of CFD No. 6 (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 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 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 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 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. 6 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 2 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.
"Hotel Property" means, in any Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit has been issued for a non-residential structure that constitutes a place of lodging providing sleeping accommodations and related facilities for travelers.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing same.

"Infrastructure" means the public improvements authorized to be financed by CFD No. 6 in accordance with the terms of the Resolution of Formation.

"Initial Stand-Alone Retail Property" means the lesser of (i) the first 90,000 Square Feet of Stand-Alone Retail Property (as defined below) in CFD No. 6 or (ii) the first 1.0 Acre of Stand-Alone Retail Acreage (as defined below) in CFD No. 6 for which construction building permits have been issued. In determining which retail uses first became Stand-Alone Retail Property, the Administrator shall refer to the date on which building permits were issued and categorize Parcels as Initial Stand-Alone Retail Property on a first-in-time basis.

"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 described in the Mission Bay South Owner Participation Agreement.

"Land Use Class" means any of the seven classes listed in Table 1 below, specifically: Hotel Property, Initial Stand-Alone Retail Property, Office Property, Other Property, Rental Residential Property, Stand-Alone Parking Property, and Stand-Alone Retail Property.

"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 South Owner Participation Agreement" means the agreement by that name, dated as of November 16, 1998, between the Agency and Catellus Development Corporation, as may be amended from time to time.

"Net Available Increment" means, as to each Fiscal Year, amounts the Agency has determined to contribute to CFD No. 6 in such Fiscal Year pursuant to the Mission Bay South Owner Participation Agreement.

"Office Property" means, in any Fiscal Year, all Assessor's Parcels of Developed Property which have been zoned for Mission Bay commercial/industrial uses and for which a building permit has been issued for construction of a building or buildings that will be used for non-residential land uses including, but not limited to, office, biotech, research and development, or retail uses that are not Stand-Alone Retail Property.
"Other Property" means, in any Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit has been issued for any use which is not For-Sale Residential Property, Rental Residential Property, Hotel Property, Office Property, Stand-Alone Parking Property or Stand-Alone Retail Property.

"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. 6, as adopted by the Commission.

"Special Tax" means the special tax to be levied pursuant to the Act in each Fiscal Year on Taxable Property within CFD No. 6.

"Special Tax Requirement" means the amount necessary in any Fiscal Year, as determined by the Administrator, (i) to pay principal and interest on Bonds due in the calendar year which begins in such Fiscal Year, (ii) to create or replenish reserve funds for Bonds, (iii) 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, (iv) to pay Administrative Expenses, (v) to pay construction and/or acquisition costs and expenses of Infrastructure the Agency expects to fund from Special Tax proceeds in such Fiscal Year, (vi) to pay costs associated with the release of funds from an escrow account, if any, (vii) to pay for a letter of credit, bond insurance or any other type of credit enhancement for Bonds, and (viii) to pay arbitration or other rebate payments. The Special Tax Requirement may be reduced in any Fiscal Year, as determined by the Administrator, by taking into account money available from one or more of the following sources: (i) interest earnings on or surplus balances in the CFD No. 6 funds and accounts that are available to be applied in such Fiscal Year to the payment of Bond debt service under the provisions of the Indenture pursuant to which Bonds were issued, (ii) amounts in any capitalized interest account established when Bonds were issued and reasonably expected to be available in such Fiscal Year to pay debt service on Bonds, (iii) Net Available Increment, and (iv) 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 Acreage" means the portion of an Underlying Land Parcel that is assigned to 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 that have been assigned separate Assessor's Parcel numbers, 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.

"Stand-Alone Parking" means a structure that meets all of the following criteria: (1) 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 Retail Acreage" means the portion of an Underlying Land Parcel that is assigned to Stand-Alone Retail Property. If the Stand-Alone Retail Property is physically located on its own Assessor's Parcel (i.e., a Parcel not shared by any other land use), the Stand-Alone Retail Acreage shall be the Acreage of the Assessor's Parcel. If the Stand-Alone Retail Property is in a building or shares an Underlying Land Parcel with other land uses that have been assigned separate Assessor's Parcel numbers, the corresponding Stand-Alone Retail Acreage shall be determined by (1) dividing the Square Footage of the Stand-Alone Retail Property 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(s) sits.

"Stand-Alone Retail Property" means a building, or a portion of a building, which (i) has been constructed to be leased to tenants who will offer goods, services, food or beverages for sale to the general public or on a wholesale basis directly from the leased premises, and (ii) has been assigned a separate Assessor's Parcel number and, therefore, will receive a separate property tax bill from other Parcels in the CFD.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 6 which are not: (1) Exempt Land, (2) Exempt Parking Parcels, or (3) exempt from the Special Tax pursuant to law.

"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. 6 not classified as Developed Property.

"VARA Corridor" means a privately-owned corridor running through the South of Channel area that is designated as an easement for public utilities, pedestrian and vehicular circulation, and views. Property will only be designated as a VARA Corridor and, therefore, categorized as
Exempt Land 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 CLASSES

On or about July 1 of each Fiscal Year, the Administrator shall determine which Parcels in CFD No. 6 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 described in Sections C and D below. For purposes of determining the applicable Special Tax pursuant to Section C, each Parcel of Developed Property shall be assigned by the Administrator to one of the Land Use Classes designated in Table 1 (regardless of how many different land uses occur on the Parcel) and, in the case of For-Sale Residential Property, to one of the For-Sale Residential Categories shown in Table 2. Determinations needed as to Square Footage or the number of For-Sale Residential Units shall be made by the Administrator by referencing the building permit, approved Major Phase documentation as defined in the Mission Bay South Owner Participation Agreement, site plan, or other development plan deemed relevant by the Administrator. Determination of the appropriate Land Use Class shall be at the sole discretion of the Administrator subject to the definitions set forth in this RMA.

C. MAXIMUM SPECIAL TAX

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

The following Maximum Special Tax rates for Developed Property shall apply to all Parcels of Taxable Property within CFD No. 6, other than For-Sale Residential Property, in each Fiscal Year in which a Special Tax is collected. The actual amount of Special Tax to be levied in any Fiscal Year on any Parcel of Developed Property shall be determined in accordance with Section D below.
## TABLE 1

**MAXIMUM SPECIAL TAX FOR DEVELOPED PROPERTY**

*(Fiscal Year 2000-01)*

<table>
<thead>
<tr>
<th>Land Use Class</th>
<th>Description</th>
<th>Maximum Special Tax *</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rental Residential Property</td>
<td>$114,000 per Acre</td>
</tr>
<tr>
<td>2</td>
<td>Hotel Property</td>
<td>$114,000 per Acre</td>
</tr>
<tr>
<td>3</td>
<td>Initial Stand-Alone Retail Property</td>
<td>$0.50 per Square Foot</td>
</tr>
<tr>
<td>4</td>
<td>Office Property</td>
<td>$114,000 per Acre</td>
</tr>
<tr>
<td>5</td>
<td>Other Property</td>
<td>$114,000 per Acre</td>
</tr>
<tr>
<td>6</td>
<td>Stand-Alone Parking</td>
<td>$114,000 per Acre</td>
</tr>
<tr>
<td>7</td>
<td>Stand-Alone Retail Property</td>
<td>$114,000 per Acre</td>
</tr>
</tbody>
</table>

* On each July 1, commencing July 1, 2001, Maximum Special Taxes for the Fiscal Year commencing such July 1 shall be increased by two percent (2%) of the Maximum Special Taxes in effect in the previous Fiscal Year.

In some instances an Assessor’s Parcel of Developed Property may contain multiple land uses. The following procedures shall be applied to determine the Maximum Special Tax for Parcels with multiple Land Use Classes:

1.a. **Parcels of Stand-Alone Retail Property**

If a construction building permit is issued for any building within CFD No. 6 and all or a portion of the Square Footage of the building is specifically designated for retail uses at the time the building permit is issued, the Administrator must determine whether the retail uses are Stand-Alone Retail Property. If it is determined that the retail uses do not meet the definition of Stand-Alone Retail Property, the Acreage or portion of Acreage of the Underlying Assessor’s Parcel that is assigned to the building shall be used to determine the Maximum Special Tax for the building.

If the retail uses on the Parcel meet the definition of Stand-Alone Retail Property, the Administrator then must determine whether any of the identified Stand-Alone Retail Property (the “Subject Parcel”) can be further classified as Initial Stand-Alone Retail Property. The test for identifying Initial Stand-Alone Retail Property and applying a Maximum Special Tax thereto is specified below in Steps 1 through 6. If building permits are issued at the same time for multiple Parcels of Stand-Alone Retail Property that are
owned by different owners, the remaining Square Footage and Acreage that can be allocated as Initial Stand-Alone Retail Property shall be divided up equally between the Parcels. For example, if there is Square Footage on two Parcels that qualifies as Initial Stand-Alone Retail Property, the remaining allocation will be divided in half and each Parcel shall get the benefit of one-half of the remaining Square Footage to be allocated as Initial Stand-Alone Retail Property. If building permits are issued at the same time for multiple Parcels of Stand-Alone Retail Property that are owned by the same owner, the owner can determine how the remaining Initial Stand-Alone Property allocation will be split among his/her Parcels.

If Stand-Alone Retail Property is identified on the Parcel, the following steps shall be applied to determine the Maximum Special Tax for the Subject Parcel:

Step 1. Identify the total Square Footage of Stand-Alone Retail Property and the amount of Stand-Alone Retail Acreage that was included in building permits issued within the CFD prior to the date the building permit was issued for the Subject Parcel.

Step 2. Subtract the Square Footage determined in Step 1 from 90,000 and subtract the Stand-Alone Retail Acreage determined in Step 1 from 1.0. If either of the differences is equal to or less than zero, none of the Square Footage on the Subject Parcel can be categorized as Initial Stand-Alone Retail Property. If the differences are greater than zero, the Administrator shall determine the amount of Square Footage that can qualify as Initial Stand-Alone Retail Property without exceeding a total of either 90,000 Stand-Alone Retail Square Feet or 1.0 Stand-Alone Retail Acre in the CFD as a whole. This amount of Square Footage shall be the Initial Stand-Alone Retail Property on the Parcel.

Step 3. Multiply the Initial Stand-Alone Retail Square Footage determined in Step 2 by the Maximum Special Tax for Initial Stand-Alone Retail Property for the then current Fiscal Year to determine the portion of the Maximum Special Tax for the Subject Parcel that will be generated from Initial Stand-Alone Retail Property on the Subject Parcel.

Step 4. Subtract the Stand-Alone Retail Acreage that corresponds to the Square Footage of Initial Stand-Alone Retail Property determined in Step 2 from the total Stand-Alone Retail Acreage on the Subject Parcel to determine the Acreage on the Subject Parcel that is associated with Stand-Alone Retail Property that did not qualify as Initial Stand-Alone Retail Property.
Step 5. Multiply the Acreage from Step 4 by the then current Maximum Special Tax for Stand-Alone Retail Property to determine the portion of the Maximum Special Tax for the Subject Parcel that will be generated from Stand-Alone Retail Property that did not qualify as Initial Stand-Alone Retail Property.

Step 6. Add together the Maximum Special Taxes determined in Steps 3 and 5 to determine the total Maximum Special Tax for the Subject Parcel in the current Fiscal Year.

If multiple land uses occur in the same building and/or on the same Underlying Land Parcel on which the Stand-Alone Retail Property is located and a separate Assessor’s Parcel number has been assigned to one or more of such land uses, the Administrator shall follow the procedures set forth in Section C.1.c. below to delineate the Acreage of the Underlying Land Parcel. The identified Acreage shall then be used to separately calculate the Maximum Special Tax for the individual Assessor’s Parcels on which each other land use is located.

1.b. Parcels of Stand-Alone Parking

If a construction building permit is issued for any building within CFD No. 6 and all or a portion of the Square Footage of the building is specifically designated for parking at the time the building permit is issued, the Administrator must determine whether the parking will be Stand-Alone Parking. If it is determined that the parking areas do not meet the definition of Stand-Alone Parking, the Maximum Special Tax shall be determined based on the Acreage or portion of Acreage of the Underlying Land Parcel that is assigned to the building, without a separate allocation to the area designated for parking. If the parking is Stand-Alone Parking, the Administrator shall apply the following steps to determine the Maximum Special Tax for the Parcel of Stand Alone Parking (the “Subject Parcel”):

Step 1. Determine the Stand-Alone Parking Acreage on the Subject Parcel.

Step 2. Multiply the Maximum Special Tax for Stand-Alone Parking for the then current Fiscal Year by the Stand-Alone Parking Acreage determined in Step 1 to calculate the Maximum Special Tax for the Subject Parcel.

If multiple land uses occur on the same Underlying Land Parcel on which Stand-Alone Parking is located, the Administrator shall delineate the Stand-Alone Parking Acreage on the Underlying Land Parcel as set forth in Step 1 above. The remaining Acreage on the Underlying Land Parcel shall be taxed, depending on the land use, pursuant to other applicable sections of this Rate and Method of Apportionment of Special Tax.
1.c. **Underlying Land Parcels with Multiple Land Uses**

If multiple land uses that have been assigned separate Assessor's Parcel numbers occur in the same building and/or on the same Underlying Land Parcel anywhere within CFD No. 6, the Administrator shall delineate the Acreage of the Underlying Land Parcel that is associated with each type of land use as follows: (1) divide the Square Footage associated with each land use (other than Square Footage on Exempt Parking Parcels) by the total Square Footage of all structures built or anticipated to be built (based on building permits that have been issued) on the Underlying Land Parcel (not including Square Footage built on Exempt Parking Parcels), and (2) multiply the quotient by the total Acreage of the Underlying Land Parcel on which the building(s) sits. The identified Acreage shall then be used to separately calculate the Maximum Special Tax for the individual Assessor's Parcels on which each land use is located.

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 that will not be 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 South Owner Participation Agreement 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 structure's pro rata share of the total residential units or Square Footage anticipated to be constructed on the Underlying Land Parcel (not counting Square Footage on an Exempt Parking Parcel), as determined by reference to the Major Phase documentation, multiplied by the total Acreage of 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.

2. **Maximum Special Tax, For-Sale Residential Property**

2.a. **Underlying Land Parcels with No Stand-Alone Parking or Stand-Alone Retail**

The Maximum Special Tax for a building of For-Sale Residential Property shall be the amount determined by multiplying the Acreage or portion of Acreage of the Parcel that is assigned to the building pursuant to Section C.2.d below by $114,000. Once the Maximum Special Tax has been calculated for the building, a separate Maximum Special Tax shall be determined for each For-Sale Residential Unit in the building through application of the following steps:

**Step 1.** For each building with For-Sale Residential Units, determine the Acreage associated with the building. If additional buildings will be constructed on the Underlying Land Parcel on which the building is located, use the procedures set forth in Section C.2.d below to determine the Acreage. If no additional buildings are expected on the Underlying Land Parcel, use the entire Acreage of the Parcel.

**Step 2.** Using the Acreage from Step 1, determine the Maximum Special Tax for the building.

**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 2 below and sum the EDUs for all For-Sale Residential Categories represented within the building for which Special Taxes are being calculated.
TABLE 2
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 each individual Assessor's Parcel, 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 and such buildings are not expected to be Exempt Parking Parcels, 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.
2.b. **Underlying Land Parcels with For-Sale Residential Property and Other Land Uses**

If other land uses that have been assigned separate Assessor's Parcel numbers (other than Exempt Parking Parcels) share an Underlying Land Parcel on which For-Sale Residential Property is located, the Administrator shall follow the direction set forth in Section C.1.c above to delineate the Acreage on the Underlying Land Parcel among the land uses. The Maximum Special Tax assigned to the portion of the Underlying Land Parcel which is determined to be For-Sale Residential Property shall be allocated among the For-Sale Residential Units pursuant to the procedure set forth in Section C.2.a above.

2.c. **Conversions from Rental Residential Property to For-Sale Residential Property**

If Rental Residential Units on an Assessor's Parcel are converted to For-Sale Residential Units, the Maximum Special Tax that had been assigned to the Parcel when it was Rental Residential Property shall remain effective in future Fiscal Years regardless of the conversion. The Maximum Special Tax assigned to the Parcel shall be allocated among the For-Sale Residential Units pursuant to the procedures set forth in Section C.2.a above.

2.d. **Underlying Land Parcels with Remaining Undeveloped Property**

If a building permit has been issued for development of For-Sale Residential Units on an Underlying Land Parcel in the CFD which is anticipated to have additional structures built on it and such structures are not expected to qualify as 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 South Owner Participation Agreement 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 For-Sale Residential Property shall be equal to the structure's pro rata share of the total For-Sale Residential Units (if all of the remaining structures are expected to be For-Sale Residential Property) or Square Footage (if the remaining structures will include land uses other than For-Sale Residential Property and which shall not include Square Footage built on Exempt Parking Parcels) anticipated to be constructed on the Underlying Land Parcel, as determined by the Administrator by reference to the approved Major Phase documentation as defined in the Mission Bay South Owner Participation Agreement, multiplied by the total Acreage of the Underlying Land Parcel.

*Once a Maximum Special Tax has been assigned to an Assessor's 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 $114,000 per Acre and shall apply to all Parcels or portions of Parcels of Taxable Property within CFD No. 6 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 two percent (2%) 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 to be collected from Taxable Property in CFD No. 6 in the applicable Fiscal Year. The Special Tax shall then be levied as follows:

- **First:** The Special Tax shall be levied proportionately on each Assessor’s Parcel of For-Sale Residential Property up to 100% of the Maximum Special Tax for each For-Sale Residential Unit, as determined by reference to Section C.2 above, subject in any event to the limitation in the second paragraph of Section E below as to the levy on any particular Parcel;

- **Second:** If additional monies are needed to pay the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied proportionately on each Assessor’s Parcel of Developed Property other than For-Sale Residential Property up to 100% of the applicable Maximum Special Tax for each such Parcel of Developed Property, as determined by reference to Section C.1 above;

- **Third:** If additional monies are needed to pay the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied proportionately on each Assessor’s Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property, as determined by reference to Section C.3 above;

E. **LIMITATIONS**

No Special Taxes shall be levied in any Fiscal Year on any Parcel after such Parcel becomes Exempt Land, an Exempt Parking Parcel, or any Parcel for which the entire Special Tax has been prepaid pursuant to Section G below.

The Special Tax may be levied and collected until principal and interest on Bonds have been repaid and the Infrastructure has been completed and accepted by the applicable governmental agency and paid for with proceeds of Bonds, Special Taxes, Net Available Increment or bonds secured by Net Available Increment (as defined in the Mission Bay South Owner Participation Agreement), but in any event not later than the year 2050.
The Special Tax levied against a Parcel of For-Sale Residential Property or Rental Residential Property in a given Fiscal Year cannot be increased, as a consequence of delinquency or default by owners of other Parcels within CFD No. 6, by more than ten percent (10%) of the Special Tax levied on such Parcel in the prior Fiscal Year. An increase of ten percent (10%) or more shall be determined by comparison to what the levy of Special Tax would be for any Assessor's Parcel if there were no delinquencies or defaults on any other Assessor's Parcel in CFD No. 6.

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 prepayments are permitted as set forth in Section G below and provided further that the Administrator may directly bill the Special Taxes and may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of CFD No. 6 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.

G. PREPAYMENT OF SPECIAL TAX

The Special Tax obligation applicable to each Assessor's Parcel in CFD No. 6 may be prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the Administrator with (i) written notice of intent to prepay, and (ii) payment of fees to cover the cost of calculating and administering the prepayment as established by the Agency. Within 30 days of receipt of such written notice, the Administrator shall notify such owner of the prepayment amount for the Assessor's Parcel. A prepayment must be made to the Agency at least 45 days prior to the next occurring date that notice of redemption of Bonds from proceeds of such prepayment may be given to the trustee pursuant to the Indenture.

Revenues from prepayment of Special Taxes may be used by CFD No. 6 for any purpose allowed under the Act, including but not limited to the following: (i) to redeem Bonds; (ii) to pay for Infrastructure; and (iii) to escrow and be used to defease Bonds. The prepayment calculation shall be performed by the Administrator or an independent financial consultant selected by the Administrator and retained by the Agency in its sole discretion. No prepayment shall be allowed unless the amount of Special Taxes that can be levied on Taxable Property in the CFD after the prepayment is at least one hundred and ten percent (110%) of the maximum annual debt service on outstanding Bonds.

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment. The Maximum Special Tax that can be levied...
on a Parcel after a partial prepayment is made is equal to the Maximum Special Tax that could have been levied prior to the prepayment, reduced by the percentage of the full prepayment that the partial prepayment represents, all as determined by or at the direction of the Administrator.

The following definitions apply to this Section G:

"Construction Inflation Index" means the greater of (i) the percent change in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or (ii) zero percent.

"Future Infrastructure Costs" means the Infrastructure Costs (as defined below) minus any costs funded by Previously Issued Bonds (as defined below), or directly from Special Tax revenues, Net Available Increment, or bonds secured by Net Available Increment as defined in the Mission Bay South Owner Participation Agreement.

"Outstanding Bonds" means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor's Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of "Outstanding Bonds" for purposes of this prepayment formula.

"Previously Issued Bonds" means all Bonds that have been issued by CFD No. 6 prior to the date of prepayment.

"Infrastructure Costs" means $175,772,000 in 1999 dollars, which shall increase by the Construction Inflation Index on July 1, 2000 and each July 1 thereafter, or such other number as (i) shall be determined by the Administrator as sufficient to pay for the Infrastructure, or (ii) shall be determined by the Commission concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied pursuant to this Rate and Method of Apportionment of Special Tax.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

\[
\text{Prepayment Amount} = \text{Bond Redemption Amount} + \text{Future Infrastructure Amount} + \text{Redemption Premium} + \text{Defeasance} + \text{Administrative Fees and Expenses} - \text{Reserve Fund Credit}
\]

San Francisco Redevelopment Agency
CFD No. 6 (Mission Bay South)
As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

Step 1. Determine the greater of (i) the total Maximum Special Tax that could be collected from the Assessor's Parcel prepaying the Special Tax based on the Parcel's development status in the Fiscal Year in which prepayment would be received by CFD No. 6, or (ii) the total Maximum Special Tax that could be collected from the Assessor's Parcel prepaying the Special Tax based on land uses expected on the Parcel when the entire Parcel becomes Developed Property, as determined by the Administrator.

Step 2. Divide the Maximum Special Tax computed pursuant to Step 1 for such Assessor's Parcel by the lesser of (i) the Maximum Special Tax revenues that could be collected in that Fiscal Year from all Taxable Property in CFD No. 6, or (ii) the Maximum Special Tax revenues that could be generated at buildout of property in CFD No. 6 based on anticipated land uses at buildout of the CFD.

Step 3. Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").

Step 4. Compute the current Future Infrastructure Costs.

Step 5. Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Future Infrastructure Costs to be prepaid (the "Future Infrastructure Amount").

Step 6. Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").

Step 7. Compute the amount needed to pay interest on the Bond Redemption Amount from the last interest payment date on the Outstanding Bonds until the earliest redemption date for the Outstanding Bonds.

Step 8. Compute the minimum amount the Administrator reasonably expects to derive from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the redemption date for the Outstanding Bonds that the Administrator expects to be redeemed with the prepayment.

Step 9. Take the amount computed pursuant to Step 7 and subtract the amount computed pursuant to Step 8 (the "Defeasance").
Step 10. The administrative fees and expenses of CFD No. 6 are as calculated by the Administrator and include the costs of computation of the prepayment, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").

Step 11. If and to the extent so provided in the Indenture pursuant to which the Outstanding Bonds to be redeemed were issued, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit").

Step 12. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the "Prepayment Amount").

H. 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.