PRELIMINARY OFFICIAL STATEMENT DATED ____________, 2014

NEW ISSUE
BOOK-ENTRY ONLY

RATING: Standard & Poor’s: “____”
(See “RATING” herein)

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications, under existing law, the interest on the 2014 Series C Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is required to be taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the 2014 Series B Taxable Bonds and the 2014 Series C Bonds is exempt from California personal income taxes. Interest on the 2014 Series B Taxable Bonds is not intended to be excluded from federal income taxation. See “TAX MATTERS” herein.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO**
2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)

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

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

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

Interest on the Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2015. Principal of the Bonds will be payable on the dates and in the respective principal amounts set forth on the inside cover page.

The Bonds of each Series will be issued in book-entry form, without coupons, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Beneficial ownership interests in the Bonds may initially be purchased, in denominations of $5,000 or any integral multiple thereof, in book-entry only form as described herein. So long as Cede & Co is the registered owner of the Bonds, payments of principal and interest will be made to Cede & Co., as nominee for DTC. DTC is required in turn to remit such payments to DTC Participants for subsequent disbursements to Beneficial Owners. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Direct Participants and Indirect Participants as more fully described herein. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

The Bonds of each Series are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See “THE BONDS – Redemption Provisions.”

* Preliminary, subject to change.
The Bonds are being issued for the purpose of providing funds, together with certain other available monies, to (i) refund certain obligations of the former Redevelopment Agency of the City and County of San Francisco, as described herein under “THE REFUNDING PLAN,” (ii) make a deposit to the respective subaccount in the Reserve Account established under the Indenture for each Series of Bonds or purchase a reserve surety to satisfy the reserve requirement for the Bonds and (iii) pay costs associated with the issuance of the Bonds. See “THE REFUNDING PLAN.”

The Bonds are payable from and secured by Pledged Tax Revenues (defined herein), consisting primarily of certain revenues generated from taxes on the property within the Project Areas (defined herein) on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll. No funds or properties of the Successor Agency, other than the Pledged Tax Revenues and certain other amounts held under the Indenture, are pledged to secure the Bonds and are subordinate to certain existing pledges as described under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Security of Bonds; Equal Security.”


The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Curls Bartling P.C., Oakland, California is acting as Disclosure Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by its General Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be delivered to the Underwriters through the facilities of DTC in New York, New York on or about December ___, 2014.

2014 Series B Taxable Underwriters

Piper Jaffray & Co.

2014 Series C Underwriters

STIFEL Stinson Securities, LLC

STIFEL Blaylock Beal Van, LLC

Dated __________, 2014
[Map to Come.]
MATURITY SCHEDULES

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO
2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds
(San Francisco Redevelopment Projects)

$_________ $_________ 

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO
2014 Series C Subordinate Tax Allocation Refunding Bonds
(San Francisco Redevelopment Projects)

$_________ $_________ 

<table>
<thead>
<tr>
<th>Maturity (August 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>CUSIP No.†</th>
</tr>
</thead>
</table>

$_________ ___% Term Bonds due August 1, 20__, Yield _____%, CUSIP No.† ______
$_________ ___% Term Bonds due August 1, 20__, Yield _____%, CUSIP No.† ______

$_________ ___% Term Bonds due August 1, 20__, Yield _____%, CUSIP No.† ______
$_________ ___% Term Bonds due August 1, 20__, Yield _____%, CUSIP No.† ______

* Preliminary, subject to change.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor’s Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services and are included solely for convenience. Neither the Successor Agency nor the Underwriters assume any responsibility for the accuracy of the CUSIP data.
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO

Commission Members

Mara Rosales, Chairperson
Miguel Bustos
Marily Modejar
Darshan Singh
[Vacant]

Successor Agency Staff

Tiffany Bohee, Executive Director
Leo Levenson, Deputy Executive Director, Finance and Administration
James Morales, Interim General Counsel
Sally Oerth, Deputy Executive Director

CITY AND COUNTY OF SAN FRANCISCO

Edwin M. Lee, Mayor

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

BOARD OF SUPERVISORS

David Chiu, President, District 3
Mark Farrell, District 2
John Avalos, District 11
David Campos, District 9
Katy Tang, District 4
Jane Kim, District 6
Scott Wiener, District 8
Norman Yee, District 7
Eric Mar, District 1
Malia Cohen, District 10
London Breed, District 5

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San Francisco, California

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Oakland, California

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Public Financial Management, Inc.
San Francisco, California
Kitahata & Company
San Francisco, California

Fiscal Consultant
Urban Analytics LLC
San Francisco, California

Trustee
U.S. Bank National Association
San Francisco, California

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

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

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

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

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

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

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOUT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIl IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.
# TABLE OF CONTENTS

INTRODUCTION ............................................. 2
Authority and Purpose ................................ 2
The City and County of San Francisco .......... 3
The Successor Agency ................................. 3
The Project Areas ..................................... 3
Tax Allocation Financing ............................. 4
Security and Sources of Payment for the Bonds ... 5
Senior Obligations ................................... 6
Reserve Account ..................................... 6
Potential for Bond Insurance and Reserve Surety ............................ 6
Risk Factors ......................................... 7
Continuing Disclosure ............................... 7
Available Information ............................... 7

THE REFUNDING PLAN ................................ 8
ESTIMATED SOURCES AND USES OF FUNDS ............... 11

THE BONDS ............................................. 12
Authority for Issuance ............................... 12
Description of the Bonds ............................ 12
Book-Entry Only System ............................ 12
Redemption Provisions ............................. 13

DEBT SERVICE SCHEDULE ........................... 17
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS ......................... 18
Tax Increment Financing Generally ............. 18
Allocation of Taxes Pursuant to the Dissolution Act ................... 19
Security of Bonds; Equal Security .............. 23
Special Fund; Deposit of Pledged Tax Revenues ..................... 24
Senior Obligations .................................. 26
Limitations on Additional Indebtedness ........ 27
Recognized Obligation Payment Schedules .......... 28

THE SUCCESSOR AGENCY ......................... 30
Authority and Personnel ............................ 30
Effect of the Dissolution Act ..................... 31
Oversight Board .................................... 31
Department of Finance Finding of Completion ................................ 31
State Controller Asset Transfer Review ....... 32
Continuing Activities ............................... 32

THE PROJECT AREAS ................................ 32
General ............................................. 32
Bayview Hunters Point Project Area B .......... 34
Golden Gateway Project Area ................... 35
Hunters Point Project Area (also known as Bayview Hunters Point Redevelopment Project Area - Project Area A) .. 36
India Basin Industrial Park Project Area ....... 37
Rincon Point-South Beach Project Area ....... 38
South of Market Project Area .................... 39
Transbay Project Area .............................. 41
Western Addition Project Area A-2 .......... 42
Yerba Buena Center Project Area D-1 ....... 43
Assessed Valuation and Other Information Regarding the Project Areas ................................ 45

PLEDGED TAX REVENUES AND DEBT SERVICE ............................................. 48

Historical and Current Assessed Valuation and Tax Revenues ................. 48
Projected Pledged Tax Revenues and Debt Service Coverage .................. 49
Assessment Appeals .................................. 52

CERTAIN RISK FACTORS .............................. 54
Plan Limits .......................................... 54
Recognized Obligation Payment Schedules ................. 54
Estimates of Tax Revenues ........................ 55
Subordination of ERAF ............................. 55
Reduction in Tax Base and Assessed Values ......................... 55
Appeals to Assessed Values ........................ 56
State Budget Issues; Changes in the Law .. 57
Development Risks ................................ 58
Natural Disasters ................................ 58
No Validation Proceeding Undertaken ....... 59
Reductions in Unitary Values .................. 60
Hazardous Substances ............................ 60
Reduction in Inflation Rate ...................... 61
Delinquencies .................................... 61
Investment Risk .................................. 61
Bankruptcy and Foreclosure .................... 61
Levy and Collection of Taxes .................. 62
Loss of Tax Exemption ........................... 62
Risk of Tax Audit ................................. 63
Secondary Market ................................ 63
Parity Obligations ................................. 63
Bonds are Limited Obligations ............... 63
Limited Recourse on Default ................. 63

LIMITATIONS ON TAX REVENUES ............. 64
Property Tax Collection Procedure ..............64
Taxation of Unitary Property ......................65
Tax Limitations – Article XIIIA of California Constitution ..................66
Article XIIIB of California Constitution ...66
Proposition 87 ........................................67
Articles XIIIC and XIIID of California Constitution ..................67
Future Initiatives ..................................67
TAX MATTERS ..................................67
LITIGATION ....................................68
Syncora Lawsuit – Challenge to Dissolution Act ..................68
CONTINUING DISCLOSURE .....................69
LEGAL MATTERS ...............................70
FINANCIAL ADVISORS ..........................70
VERIFICATION OF MATHEMATICAL COMPUTATIONS ..................70
RATING ........................................70
FINANCIAL STATEMENTS ......................71
FISCAL CONSULTANT REPORT ...............71
UNDERWRITING ................................72
MISCELLANEOUS ................................73

APPENDIX A  SUCCESSOR AGENCY’S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014 .................................. A-1
APPENDIX B  REPORT OF FISCAL CONSULTANT .................................. B-1
APPENDIX C  SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE ................................ C-1
APPENDIX D  FORM OF CONTINUING DISCLOSURE CERTIFICATE ................................ D-1
APPENDIX E  FORM OF BOND COUNSEL FINAL OPINION ................................ E-1
APPENDIX F  DTC AND THE BOOK-ENTRY ONLY SYSTEM ................................ F-1
APPENDIX G  STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS .................................. G-1
OFFICIAL STATEMENT

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO
2014 Series B Taxable Subordinate
Tax Allocation Refunding Bonds
(San Francisco Redevelopment Projects)

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO
2014 Series C Subordinate
Tax Allocation Refunding Bonds
(San Francisco Redevelopment Projects)

INTRODUCTION

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

Authority and Purpose

The purpose of this Official Statement, which includes the cover page, table of contents and appendices hereto (collectively, the “Official Statement”), is to provide certain information in connection with the offering by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) of its $_________* aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) (the “2014 Series B Taxable Bonds”) and its $_________* aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series C Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) (the “2014 Series C Bonds” and together with the 2014 Series B Taxable Bonds, the “Bonds” and individually, each a “Series”). The Bonds are being issued in accordance with Section 34177.5(a)(1) of the Redevelopment Law (defined below), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Refunding Law”), a resolution of the Successor Agency adopted November 18, 2014 (the “Resolution”), and an Indenture of Trust, dated as of December 1, 2014 (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”).

The Bonds are being issued by the Successor Agency for the purpose of providing funds, together with certain other available monies, to (i) refund certain outstanding obligations of the Former Agency (defined herein), (ii) make a deposit to the respective subaccount in the Reserve Account established under the Indenture for each Series of Bonds or purchase a reserve surety to satisfy the reserve requirement for the Bonds, and (iii) pay costs associated with the issuance of the Bonds, all as more fully described herein under “– The Successor Agency,” “THE REFUNDING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS.”

* Preliminary, subject to change.
The City and County of San Francisco

The City and County of San Francisco (referred to herein as the “City”) is the economic and cultural center of the San Francisco Bay Area and northern California. The corporate limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay. The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the wine country is about an hour’s drive to the north. The California Department of Finance Demographic Research Unit estimated the City’s population at 836,620 as of January 1, 2014.


The Successor Agency

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

As a result of Assembly Bill No. 26 (“AB 26”) enacted on June 29, 2011, and the decision of the State Supreme Court in California Redevelopment Association, et al. v. Matosantos, et al. (the “California Redevelopment Association Case”), as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill No. 1484 (as amended from time to time, the “Dissolution Act”). See also “THE SUCCESSOR AGENCY” for further discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

The Project Areas

The Former Agency adopted redevelopment plans for several project areas in the City. A portion of property tax revenues from nine (9) of those project areas (the “Project Areas”) provide the source of funds for debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS”. The Project Areas consist of the redevelopment project areas (except any portion thereof included in the Excluded Project Areas defined below) described in the following redevelopment plans:

- Redevelopment Plan – Bayview Hunters Point Redevelopment Project Area – Zone 2 of Project Area B (the “Bayview Hunters Point Project Area B”)
• Redevelopment Plan – Embarcadero-Lower Market ("Golden Gateway") Approved Redevelopment Project Area E-1 (the “Golden Gateway Project Area”)
• Redevelopment Plan – Hunters Point Redevelopment Project Area (also known as the Bayview Hunters Point Redevelopment Project Area – Project Area A) (the “Hunters Point Project Area”)
• Redevelopment Plan – India Basin Industrial Park Redevelopment Project Area (the “India Basin Industrial Park Project Area”)
• Redevelopment Plan – Rincon Point – South Beach Redevelopment Project Area (the “Rincon Point – South Beach Project Area”)
• Redevelopment Plan – South of Market Redevelopment Project Area (previously known as the South of Market Earthquake Recovery Project Area) (the “South of Market Project Area”)
• Redevelopment Plan – Transbay Redevelopment Project Area (the “Transbay Project Area”)
• Redevelopment Plan – Western Addition Redevelopment Project Area A-2 (the “Western Addition Project Area A-2”)
• Redevelopment Plan – Yerba Buena Center Redevelopment Project Area D-1 (the “Yerba Buena Center Project Area D-1”)

Excluded Project Areas

The City has five (5) additional project areas not listed above, specifically, the Mission Bay North Redevelopment Project Area, the Mission Bay South Redevelopment Project Area, the Hunters Point Shipyard Redevelopment Project Area, the Visitacion Valley Redevelopment Project Area and the Federal Office Building Redevelopment Project Area. These 5 project areas together with Zone 1 (also referred to as the Candlestick Site) of the Bayview Hunters Point Project Area B (See “THE PROJECT AREAS – Bayview Hunters Point Project Area B”) and the State-owned parcels within the Transbay Project Area (See “THE PROJECT AREAS – Transbay Project Area) are collectively referred to herein as the “Excluded Project Areas.” The Excluded Project Areas are not considered part of the Project Areas and tax increment revenues from these Excluded Project Areas are not pledged to pay debt service on the Bonds. See “APPENDIX B – REPORT OF FISCAL CONSULTANT.”

Tax Allocation Financing

Prior to the enactment of AB 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of the same revenues pledged to the bonds or obligations being refunded, and to be payable from and further secured by moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency (the “Redevelopment Property Tax Trust Fund”), which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law
to be used for the financing of redevelopment projects. **DISCUSSIONS HEREIN REGARDING TAX INCREMENT REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE CITY CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND.**

Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described herein. See “CCertain Risk Factors.”

**Security and Sources of Payment for the Bonds**

The Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture and payable from and secured by the Pledged Tax Revenues. “**Pledged Tax Revenues**” are defined in the Indenture as all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Redevelopment Law and the Dissolution Act, or pursuant to other applicable State laws and that are deposited in the Redevelopment Property Tax Trust Fund, excluding amounts payable pursuant to Existing Loan Agreements (defined herein) and also excluding all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, unless such payments are subordinated to payments on the Bonds or any additional bonds issued pursuant to the Indenture or to the payments owed under any Parity Debt Instrument pursuant to Section 33607.5(e) of the Redevelopment Law and Section 34177.5(c) of the Dissolution Act. Pledged Tax Revenues do not include tax increment revenues from, or amounts deposited in, the Redevelopment Property Tax Trust Fund attributable to the Excluded Project Areas or committed to Senior Obligations (defined herein).

The Dissolution Act requires the auditor-controller of the City and County of San Francisco (the “**City Controller**”) to determine the amount of property taxes that would have been allocated to the Former Agency had it not been dissolved pursuant to the operation of AB 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the Redevelopment Property Tax Trust Fund in accordance with the Dissolution Act. The Dissolution Act further provides that bonds authorized thereunder issued by a successor agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act are taxes allocated to the successor agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB 26 and in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, will be included in the Successor Agency’s Recognized Obligation Payment Schedule (defined herein) and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to the Dissolution Act. See “**Security and Sources of Payment for the Bonds – Recognized Obligation Payment Schedules**.”

The Dissolution Act requires compliance by the Successor Agency with a procedure for preparation of Recognized Obligation Payment Schedules biannually enabling receipt of funds for payment of debt service and submission thereof to its Oversight Board and the State Department of Finance for approval. See “**Security and Sources of Payment for the Bonds – Allocation of Taxes Pursuant to the Dissolution Act**.” Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various properties within the Project Areas, to the extent that such taxes constitute tax revenues, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the City Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund on January 2
and June 1 of each year to the extent required for payments listed in the Successor Agency’s Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedules.” Moneys deposited by the City Controller into the Successor Agency’s Redevelopment Obligation Retirement Fund (the “Retirement Fund”) representing Pledged Tax Revenues will first be deposited by the Successor Agency in the Special Fund and will then be transferred by the Successor Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

The Bonds are secured by and payable solely from the Pledged Tax Revenues and moneys in the Special Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Tax Revenues Allocable to the Successor Agency” and “PLEDGED TAX REVENUES AND DEBT SERVICE.” The Project Areas, and the real and personal property therein, do not serve as security for the Bonds.


Senior Obligations

The pledge of tax increment revenues from the Project Areas to pay debt service on the Bonds is subordinate to the prior pledge, or priority of payment, of such tax increment to the payment of Senior Obligations (defined herein). See also “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations” and “THE PROJECT AREAS – Golden Gateway Project Area – Senior Obligations” “– South of Market Project Area – Senior Obligations” and “– Yerba Buena Project Area D-1 – Senior Obligations.”

Reserve Account

The Indenture establishes a Reserve Account for the Bonds to be held by the Trustee and to be maintained in an amount at least equal to the Reserve Requirement for the Bonds as defined therein. If the Successor Agency determines to fund the Reserve Account with proceeds from the sale of the Bonds instead of with a Reserve Surety (discussed below), the Trustee will create a separate subaccount within the Reserve Account for each Series of Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Account.”

Potential for Bond Insurance and Reserve Surety

The Successor Agency has applied to municipal bond insurers (each, an “Insurer”) to obtain a municipal bond insurance policy (the “Policy”). If a Policy is obtained, it would guarantee the scheduled
payment of the principal of and interest on the insured Bonds. The Successor Agency has also applied for an Insurer to issue a reserve surety (“Reserve Surety”) that would be deposited into the Reserve Account for the Bonds in an amount equal to the Reserve Requirement (as such term is defined under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Account”). The Successor Agency’s decision as to whether or not to purchase a Policy and which of the Bonds to insure, as well as whether to purchase a Reserve Surety, will be made at or about the time of the pricing of the Bonds and will be based upon, among other things, market conditions at the time of such pricing. No assurance can be given as to whether the Successor Agency will obtain a commitment for a Policy or Reserve Surety and, if a Policy is obtained, whether such Policy will cover all or less than all of the Bonds. If the Successor Agency purchases a Policy or Reserve Surety, information regarding the Insurer will be included in the final Official Statement.

Risk Factors

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

Continuing Disclosure

The Successor Agency has covenanted for the benefit of Owners and Beneficial Owners to provide certain financial information and operating data relating to the Successor Agency not later than six (6) months after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2014 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of the specified events will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the Electronic Municipal Market Access website (“EMMA”) of the MSRB. The specific nature of the information to be contained in the Annual Report and the notice of events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

See “CONTINUING DISCLOSURE” for additional information.

Available Information

This Official Statement contains brief descriptions of the Bonds, the security for the Bonds, the Indenture, the Successor Agency, the Former Agency, the City, the Project Areas and certain other information relevant to the issuance of the Bonds. All references herein to the Indenture, the Refunding Law, the Redevelopment Law, the Dissolution Act, the Constitution and laws of the State are qualified in their entirety by reference to the complete text thereof and all references to the Bonds are further qualified by reference to the form thereof contained in the Indenture.

The Successor Agency’s audited financial statements for the period ended June 30, 2013 are included in APPENDIX A – “SUCCESSOR AGENCY’S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013.” Urban Analytics LLC, San Francisco, California (the “Fiscal Consultant”) is providing consulting services to the Successor Agency with respect to the Project Areas and their projected taxable values and anticipated tax increment revenues. The Fiscal Consultant will provide a report in substantially the form attached hereto as APPENDIX B – “REPORT OF FISCAL CONSULTANT.” The proposed form of legal opinion of Bond Counsel for the Bonds is set forth in APPENDIX E – “FORM OF BOND COUNSEL FINAL OPINION.”
The information set forth herein and in the Appendices hereto has been furnished by the Successor Agency and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by the Successor Agency or the Underwriters and is not to be construed as a representation by the Underwriters. Copies of documents referred to herein and information concerning the Bonds are available upon written request from the Trustee, U.S. Bank National Association, One California Street, Suite 1000, Mail Code: SF-CA-SFCT, San Francisco, California 94111. Within the City, the Successor Agency, which is constituted as the Office of Community Investment and Infrastructure or “OCII,” may be contacted at: Office of Community Investment and Infrastructure, One South Van Ness Avenue, 5th Floor, San Francisco, California 94103; telephone: (415) 749-2465. The Successor Agency will respond to requests by any Bondowner for public information. The Successor Agency may impose a charge for copying, mailing and handling.

THE REFUNDING PLAN

General. The proceeds of each Series of Bonds will be applied, together with certain other available funds, to pay certain existing loan agreements entered into between the Former Agency and the City and County of San Francisco Redevelopment Financing Authority (the “Authority”) reflecting loans from the Authority to the Former Agency of the proceeds of certain bonds issued by the Authority for the benefit of the Former Agency, as described further below. The Former Agency used such loaned bond proceeds to finance or refinance its redevelopment activities. The proceeds of each Series of Bonds will also be used to pay costs associated with the issuance of the Bonds and may be used to purchase a Policy and to either fund a deposit to the respective subaccount within the Reserve Account for each Series of Bonds or for the purchase of a Reserve Surety for deposit into the Reserve Account, to satisfy the Reserve Requirement for the Bonds.

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

Refunded Obligations to be Refunded by the 2014 Series B Taxable Bonds*

<table>
<thead>
<tr>
<th>Series Designation</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Base CUSIP (79771P)</th>
<th>Principal Amount Outstanding</th>
<th>Principal Amount to be Redeemed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2004D(1)</td>
<td>6/10/2004</td>
<td>8/1/2030</td>
<td></td>
<td>$25,045,000</td>
<td>$25,045,000</td>
</tr>
<tr>
<td>Series 2005C(2)</td>
<td>6/29/2005</td>
<td>8/1/2035</td>
<td></td>
<td>$29,335,000</td>
<td>$29,335,000</td>
</tr>
<tr>
<td>Series 2006A(3)</td>
<td>8/10/2006</td>
<td>8/1/2036</td>
<td></td>
<td>$14,645,000</td>
<td>$11,255,000</td>
</tr>
<tr>
<td>Series 2009A(4)</td>
<td>8/18/2009</td>
<td>8/1/2024</td>
<td></td>
<td></td>
<td>$26,300,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Preliminary, subject to change.

(1) Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Golden Gateway Project Area and South of Market Project Area; Rincon Point - South Beach Project Area; Western Addition Project Area A-2; and Yerba Buena Center Project Area D-1 (collectively, the “2004D Loan Agreements”).
Refunded Obligations to be Refunded by the 2014 Series C Bonds

<table>
<thead>
<tr>
<th>Series Designation</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Base CUSIP (79771P)</th>
<th>Principal Amount Outstanding</th>
<th>Principal Amount to be Redeemed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 1993B(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2003B(2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2003C(3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2004A(4)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Series 2004C(5)</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2005A(6)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Series 2007B(7)</td>
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<tr>
<td>Series 2009B(8)</td>
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<tr>
<td>Series 2009F(9)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Series 2011B(10)</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Preliminary, subject to change.

(1) Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Hunters Point Project Area; India Basin Industrial Park Project Area; Rincon Point - South Beach Project Area; Western Addition Project Area A-2; and Yerba Buena Center Project Area D-1 (collectively, the “2003B Loan Agreement”).

(2) Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Golden Gateway Project Area and South of Market Project Area [Confirm]; Rincon Point - South Beach Project Area; Western Addition Project Area A-2; and Yerba Buena Center Project Area D-1 (collectively, the “2003B Loan Agreements”).

(3) Debt service on this series of bonds is payable from loan payments pursuant to the Loan Agreement for the Yerba Buena Center Project Area D-1 (the “2003C Loan Agreement”).

(4) Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Hunters Point Project Area; India Basin Industrial Park Project Area; Rincon Point - South Beach Project Area; Western Addition Project Area A-2; and Yerba Buena Center Project Area D-1 (collectively, the “2004A Loan Agreements”).

(5) Debt service on this series of bonds is payable from loan payments pursuant to the Loan Agreement for the Rincon Point - South Beach Project Area (the “2004C Loan Agreement”).

(6) Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Golden Gateway Project Area and the South of Market Project Area [Confirm]; Rincon Point - South Beach Project Area; and Western Addition Project Area A-2 (collectively, the “2005A Loan Agreements”).

(7) Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Golden Gateway Project Area and the South of Market Project Area [Confirm]; Hunters Point Project Area; India Basin Industrial Park Project Area; Rincon Point - South Beach Project Area; Western Addition Project Area A-2; and Yerba Buena Center Project Area D-1 (collectively, the “2007B Loan Agreements”).

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

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

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

Source: Piper Jaffray & Co., LLC.
The refunding of each series of Refunded Obligations will be effected by depositing a portion of the proceeds of the indicated Series of Bonds, together with other available monies, into a special and irrevocable escrow fund (each, an “Escrow Fund”) established for such series of Refunded Obligations in accordance with an Agreement regarding Redemption, Defeasance and Payment of such Refunded Obligations (each, a “Redemption Agreement”). Each Redemption Agreement will be dated as of December 1, 2014 and will be by and between the Authority, the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as escrow trustee thereunder (the “Escrow Trustee”). The amounts deposited in each Escrow Fund will be held as cash or will be invested in direct noncallable obligations of, or unconditionally guaranteed by, the United States of America (“Escrowed Securities”). The Escrowed Securities will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that such amounts together with any amounts held as cash in such Escrow Funds, will provide sufficient monies to pay interest on the series of Refunded Obligations to which it relates as the same shall become due and to pay the redemption price (i.e. 100% of the principal amount of such series of Refunded Authority Bonds) so refunded on the redemption date therefor.

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

Verification. ________, independent certified public accountants, will verify, from the information provided to them, the mathematical accuracy as of the date of delivery of the Bonds of computations relating to the adequacy of the maturing principal amounts of the Escrowed Securities deposited into an Escrow Fund pursuant to each Redemption Agreement and the interest to be earned thereon, together with any amounts held as cash in such Escrow Fund, to pay the interest coming due on the related series of Refunded Obligations and to pay, on the redemption date therefor, the redemption price of such Refunded Bonds. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

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ESTIMATED SOURCES AND USES OF FUNDS

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

**Sources:**

<table>
<thead>
<tr>
<th>Par Amount</th>
<th>Plus/Less [Net] Original Issue</th>
<th>Premium/Discount</th>
<th>Plus Other Money (1)</th>
<th>Total Sources</th>
</tr>
</thead>
</table>

**Uses:**

- 2004 Series D (Taxable) Escrow Fund
- 2005 Series C (Taxable) Escrow Fund
- 2006 Series A (Taxable) Escrow Fund
- 2009 Series A (Taxable) Escrow Fund
- 1993 Series B Escrow Fund
- 1998 Series D Escrow Fund
- 2003 Series B Escrow Fund
- 2003 Series C Escrow Fund
- 2004 Series A Escrow Fund
- 2004 Series C Escrow Fund
- 2005 Series A Escrow Fund
- 2007 Series B Escrow Fund
- 2009 Series B Escrow Fund
- 2009 Series F Escrow Fund
- 2011 Series B Escrow Fund
- [Reserve Account (2)]
- [Reserve Surety (3)]
- [Policy (4)]
- Costs of Issuance (5)
- Underwriters’ Discount
- Total Uses

---

(1) Reflects moneys held in funds and accounts relating to the Refunded Obligations.
(2) Represents the aggregate amount of cash deposited from each Series of Bonds to their respective subaccount in the Reserve Account under the Indenture.
(3) Represents amounts used to purchase the Reserve Surety for deposit into the Reserve Account.
(4) Represents the cost of the debt service reserve insurance policy.
(5) Includes legal, financing and consultant fees, rating agency fee, verification agent fees, and other miscellaneous expenses.

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THE BONDS

Authority for Issuance

The Bonds were authorized for issuance pursuant to the Indenture, the Refunding Law, Redevelopment Law and the Dissolution Act. Issuance of the Bonds and the execution of the related documents was authorized by the Successor Agency pursuant to a resolution adopted on September 12, 2014 (the “Resolution”), and approved by the Successor Agency’s Oversight Board pursuant to a resolution adopted on September 22, 2014 (the “Oversight Resolution”).

Written notice of the Oversight Board’s Resolution was provided to the State Department of Finance (the “Department of Finance”), as required by the Dissolution Act, on September ___, 2014. On __________ 2014, which is within the time period allotted under the Dissolution Act for the Department of Finance to review the Oversight Board’s Resolution, the Department of Finance provided a letter to the Successor Agency stating that, based on the Department of Finance’s review of the Oversight Board’s Resolution and application of applicable law, the Department of Finance approved of the Bonds. A copy of the Department of Finance’s letter is set forth in APPENDIX G.

Description of the Bonds

The Bonds of each Series will be issued in the form of fully registered bonds without coupons and in principal denominations of $5,000 or any integral multiple thereof.

The Bonds of each Series will be dated, and shall bear interest from, their date of delivery to the original purchasers thereof. The Bonds of each Series will be issued in the respective aggregate amounts, will bear interest at the respective rates and will mature, subject to redemption provisions set forth hereinafter, on the respective dates and in the amounts all as set forth on the inside cover page hereof. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Interest on each Series of the Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2015 (each, an “Interest Payment Date”). Interest on the Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated after the close of business on the fifteenth (15th) day of the month preceding an Interest Payment Date and on or before the following Interest Payment Date, in which event it shall bear interest from the date of delivery of the Bonds to the original purchasers thereof, provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has been previously paid or made available for payment thereon or from the date of delivery of the Bonds to the original purchasers thereof if no interest has been paid on such Bond.

Book-Entry Only System

Each Series of Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as a securities depository for the Bonds. Individual purchases may be made in book-entry only form. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds so purchased. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal, premium, if any, and interest evidenced by the Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Bonds and references herein and in the Indenture to the Owners or
Bondowners mean Cede & Co. and do not mean the Beneficial Owners of the Bonds. In this Official Statement, the term “Beneficial Owner” means the person for whom the DTC Participant acquires an interest in the Bonds.

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

NEITHER THE SUCCESSOR AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption Provisions

Optional Redemption. The 2014 Series B Taxable Bonds maturing on or prior to August 1, 20__, are not subject to optional redemption. The 2014 Series B Taxable Bonds maturing on or after August 1, 20__, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date after August 1, 2024, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The 2014 Series C Bonds maturing on or prior to August 1, 20__, are not subject to optional redemption. The 2014 Series C Bonds maturing on or after August 1, 20__, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date after August 1, 2024, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The 2014 Series B Taxable Bonds that are Term Bonds maturing on August 1, 20__ and August 1, 20__, are also subject to mandatory sinking fund redemption in part by lot at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, plus accrued but unpaid interest thereon to the date of redemption, on August 1 in each year, commencing August 1, 20__, and August 1, 20__, respectively, and in the aggregate principal amounts set forth in the following table; provided, however, that in lieu of mandatory sinking fund redemption thereof, such Term Bonds may be purchased by the Successor Agency as described below.
### 2014 Series B Taxable Term Bonds of ______

<table>
<thead>
<tr>
<th>Sinking Account</th>
<th>Principal Amount to be Redeemed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redemption Date</td>
<td>(August 1)</td>
</tr>
</tbody>
</table>

### 2014 Series B Taxable Term Bonds of ______

<table>
<thead>
<tr>
<th>Sinking Account</th>
<th>Principal Amount to be Redeemed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redemption Date</td>
<td>(August 1)</td>
</tr>
</tbody>
</table>

The 2014 Series C Bonds that are Term Bonds maturing on August 1, 20__ and August 1, 20__, are also subject to mandatory sinking fund redemption in part by lot at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption, on August 1 in each year, commencing August 1, 20__, and August 1, 20__, respectively, and in the aggregate principal amounts set forth in the following table; provided, however, that in lieu of mandatory sinking fund redemption thereof, such Term Bonds may be purchased by the Successor Agency as described below.

### 2014 Series C Term Bonds of ______

<table>
<thead>
<tr>
<th>Sinking Account</th>
<th>Principal Amount to be Redeemed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redemption Date</td>
<td>(August 1)</td>
</tr>
</tbody>
</table>
Purchase in Lieu of Redemption. In lieu of redemption of the Term Bonds pursuant to the preceding paragraphs, the Successor Agency may purchase such Term Bonds at public or private sale and when and at such prices (including brokerage and other charges) as the Successor Agency may in its discretion determine. The par amount of any of such Term Bonds so purchased by the Successor Agency in any twelve-month period ending on June 1 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed on the next succeeding August 1.

Selection of Bonds for Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each $5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds that were assigned the numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than $5,000 shall be redeemed as shall equal $5,000 for each number assigned to it and so selected.

Notice of Redemption; Rescission. Notice of redemption will be mailed by first class mail no less than thirty (30) and nor more than sixty (60) days prior to the redemption date (i) to the Bondowners (i.e., Cede & Co. as nominee of DTC) or in the event that the book-entry only system is discontinued, to the respective registered owners of the Bonds designated for redemption at their addresses appearing on the registration books for the Bonds, and (ii) to the Securities Depositories and one or more Information Services. Neither failure to receive such notice nor any defect in the notice so mailed nor any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner to notify the Beneficial Owner so affected will affect the sufficiency of the proceedings for redemption of such Bonds or the cessation of accrual of interest thereon on the redemption date.

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

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

**Transfer and Exchange.** If the Bonds are not in book-entry form, then the Bonds may be transferred or exchanged at the Principal Corporate Trust Office of the Trustee, provided that the Trustee shall not be required to register the transfer or exchange of (i) any Bonds during the period established by the Trustee for selection of the Bonds for redemption, or (ii) any Bonds selected by the Trustee for redemption pursuant to the Indenture. So long as Cede & Co. is the registered owner of the Bonds, transfers and exchanges of the Bonds will be subject to book-entry procedures. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

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

( Remainder of Page Left Intentionally Blank.)
DEBT SERVICE SCHEDULE

Set forth below for the Bonds is a table showing scheduled principal, interest and total debt service for each Series.

<table>
<thead>
<tr>
<th>Year</th>
<th>2014 Series B Taxable Bonds</th>
<th>2014 Series C Bonds</th>
<th>Total Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Amount Payable as of August 1)</td>
<td>Existng Loan Agreements(^{(1)})</td>
<td>Principal*</td>
<td>Interest*</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
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* Preliminary, subject to change.

\(^{(1)}\) Reflects outstanding debt service on the Existing Loan Agreements and the related Authority Bonds not being refunded by the 2014 Series B Taxable Bonds and 2014 Series C Bonds.
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

Under the Indenture, the Successor Agency has pledged all of its right, title and interest in and to the Pledged Tax Revenues to payment of the Bonds. The Bonds are limited obligations of the Successor Agency entitled to the benefits of the Indenture, and are payable solely from and secured by a pledge of, security interest in and lien on the (a) Pledged Tax Revenues allocated and paid to the Successor Agency from the Project Areas, other than (i) certain administrative fees, expenses and indemnity payable by the Successor Agency to the Trustee and (ii) any rebate of excess investment earnings payable to the United States of America; (b) the amounts deposited in the Reserve Account; (c) all other moneys deposited with the Trustee from time to time in the funds and accounts established under the Indenture, including the Reserve Account; and (d) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

On a subordinate basis to the Senior Obligations (as described under “– Senior Obligations”), the Bonds are payable from and secured by deposits into the Redevelopment Property Tax Trust Fund to be derived from the Project Areas. See “– Security of Bonds; Equal Security.”

The Bonds are not a debt of the City, the State, or any of its political subdivisions, and neither the City, the State, nor any of its political subdivisions is liable therefor, nor in any event will the Bonds be payable out of any funds or properties other than those of the Successor Agency and only to the limited extent set forth in the Indenture.

THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM PLEDGED TAX REVENUES AND CERTAIN OTHER FUNDS PLEDGED THEREFOR UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NONE OF THE MEMBERS OF THE SUCCESSOR AGENCY, THE CITY, OR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE. THE SUCCESSOR AGENCY HAS NO TAXING POWER.

Tax Increment Financing Generally

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

(a) To Taxing Agencies. An amount each year equal to the amount that would have been produced by the then current tax rates applied to the assessed valuation of such property within the project areas last equalized prior to the effective date of the ordinance approving the redevelopment plan, plus the portion of the levied taxes in excess of the foregoing amount sufficient to pay debt service on any voter-approved bonded indebtedness of the respective Taxing Agencies incurred for the acquisition or improvement of real property and approved on or after January 1, 1989, is paid into the funds of the respective Taxing Agencies; and

(b) To the Former Agency/Successor Agency. That portion of the levied taxes in excess of the amount described in paragraph (a) is deposited into a special fund of the applicable redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness incurred by, such agency to finance or refinance activities in or related to such project area.
That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the City Controller, constitute the amounts required under the Dissolution Act to be deposited by the City Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the “on or after January 1, 1989” reference from paragraph (a) above.

### Allocation of Taxes Pursuant to the Dissolution Act

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects by permitting the pledge of tax increment revenues derived from the applicable project area to repayment of tax allocation bonds. The Dissolution Act requires that all property tax increment derived from all former project areas be deposited in a Redevelopment Property Tax Trust Fund for the Successor Agency held and maintained by the City Controller. **DISCUSSIONS HEREIN REGARDING TAX INCREMENT REVENUES OR TAX REVENUES REFER TO THOSE MONEYS DEPOSITED BY THE CITY CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND.** Pursuant to the Dissolution Act the pledge of the Pledged Tax Revenues as defined herein, to repay the Bonds is made as if the Bonds had been issued prior to the effective date of Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date.

The Dissolution Act authorizes bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency (the “Redevelopment Property Tax Trust Fund”), which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the city controller. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described below.

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

The Successor Agency tax rate calculated by the City is one percent (1.000%) for the secured roll and the unsecured roll. See **APPENDIX B – “FISCAL CONSULTANT REPORT”** for more information. In accordance with Section 33670(e) of the Redevelopment Law, the Successor Agency tax rate excludes taxes related to bonded indebtedness of the City approved by the voters of the City on or after January 1, 1989, and issued for the acquisition or improvement of real property. The Successor Agency does not receive, on an annual basis, all allocable tax revenues, unless required to pay debt service or other
enforceable obligations. See the tables for the Project Areas under “PLEDGED TAX REVENUES AND DEBT SERVICE – Historical and Current Assessed Valuation and Tax Revenues.”

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

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area, except in those specific circumstances where the Former Agency found that a significant amount of the proceeds of a bond issuance by the Authority was going to be used for low and moderate income housing purposes that also benefitted other project areas. In those cases, such other project areas (referred to as contributing cross-collateralization project areas) agreed, in the event of an insufficiency in the reserve account related to such bonds, to provide funds for deposit in such reserve account in an amount and on the terms set forth in the applicable loan agreement. However, the Dissolution Act has only required that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (such as the Former Agency) the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states: “It is the intent that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.” The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area.

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

**Teeter Plan.** The City has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 et. seq. of the State Revenue and Taxation Code. Generally, under the Teeter Plan, each participating local agency, including cities, levying property taxes in its county may receive the amount of uncollected taxes credited to its fund in the same manner as if the amount credited had been collected. In return, the county would receive and retain delinquent payments, penalties and interest, as collected, that would have been due to the local agency. However, although a local agency could receive the total levy for its property taxes without regard to actual collections, funded from a reserve established and held by the county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency.
The Teeter Plan remains in effect in the City unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the City (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the City, in which event, the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the City. There can be no assurance that the Teeter Plan will remain in effect throughout the life of the Bonds.

The City maintains a tax loss reserve account which, as of June 30, 2014, held approximately $19,653,933. The overall delinquency rate for Fiscal Year 2013-14 for all secured properties in the Project Areas was 0.886% (less than one percent) as of August 27, 2014. See APPENDIX B – “REPORT OF FISCAL CONSULTANT – The Allocation of Tax Increment Revenue to the Successor Agency.”

Elimination of Housing Set-Aside. Prior to the Dissolution Act, the Redevelopment Law required generally that redevelopment agencies set aside in a low and moderate income housing fund not less than twenty percent (20%) of all tax revenues allocated to such agencies. This twenty percent (20%) set-aside requirement was eliminated by the Dissolution Act, however, the Successor Agency continues to be bound by any Former Agency contractual agreements to apply a percentage of allocated tax revenues in a project area to low and moderate income housing. Payment of any such contractual obligations are subordinate to payments of debt service, including debt service on the Bonds. None of the Project Areas have any such contractual agreements.

Elimination of Section 33333.7 Pass-Throughs. Prior to the Dissolution Act, Section 33333.7 of the Redevelopment Law (“Section 33333.7”) provided redevelopment project areas with the ability to extend their redevelopment plans and eliminate their tax increment limits so long as the school entities in such redevelopment project areas received the same amount of tax increment revenue as they would have received in the absence of the redevelopment project area. Several of the Project Areas (i.e., Golden Gateway Project Area, Hunters Point Project Area, India Basin Industrial Park Project Area, Western Addition Project Area A-2 and the Emporium Sub-Area portion of the Yerba Buena Center Project Area D-1) amended their redevelopment plans pursuant to Section 33333.7. The Successor Agency has determined that Section 33333.7’s pass-through obligations were effectively repealed by Section 33333.8 of the Redevelopment Law, which removed limitations on an agency’s receipt of tax increment funds for the purpose of fulfilling replacement housing obligations, and eliminated by Section 34183 of the Dissolution Act, which established a priority allocation of tax increment funds for fulfilling enforceable obligations before a general allocation of funds to school entities.

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

(a) time limitations for redevelopment agencies to incur and repay loans, advances and indebtedness that are repayable from tax increment revenues. See “THE PROJECT AREAS” for a discussion of the time limitations;

(b) limitations on the use of the proceeds of loans, advances and indebtedness for auto malls and other sales tax generating redevelopment activities, as well as for city and county administrative buildings. However, AB 1290 confirmed the authority of a redevelopment agency to make loans to rehabilitate commercial structures and to assist in the financing of facilities or capital equipment for industrial and manufacturing purposes;
(c) provisions affecting the housing set-aside requirements of an agency, including severe limitations on the amount of money that is permitted to accumulate in the Successor Agency’s housing set-aside fund. However, these limitations are such that an agency will be able (with reasonable diligence) to avoid the severe penalties for having “excess surplus” in its housing set-aside fund; and

(d) provisions relating primarily to the formation of new redevelopment project areas, including (i) changes in the method of allocation of tax increment revenues to other taxing entities affected by the formation of redevelopment project areas, (ii) restrictions on the finding of “blight” for purposes of formation of a redevelopment project area, and (iii) new limitations with respect to incurring and repaying debt and the duration of the new redevelopment plan.

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

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

### Pass-through Shares By Taxing Entity

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*ERAF is not itself a Taxing Entity; revenue deposited to ERAF is distributed to schools.
Source: City Controller.

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

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency’s enforceable obligations, pass-through payments, and the Successor Agency’s administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed for Statutory Pass-Through Amounts, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Successor Agency is of the opinion that the provisions of AB 1290, including the time limitations provided in AB 1290, will not have an adverse impact on the payment of debt service on the Bonds. The total Statutory Pass-Through Amounts for Fiscal Year 2014-15 is estimated to be $31.3 million. However, the Successor Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the tax revenues and the Statutory Pass-Through Amounts will effectively result in adequate Pledged Tax Revenues for the payment of principal and interest on the Bonds when due. See “Recognized Obligation Payment Schedules.” See also “PLEDGED TAX REVENUES AND DEBT SERVICE” for additional information regarding the Statutory Pass-Through Amounts applicable to the Successor Agency and the revenues derived from the Project Areas. Section 33607.5(e) of the Redevelopment Law sets forth a process pursuant to which such payments may be subordinated to debt service on newly-issued bonds or loans. The Successor Agency notified the Taxing Entities of its intent to subordinate the Statutory Pass-Through Amounts to debt service on the Bonds. With the expiration of the requisite 45-day period, on November 17, 2014 with no disapproval notice from the Taxing Entities, the Successor Agency is deemed to have the approval of all Taxing Entities to subordinate the payment of the Statutory Pass-Through Amounts to debt service on the Bonds. The Statutory Pass-Through Amount paid through ERAF to the schools is assumed to be subordinated with the Statutory Pass-Through Amount paid directly to the schools. See also “CERTAIN RISK FACTORS – Subordination of ERAF.”

Security of Bonds; Equal Security

Pursuant to Section 34177.5(g) of the Dissolution Act, except as provided in the Indenture, the Bonds will be equally secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues, and all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account and the Reserve Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys, no funds or properties of the Successor Agency will be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

As defined in the Indenture, “Pledged Tax Revenues” means, all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor
Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and that are deposited in the Redevelopment Property Tax Trust Fund, excluding amounts payable pursuant to the Existing Loan Agreements and also excluding all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law unless such payments are subordinated to payments on the bonds or any additional Bonds or to the payments owed under any Parity Debt Instrument pursuant to Section 33607.5(e) of the Redevelopment Law and 34177.5(c) of the Dissolution Act. The Successor Agency’s collection of Pledged Tax Revenues in the Project Areas are subject to certain limitations set forth in their respective redevelopment plans. See “THE PROJECT AREAS.”

On a subordinate basis to the Existing Loan Agreements and the other Senior Obligations, the Bonds are payable from and secured by deposits into the Redevelopment Property Tax Trust Fund from tax revenues from the Project Areas. No amounts deposited into the Redevelopment Property Tax Trust Fund reflecting tax revenues from the Excluded Project Areas is available for payment of debt service on the Bonds.

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

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

Special Fund; Deposit of Pledged Tax Revenues

The Indenture establishes a Subordinate Bonds Special Fund (the “Special Fund”) to be held by the Successor Agency and requires the Successor Agency to transfer all of the Pledged Tax Revenues received in any Bond Year, promptly upon receipt thereof, ratably to the Special Fund and any other special fund created with respect to any additional Parity Debt that is not issued as bonds under the Indenture, until such time during such Bond Year as the amounts on deposit in the Special Fund equal to the aggregate amounts required to be transferred for deposit in such Bond Year (i) for deposit into the Interest Account, the Principal Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to the Indenture, and (ii) with respect to any additional Parity Debt (other than additional bonds issued pursuant to a Supplemental Indenture) pursuant to the applicable Parity Debt Instruments. In the event of a shortfall in Pledged Tax Revenues, the Successor Agency shall transfer such Pledged Tax Revenues for deposit into the Special Fund and any other special fund on a pro rata basis based on the full amounts to be so deposited.

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

There has been established under the Indenture a trust fund to be known as the Debt Service Fund, which will be held by the Trustee in trust. The Indenture requires the Successor Agency to transfer from the Special Fund to the Trustee (i) on or before the fifth (5th) business day preceding each Interest Payment Date, the amount necessary to pay principal of, and interest on, the Bonds, and (ii) at any time, the amount necessary to maintain the [Reserve Requirement on deposit in the Reserve Account] [the 2014 Series B Reserve Requirement and the 2014 Series C Reserve Requirement on deposit in the applicable subaccount of the Reserve Account] (taking into account funds held by the Trustee for such purpose).

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

**Interest Account.** On or before the fifth (5th) business day, the Trustee will deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on such date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

**Principal Account.** On or before the fifth (5th) business day preceding August 1 in each year beginning August 1, 2015, the Trustee will deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including mandatory sinking account redemption, on the next August 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next August 1 on all of the Outstanding Serial Bonds and Outstanding Term Bonds. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Serial Bonds and the Outstanding Term Bonds, including by mandatory sinking account redemption, as it becomes due and payable.

**Reserve Account.** The Indenture establishes a "Reserve Account" to be held by the Trustee for the benefit of the Owners of the Bonds. The amount on deposit in the Reserve Account is required to be maintained at the Reserve Requirement, which is defined in the Indenture to mean, with respect to the Bonds and any Parity Debt issued as bonds pursuant to a Supplemental Indenture (together, "Outstanding Bonds"), the lesser of (i) 125% of average Annual Debt Service with respect to the Outstanding Bonds, (ii) Maximum Annual Debt Service with respect to the Outstanding Bonds, or (iii) with respect to an individual series of Outstanding Bonds, 10% of the original principal amount of such series of Outstanding Bonds (or, if such series of Outstanding Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series of Outstanding Bonds); subject to the limitations and conditions in the Indenture relating to Parity Debt in the form of bonds.

If the Reserve Account will be initially funded with proceeds of the Bonds, there will be established a 2014 Series B Subaccount in the Reserve Account relating to the 2014 Series B Taxable Bonds and a 2014 Series C Subaccount relating to the 2014 Series C Bonds and upon issuance of the
Bonds, $________ of the proceeds of the 2014 Series B Taxable Bonds will be deposited into the 2014 Series B Subaccount of the Reserve Account and $________ of the proceeds of the 2014 Series C Bonds will be deposited into the 2014 Series C Subaccount of the Reserve Account. Amounts on deposit in a subaccount for a Series of Bonds cannot be used for any other Series of Bonds.

The Reserve Requirement for the Bonds may be satisfied by the delivery of a Reserve Surety by the Insurer to the Trustee on the Closing Date for deposit in the Reserve Account for the Bonds. The Trustee would draw on such Reserve Surety in accordance with its terms and conditions and the terms of the Indenture. The amounts available under a Reserve Surety, if any, would be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding.

See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Establishment of Funds and Accounts; Flow of Funds – Debt Service Fund; Deposit of Amounts by Trustee – Reserve Account.” Amounts on deposit in the Reserve Account are not available to pay debt service in connection with any Senior Obligations. See “– Senior Obligations” below.

Senior Obligations

The Successor Agency may not issue additional bonds or incur additional obligations that are payable from moneys deposited in the Redevelopment Property Tax Trust Fund on a senior basis to the Bonds. However, the Successor Agency’s pledge of moneys deposited in the Redevelopment Property Tax Trust Fund to payment on the Bonds is subordinate to its prior pledge of or claim on certain tax revenues to pay debt service or make pass-through payments as described below.

Existing Loan Agreements. The pledge of tax revenues from the Project Areas under the Indenture to pay debt service on the Bonds is subordinate to the pledge thereof for payment of debt service on existing loan agreements related to bonds issued by the Authority for the benefit of the Project Areas not being refunded by the Bonds (the “Existing Loan Agreements”). The Existing Loan Agreements include the following Authority Bonds and related loan agreements:

<table>
<thead>
<tr>
<th>Remaining Authority Bonds</th>
<th>Outstanding Principal Amount(9) of Existing Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 Series C Tax Allocation Revenue Refunding Bonds(1)</td>
<td></td>
</tr>
<tr>
<td>1998 Series D Tax Allocation Revenue Refunding Bonds(2)</td>
<td></td>
</tr>
<tr>
<td>2003 Series A Taxable Tax Allocation Revenue Bonds(3)</td>
<td></td>
</tr>
<tr>
<td>2005 Series B Taxable Tax Allocation Refunding Revenue Bonds(4)</td>
<td></td>
</tr>
<tr>
<td>2007 Series A Taxable Tax Allocation Revenue Bonds(5)(9)</td>
<td></td>
</tr>
<tr>
<td>2009 Series E Taxable Tax Allocation Revenue Bonds(6)(9)</td>
<td></td>
</tr>
<tr>
<td>2010 Series A Taxable Tax Allocation Revenue Bonds(7)</td>
<td></td>
</tr>
<tr>
<td>2011 Series A Taxable Tax Allocation Revenue Bonds(8)</td>
<td></td>
</tr>
</tbody>
</table>

* Preliminary, subject to change.
(1) Debt service on this series of bonds is payable from loan payments pursuant to the Loan Agreement for the Rincon Point - South Beach Project Area (the “1998C Loan Agreement”).
(2) Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas: Golden Gateway Project Area and South of Market Project Area (Confirm); Hunters Point Project Area; Western Addition Project Area A-2; and Yerba Buena Center Project Area D-1 (collectively, the “1998D Loan Agreements”).
(3) Debt service on this series of bonds is payable from loan payments pursuant to the Loan Agreement for the Golden Gateway Project Area and South of Market Project Area (Confirm), (the “2003A Loan Agreement”).
(4) Debt service on this series of bonds is payable from loan payments pursuant to the Loan Agreement for the Western Addition Project Area A-2 (the “2005B Loan Agreement”).
(5) Debt service on this series of bonds is payable from loan payments pursuant to Loan Agreements for each of the following Project Areas:
Project Area Specific Obligations. Tax increment revenues from certain of the Project Areas is subject to other obligations that are senior to the payment debt service on the Bonds. The Golden Gateway Project Area and the South of Market Project Areas have been fiscally merged with the Federal Office Building Project Area (an Excluded Project Area). Negative tax increment generated from the Federal Office Building Project Area is applied (results in a reduction) to the tax increment revenues from the Golden Gateway Project Area and the South of Market Project Areas, which reduction is applied prior to the calculation of tax increment available for payment of debt service on the Bonds. See “THE PROJECT AREAS – Golden Gateway Project Area – Senior Obligations” and “– South of Market Project Area – Senior Obligations.” A portion of the tax increment revenue from the Original Sub-Area of the South of Market Project is allocable to school districts under Section 33676(a) of the Redevelopment Law and the Santa Ana USD Case, which portion is allocated prior to the calculation of tax increment available for payment of debt service on the Bonds. See “THE PROJECT AREAS – South of Market Project Area – Senior Obligations.” In the Yerba Buena Center Project Area D-1, consistent with an amendment to its redevelopment plan, a portion of the tax increment revenues (i.e., 2% of growth) from the Emporium Sub-Area are allocated to certain taxing entities. Distribution of this 2% occurs prior to calculation of tax increment revenue available for payment of debt service on the Bonds. See “THE PROJECT AREAS – Yerba Center Project Area D-1 – Senior Obligations.”

Property Tax Administration Fees. Pursuant to the Dissolution Act, beginning for Fiscal Year 2012-13, the City Controller charges the Successor Agency fee to recover property tax administration costs. This administration fee is approximately 0.017% of tax increment and is allocated among all of the project areas as determined at the discretion of the Successor Agency. For Fiscal Year 2013-14, the County’s administrative charge to the Successor Agency for all of its project areas was $39,128. For Fiscal Year 2014-2015, it is expected to be approximately $31,622. See also “LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedures – Property Tax Administrative Costs.”

Limitations on Additional Indebtedness

Senior Debt. Under the Indenture, the Successor Agency has covenanted that it will not issue additional bonds or incur additional obligations that are payable from moneys deposited in the Redevelopment Property Tax Trust Fund on a senior basis to the Bonds.

Parity Debt. In addition to the Bonds, the Successor Agency may issue additional bonds or incur other loans, advances or indebtedness, which are secured by and payable from Pledged Tax Revenues on a parity with the lien established under the Indenture for payment of the Bonds (“Parity Debt”) but only to refund Existing Loan Agreements in such principal amount as shall be determined by the Successor
Agency, subject to the following specific conditions which are conditions precedent to the issuance and delivery of such Parity Debt:

(a) No event of default under the Indenture or under any Parity Debt Instrument shall have occurred and be continuing;

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

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

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

Subordinate. Nothing contained in the Indenture prevents the Successor Agency from issuing and selling any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency that are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Tax Revenues; or (b) secured by a pledge of or lien upon the Pledged Tax Revenues that is subordinate to the pledge of and lien upon the Pledged Tax Revenues under the Indenture for the security of the Bonds (collectively, “Subordinate Debt”).

Recognized Obligation Payment Schedules.

The Dissolution Act require that, not less than ninety (90) days prior to each January 2 and June 1, successor agencies prepare, and submit to the successor agency’s oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the “Recognized Obligation Payment Schedule”) pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

As defined in the Dissolution Act, “enforceable obligation” includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency’s low and moderate income housing fund.

A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following six-month period.
In the Indenture, the Successor Agency acknowledges that, due to the passage of the Dissolution Act, it will need to take certain actions to ensure that it collects sufficient Pledged Tax Revenues to make the deposits as and when required to be made into the Special Fund pursuant to the Indenture, and in order to ensure the payment of debt service on the Bonds, on a timely basis. The Successor Agency covenants that it will take all such actions as required to make the deposits as and when required to be made into the Special Fund pursuant to the Indenture, and to make the timely payment of debt service on the Bonds. The Successor Agency further acknowledges that the provisions of the Dissolution Act require that it establish the Retirement Fund, into which all tax revenues are required to be deposited. The Successor Agency has heretofore established the Retirement Fund as required by Section 34170.5(a) of the California Health and Safety Code, and covenants that it shall continue to hold and maintain the Retirement Fund so long as any of the Bonds are Outstanding. The Successor Agency hereby agrees that it will hold the Special Fund, as well as any special funds established with respect to any future Parity Debt, as an account within Retirement Fund and will continue to deposit all Pledged Tax Revenues, as and when received, into the Special Fund and such other special funds as required by the Indenture in order to ensure that all Pledged Tax Revenues are available for the payment of debt service on the Bonds, and any Parity Debt on a timely basis.

The Successor Agency further covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds and any Parity Debt on the date, at the place and in the manner provided in the Bonds and the applicable Parity Debt Instruments, and that it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds and any additional Parity Debt, all amounts required to be deposited in the Special Fund and the special funds relating to any Parity Debt pursuant to and in accordance with the Indenture, as well as any amount required under the Indenture to replenish the Reserve Account and the reserve accounts relating to and any Parity Debt, in Recognized Obligation Payment Schedules (as defined in the Dissolution Act) for each six-month period so as to enable the Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund on each January 2 and June 1 all amounts required for the Successor Agency to pay principal of, and interest on, the Bonds and any Parity Debt, and all amounts required to be deposited in the Special Fund and the special funds relating to any Parity Debt (pursuant to and in accordance the Indenture), which amounts will be used to pay debt service on the Bonds and such Parity Debt. Specifically, the Successor Agency covenants that it will place on the periodic Recognized Obligation Payment Schedules for approval by the Oversight Board and State Department of Finance, all amounts required by the Indenture to be deposited and held by the Successor Agency in the Special Fund and the special funds relating to any Parity Debt, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s Recognized Obligation Payment Schedules.

Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue, and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the Department of Finance to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the Department’s approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the State Department of Finance, then the State Department of Finance’s review of such payments in each future Recognized Obligation Payment Schedule will be limited to confirming that they are required by the prior enforceable obligation. For the
estimated 2015 ROPs Schedule, see “CERTAIN RISK FACTORS – Recognized Obligation Payment Schedules.”

On __________, the Department of Finance issued its determination letter with regards to the issuance of the Bonds. See APPENDIX G – “STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS.”

THE SUCCESSOR AGENCY

The Successor Agency was established by the Board of Supervisors of the City following dissolution of the Former Agency pursuant to the Dissolution Act. Within City government, the Successor Agency is titled “The Office of Community Investment and Infrastructure as the Successor to the San Francisco Redevelopment Agency.” Set forth below is a discussion of the history of the Former Agency and the Successor Agency, the governance and operations of the Successor Agency and its powers under the Redevelopment Law and the Dissolution Act, and the limitations thereon.

The Successor Agency maintains a website as part of the City’s website. The information presented therein is not incorporated herein by reference.

Authority and Personnel

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

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Occupation</th>
<th>First Appointed</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marly Mondejar</td>
<td>Community Organizer</td>
<td>2012</td>
<td>November 3, 2014*</td>
</tr>
<tr>
<td>Mara Rosales</td>
<td>Attorney</td>
<td>2012</td>
<td>November 3, 2014*</td>
</tr>
<tr>
<td>Darshan Singh</td>
<td>Businessman</td>
<td>2012</td>
<td>November 2016</td>
</tr>
<tr>
<td>Miguel Bustos</td>
<td></td>
<td>2014</td>
<td>November 2018</td>
</tr>
</tbody>
</table>

[Vacant]

*Although a Commission Member’s term expires, he/she serves until a successor Commission Member is appointed.

The Successor Agency currently employs approximately 50.6 full-time equivalent positions. The Executive Director, Tiffany Bohee, was appointed to that position in February 2012. The other principal full-time staff positions are: the Deputy Executive Director, Community and Economic Development; the Deputy Executive Director, Finance and Administration; the Deputy Executive Director, Housing; and the Successor Agency General Counsel. Each project area in which the Successor Agency continues to implement redevelopment plans is managed by a Project Manager. There are separate staff support divisions with real estate and housing development specialists, architects, engineers and planners, and the Successor Agency has its own fiscal, legal, administrative and property management staffs, including a separate staff to manage the South Beach Harbor Marina.
Effect of the Dissolution Act

**AB 26.** The Former Agency was established under the Redevelopment Law in 1948. As a result of AB 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies and also to satisfy “enforceable obligations” of the former redevelopment agency all under the supervision of a new oversight board, the State Department of Finance and the State Controller.

Pursuant to Resolution No. 11-12 (the “Establishing Resolution”) adopted by the Board of Supervisors of the City on January 24, 2012 and signed by the Mayor on January 26, 2012, and Sections 34171(j) and 34173 of the Dissolution Act, the Board of Supervisors of the City confirmed the City’s role as successor to the Former Agency. On June 27, 2012, the Redevelopment Law was amended by Assembly Bill 1484 (“AB 1484”), which clarified that successor agencies are separate political entities and that the successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation.

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

As discussed below, many actions of the Successor Agency are subject to approval by an “oversight board” and to the review or approval by the Department of Finance, including the issuance of bonds such as the Bonds.

Oversight Board

The Oversight Board was formed pursuant to the Establishing Resolution. The Oversight Board is governed by a seven-member governing board, with four (4) members appointed by the Mayor, and one (1) member appointed by each of the Bay Area Rapid Transit District (BART), the Chancellor of the California Community Colleges, and the County Superintendent of Education.

Department of Finance Finding of Completion

The Dissolution Act established a process for determining the liquid assets that redevelopment agencies should have shifted to their successor agencies when they were dissolved, and the amount that should be available for remittance by the successor agencies to their respective county auditor-controllers for distribution to affected taxing entities within the project areas of the former redevelopment agencies. This determination process was required to be completed through the final step (review by the State Department of Finance) by November 9, 2012 with respect to affordable housing funds and by April 1, 2013 with respect to non-housing funds. On May 23, 2013, the Successor Agency promptly remitted to the City Controller the amounts of unobligated balances relating to affordable housing funds, determined by the Department of Finance in the amount of $10,577,932, plus $1,916 in interest. On May 23, 2013, the Successor Agency promptly remitted to the City Controller the amount of unobligated balances
relating to all other funds determined by the Department of Finance in the amount of $959,147. The Successor Agency has made all payments required under AB 1484 and has received its finding of completion from the Department of Finance on May 29, 2013.

State Controller Asset Transfer Review

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

Continuing Activities

The Former Agency was organized in 1948 by the Board of Supervisors of the City pursuant to the Redevelopment Law. The Former Agency’s mission was to eliminate physical and economic blight within specific geographic areas of the City designated by the Board of Supervisors. The Former Agency had redevelopment plans for fourteen (14) redevelopment project areas, including the nine (9) Project Areas. However, the Successor Agency only has the authority to complete work related to approved enforceable obligations.

These enforceable obligations are related to the following “Major Approved Development Projects”: (i) the Mission Bay North and South Redevelopment Project Areas; (ii) the Hunters Point Shipyard Redevelopment Project Area and Zone 1/Candlestick Site of the Bayview Hunters Point Project Area B; and (iii) the Transbay Redevelopment Project Area. In addition, the Successor Agency continues to manage the Former Agency’s assets such as the Yerba Buena Center and other real property and assets of the Former Agency that must be wound down under the Dissolution Act as well as the retained housing obligations which include ensuring the development of affordable housing in the Major Approved Development Projects as well as fulfilling a replacement housing obligation.

THE PROJECT AREAS

General

Under the Redevelopment Law, a city or county that activated a redevelopment agency was required to adopt, by ordinance, a redevelopment plan for each redevelopment project to be undertaken by the redevelopment agency. A redevelopment agency could only undertake those activities within a redevelopment project area specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law.

As discussed under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Tax Increment Financing,” the Bonds are secured by Pledged Tax Revenues comprised of certain tax revenues from the nine (9) Project Areas, specifically:

- Bayview Hunters Point Project Area B (excluding Zone 1)
- Golden Gateway Market Project Area
- Hunters Point Project Area
- India Basin Industrial Park Project Area
• Rincon Point – South Beach Project Area
• South of Market Project Area
• Transbay Project Area (excluding the State-Owned Parcels)
• Western Addition Project Area
• Yerba Buena Center Project Area

The Project Areas do not include the Excluded Project Areas and Pledged Tax Revenues do not include tax revenues from the Excluded Project Areas. See “INTRODUCTION – Excluded Project Areas.”

Redevelopment plan detail and limits for each of the Project Areas is set forth in the below table.

Table 1
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Plan Limits for the Project Areas

<table>
<thead>
<tr>
<th>Project Area</th>
<th>Date of Adoption</th>
<th>Ordinance Number</th>
<th>Debt Incurrence</th>
<th>Plan Duration</th>
<th>Last Date to Repay Indebtedness</th>
<th>Tax Increment Limit</th>
<th>Approximate Amount Remaining</th>
<th>Limit on Bonds Outstanding ($ 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bayview Hunters Point A-B</td>
<td>06/01/06</td>
<td>113-06</td>
<td>06/01/36</td>
<td>06/01/36</td>
<td>06/01/51</td>
<td>None</td>
<td>N/A</td>
<td>400,000</td>
</tr>
<tr>
<td>Golden Gateway</td>
<td>05/25/59</td>
<td>301-59</td>
<td>01/01/14</td>
<td>01/01/09</td>
<td>01/01/44</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
</tr>
<tr>
<td>Hunters Point</td>
<td>01/20/69</td>
<td>25-69</td>
<td>01/01/14</td>
<td>01/01/09</td>
<td>01/01/44</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
</tr>
<tr>
<td>India Basin</td>
<td>01/20/69</td>
<td>26-69</td>
<td>01/01/14</td>
<td>01/01/09</td>
<td>01/01/44</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
</tr>
<tr>
<td>Rincon Point-South Beach</td>
<td>01/05/81</td>
<td>14-81</td>
<td>01/05/21</td>
<td>01/05/21</td>
<td>No Limit</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
</tr>
<tr>
<td>South of Market:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Area</td>
<td>06/11/90</td>
<td>234-90</td>
<td>06/11/20</td>
<td>06/11/20</td>
<td>06/11/30</td>
<td>200,000</td>
<td>98,074</td>
<td>80,000</td>
</tr>
<tr>
<td>Western Expansion Area</td>
<td>12/16/05</td>
<td>276-05</td>
<td>12/16/25</td>
<td>12/16/20</td>
<td>12/16/35</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
</tr>
<tr>
<td>Transbay</td>
<td>06/21/05</td>
<td>124-05</td>
<td>06/21/35</td>
<td>06/21/35</td>
<td>06/21/50</td>
<td>None</td>
<td>N/A</td>
<td>800,000</td>
</tr>
<tr>
<td>Western Addition A2</td>
<td>10/13/64</td>
<td>273-64</td>
<td>No Limit</td>
<td>No Limit</td>
<td>No Limit</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
</tr>
<tr>
<td>Yerba Buena Center:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Area</td>
<td>04/25/66</td>
<td>98-66</td>
<td>01/01/11</td>
<td>01/01/11</td>
<td>No Limit</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
</tr>
<tr>
<td>Emporium Site Area</td>
<td>10/13/00</td>
<td>236-00</td>
<td>10/13/30</td>
<td>10/13/30</td>
<td>10/13/45</td>
<td>None</td>
<td>N/A</td>
<td>110,000</td>
</tr>
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(1) The redevelopment plan for the Bayview Hunters Point Redevelopment Project Area was amended on August 3, 2010. This amendment, among other things, made the following changes to such redevelopment plan: (1) divided the Bayview Hunters Point Redevelopment Project Area, Project Area B, into two sub-areas: Zone 1, which is the same as the Candlestick Site, and Zone 2; (2) increased the amount of bonded indebtedness of the Successor Agency to be repaid from allocation of taxes to the Successor Agency from the Bayview Hunters Point Redevelopment Project Area, Project Area B, which can be outstanding at one time, to $1.2 billion; and (3) established that notwithstanding the foregoing, the principal amount of bonded indebtedness of the Successor Agency to be repaid from allocation of taxes to the Successor Agency from the Candlestick Site may not exceed a total of $800,000,000.

(2) The redevelopment plans of the Golden Gateway, Hunters Point and India Basin Project Areas were amended on January 11, 2005 under Sections 33333.7 and 33333.8 to extend the time limit on the establishment of indebtedness until January 1, 2014, and on the repayment of debt until January 1, 2044, or until such earlier dates by which the Successor Agency’s replacement housing obligation is met.

(3) The redevelopment plan of Rincon Point-South Beach was amended on May 18, 2007, pursuant to Sections 33333.8 of the Redevelopment Law to extend the time limit for the receipt of tax increment revenue to repay indebtedness as well as to suspend the limits on the amount of debt that can be outstanding at any one time from the issuance of tax increment bonds and on the receipt of tax increment for the exclusive purpose of financing low and moderate income housing.

(4) South of Market Original Area tax increment limit was raised to $200 million pursuant to an amendment of its Plan adopted December 6, 2005; this limit is not applicable to the Western Expansion Area. The Successor Agency estimates it will require $101.9 million to meet its ability to issue and repay debt, terminate June 11, 2020.

(5) Western Addition Project Area A-2 was amended on December 19, 2008 under Sections 33333.7 and 33333.8 to extend the time limit on the establishment of indebtedness until January 1, 2014 and on the repayment of debt until January 1, 2044.

(6) On December 8, 2009, the Yerba Buena Center redevelopment plan was amended with respect to the Original Area pursuant to Sections 33333.6(e)(2)(C), 33333.7 and 33333.8 of the Redevelopment Law. The redevelopment plan was amended to, among other things, make
the following changes to the Original Area (excluding the Emporium Site Area): (i) extend the last day to incur debt by one year to January 1, 2011, and provide an exception to the deadline for incurring debt for the purpose of funding the Successor Agency’s affordable housing obligations, (ii) extend the effectiveness of the plan by one year to January 1, 2011, and provide an exception to the termination date of the plan for the exclusive purpose of funding the Successor Agency’s affordable housing obligations, (iii) change the time limit to receive tax increment and repay indebtedness from January 1, 2010 to the date, which is ten (10) years from the expiration or termination of the effectiveness of the plan with respect to the Original Area, and provide an exception to the deadline for receipt of tax increment for the exclusive purpose of funding the Successor Agency’s affordable housing obligations, and (iv) upon expiration of the effectiveness of the plan, the limitation on the total amount of tax increment that the Successor Agency may receive is suspended to enable the Successor Agency to fund its affordable housing obligations. The amendment to the plan with respect to the one-year extension of the effectiveness of the plan and the time limit to repay indebtedness were made pursuant to the 2009 SERAF Legislation (see “Legislation”).

The Successor Agency may not incur debt for purposes other than financing low and moderate income housing ten years prior to this date. (7) Amount remaining consists of the total tax increment under the Plan revenue limit less the sum of (i) tax increment received to date and (ii) debt service to be paid under existing loan agreements.

Source: The Successor Agency.

Certain specific information regarding each of the Project Areas and their redevelopment plan follows.

Bayview Hunters Point Project Area B

**General.** The 1,361 acre Bayview Hunters Point Project Area B consists of residential, commercial, industrial, and public uses in Bayview Hunters Point. The Bayview Hunters Point Project Area B includes the majority of the length of Bayview’s portion of the Third Street commercial corridor, which extends from Cesar Chavez Street on the north side, to Meade Street and Highway 101 on the south side. The southern portion of Bayview Hunters Point Project Area B is included in the intensive planning effort related to the proposed integrated Candlestick Point/Shipyard project spearheaded by the Office of Economic and Workforce Development. The redevelopment plan seeks to eliminate conditions of physical and economic blight through creating new affordable and mixed income housing, furthering economic development, creating jobs, addressing environmental problems, providing open space, fostering cultural development, and improving the physical environment and transportation systems of the area. Particular attention is being given to Third Street, the historic neighborhood serving commercial street and the major arterial in the community.

**Redevelopment Plan and Limitations.** The Bayview Hunters Point Redevelopment Plan was adopted by the Board of Supervisors on May 23, 2006, and approved by the Mayor on June 1, 2006, through a plan amendment process and includes two (2) distinct geographic areas: the previous Hunters Point Redevelopment Project Area (“Project Area A”) and the larger land area added as “Project Area B”. On August 3, 2010, the Board of Supervisors adopted, and the Mayor signed, an ordinance that further amended the Bayview Hunters Point Redevelopment Plan (the “2010 BVHP Plan Amendment”).

The 2010 BVHP Plan Amendment divided Project Area B into two sub-areas: Zone 1, which is the same as the Candlestick Site, and Zone 2 which consists of all of the remaining property in the Project Area. The term “Candlestick Site” has the meaning given such term in a certain Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) entered into by and between the Former Agency and CP Development Co., LP, a Delaware limited partnership (the “Candlestick DDA”). The Candlestick Site includes, among other things: (i) the Alice Griffith Housing Development, also known as Double Rock; (ii) the Candlestick Point State Recreation Area; and (iii) the City-owned stadium, currently named Candlestick Park, which was previously the home to the San Francisco 49ers. Zone 1, also known as the Candlestick Site, of the Bayview Hunters Point Project Area B is excluded from the Project Areas and tax increment revenue attributable thereto is not available for payment of debt service on the Bonds. See “INTRODUCTION – Excluded Project Areas.” Tax increment revenue for the Candlestick Site for Fiscal Year 2014-15 is approximately $126,000. See APPENDIX B – “REPORT OF FISCAL CONSULTANT.”

The Bayview Hunters Point Project Area B redevelopment plan has no tax increment limit, and the last date under the plan to repay indebtedness is June 1, 2051. Tax revenue from the Candlestick Site portion of the project area as defined in the Candlestick Point DDA, is available to pay debt service and
replenish the reserve accounts for parity debt issued prior to that agreement but is not available for debt service on or to replenish the reserve accounts for subsequent parity debt.

Assessed Values and Other Information. The Fiscal Consultant Report set forth in APPENDIX B includes information regarding historical and projected assessed valuation, land use, assessment appeals and information regarding the largest assesses in Fiscal Year 2014-15 for the Bayview Hunters Point Project Area B (both Zones 1 and 2 inclusive).

Senior Obligations. Other than its obligations in connection with the 2007A Loan Agreements, 2009E Loan Agreements, and the 2011A Loan Agreements (and excluding the Refunded Obligations for which this Project Area has loan agreement(s)), there are no other bonds outstanding involving this Project Area. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations – Existing Loan Agreements.”

Tax Sharing Obligations. The Bayview Hunters Point Project Area B is subject to statutory tax sharing under AB 1290. Payment of this tax-sharing obligation is subordinate to payment of debt service, including debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – Assembly Bill 1290; Statutory Pass-Throughs.”

Golden Gateway Project Area

General. The Golden Gateway Redevelopment Project Area is a 51-acre area along the Embarcadero, largely north of Market Street and east of Battery Street. Completed development in the Project Area includes 1,400 housing units, an 840 room hotel, approximately 3.5 million square feet of office and commercial space and twelve (12) acres of public parks and open space, as well as the Embarcadero Station of the Bay Area Rapid Transit system.

Redevelopment Plan and Limitations. The redevelopment plan for the Golden Gateway Project Area was adopted by the Board of Supervisors on May 25, 1959, subsequently amended nine (9) times, and expired on January 1, 2009. However, the most recent amendment of such Redevelopment Plan, which became effective in January 2005 pursuant to Senate Bill 2113 and Sections 33333.6(e)(A), 33333.7 and 33333.8 of the Redevelopment Law, extended the time limit for the establishment of indebtedness secured by Pledged Tax Revenues from the Golden Gateway Redevelopment Project Area to January 1, 2014, and the time limit for repayment of such indebtedness to January 1, 2044, for the exclusive purpose of financing low and moderate income housing.

Although this Project Area’s redevelopment plan provides that the last date that debt can be incurred is January 1, 2014, the issuance of the Bonds is not considered the incurrence of debt, but the refunding/refinancing of current debt and not subject to this limit. The Golden Gateway Project Area redevelopment plan has no tax increment limit.

Assessed Values and Other Information. The Fiscal Consultant Report set forth in APPENDIX B includes information regarding historical and projected assessed valuation, land use, assessment appeals and information regarding the largest assesses for Fiscal Year 2014-15 for the Golden Gateway Project Area.

Senior Obligations. Other than its obligations in connection with the [1998D Loan Agreements,] 2003A Loan Agreements, the 2010A Loan Agreements and the 2011A Loan Agreements (and excluding those Refunded Obligations for which this Project Area has loan agreement(s)) there are no other bonds outstanding involving this Project Area. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations – Existing Loan Agreements.”
The Golden Gateway Project Area was merged for fiscal purposes with the South of Market Project Area on November 20, 1995. The redevelopment plan for the Federal Office Building Project Area, one of the Excluded Project Areas, was adopted on October 14, 1997 and was simultaneously fiscally merged with the South of Market and Golden Gateway Project Areas. The Federal Office Building Project Area generates negative tax increment of approximately $48,000 annually. As a result, due to the fiscal merger, this negative tax increment is applied against the tax increment revenue from the Golden Gateway and South of Market Project Areas before calculating tax increment available from these Project Areas to pay debt service on the Bonds.

*Tax Sharing Obligations.* The Golden Gateway Project Area is subject to statutory tax sharing under AB 1290. Payment of this tax-sharing obligation is subordinate to payment of debt service, including debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – Assembly Bill 1290; Statutory Pass-Throughs.”

**Hunters Point Project Area (also known as Bayview Hunters Point Redevelopment Project Area - Project Area A)**

*General.* Hunters Point Project Area is a 137-acre hilly tract located in the southeastern sector of San Francisco on a site formerly occupied by temporary federal wartime housing. It is bounded by Fairfax Avenue on the north, Griffith Street on the east, Palou Avenue on the south and Mendell Street on the west. It extends five (5) blocks on its east-west axis and ten (10) blocks in the north-south direction. The areas to the west and south of the Hunters Point Project Area consist of modest, well-maintained single-family homes. Low-income public housing is situated east and northeast of the Hunters Point Project Area, while the India Basin Redevelopment Project Area abuts to the north. Pursuant to the Hunters Point Redevelopment Plan, over 1,760 new rental, co-op, condominium and ownership units have been constructed and 122 homes have been rehabilitated in this Project Area. Community improvements include major new roadways and their associated streetscape improvements, a number of neighborhood parks, community facilities and schools.

*Redevelopment Plan and Limitations.* The Board of Supervisors approved the Hunters Point Redevelopment Plan for the Hunters Point Redevelopment Project Area on January 20, 1969, and amended the Redevelopment Plan on August 24, 1970, December 1, 1986, December 12, 1994 and January 21, 2005. On May 23, 2006, an ordinance was adopted amending the Hunters Point Redevelopment Plan to create the Bayview Hunters Point Redevelopment Plan and Project Area, which among other things, added new territory. The territory formerly known as the Hunters Point Redevelopment Project Area is now known as Bayview Hunters Point Redevelopment Project Area A (although referred to herein as Hunters Point Project Area). The provisions of the Bayview Hunters Point Project Area A Redevelopment Plan add a height requirement for development in the Hunters Point Project Area but otherwise retain the policies contained in the original Hunters Point Redevelopment Plan, which provided for the rehabilitation of a residential neighborhood of mixed-income housing.

The above-referenced 2005 amendment was adopted in accordance with Sections 33333.7 and 33333.8 of the Redevelopment Law and, despite the expiration of the plan on January 1, 2009, the Former Agency was authorized to incur debt until January 1, 2014 and repay indebtedness beyond the limits set forth in the redevelopment plan for the purpose of financing low and moderate income housing obligations. Although this Project Area’s redevelopment plan provides that the last date that debt can be incurred is January 1, 2014, the issuance of the Bonds is not considered the incurrence of debt, but the refunding/refinancing of current debt and not subject to this limit. The Bayview Hunters Point Project Area A Redevelopment Plan has no tax increment limit.

*Assessed Values and Other Information.* The Fiscal Consultant Report set forth in APPENDIX B includes information regarding historical and projected assessed valuation, land use, assessment appeals
and information regarding the largest assessees for Fiscal Year 2014-15 for the Hunters Point Project Area.

**Senior Obligations.** Other than its obligations in connection with the 1998D Loan Agreements and 2011A Loan Agreements (and excluding those Refunded Obligations for which this Project Area has loan agreement(s)), there are no other bonds outstanding involving this Project Area. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations – Existing Loan Agreements.”

**Tax Sharing Obligations.** The Bayview Hunters Point Project Area is subject to statutory tax sharing under AB 1290. Payment of this tax-sharing obligation is subordinate to payment of debt service, including debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – Assembly Bill 1290; Statutory Pass-Throughs.”

**India Basin Industrial Park Project Area**

**General.** The India Basin Industrial Park Project Area encompasses approximately 126 acres in the southeastern section of San Francisco. It is bounded by Third Street on the west, Jennings Street on the east, Arthur Avenue on the north and Hudson Avenue and Galvez Avenue on the south. This Project Area includes a large United States Postal Service distribution facility, several light industrial, commercial service and multimedia businesses and some retail businesses. No residential uses are allowed in the Project Area.

**Redevelopment Plan and Limitations.** The Board of Supervisors approved the India Basin Industrial Park Redevelopment Plan on January 20, 1969, and amended it on December 1, 1986, April 20, 1987, and December 12, 1994. The redevelopment plan was adopted to remove blight that was characterized by unsafe, incompatible and overcrowded commercial and industrial buildings; inadequate utilities and drainage, dilapidated streets, poor soil conditions, and economic stagnation. Among the principal objectives of the India Basin Industrial Park Redevelopment Plan was the establishment of labor-intensive industries in the area in order to provide job opportunities for the residents of the Bayview Hunters Point community. The India Basin Industrial Park Project Area is now a thriving industrial park consisting of a major distribution facility for the U.S. Postal Service, a number of light industrial, commercial, service and multimedia businesses, and some retail businesses, located at Bayview Plaza at the southeast corner of Third Street and Evans Avenue.

The Redevelopment Plan expired on January 1, 2009. However, based on the Board of Supervisors’ adoption on January 11, 2005, of an ordinance pursuant to Section 33333.7 of the Redevelopment Law, the Successor Agency was authorized to incur debt until January 1, 2014 and repay indebtedness beyond the limits set forth in the redevelopment plan for the purpose of financing low and moderate income housing obligations.

Although this Project Area’s redevelopment plan provides that the last date that debt can be incurred is January 1, 2014, the issuance of the Bonds is not considered the incurrence of debt, but the refunding/refinancing of current debt and not subject to this limit. The India Basin Industrial Park Project Area redevelopment plan has no tax increment limit.

**Assessed Values and Other Information.** The Fiscal Consultant Report set forth in APPENDIX B includes information regarding historical and projected assessed valuation, land use, assessment appeals and information regarding the largest assessees for Fiscal Year 2014-15 for the India Basin Industrial Park Project Area.
Senior Obligations. There are no bonds outstanding involving this Project Area, other than those Refunded Obligations for which this Project Area has loan agreements. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations – Existing Loan Agreements.”

Tax Sharing Obligations. The India Basin Industrial Park Project Area is subject to statutory tax sharing under AB 1290. Payment of this tax-sharing obligation is subordinate to payment of debt service, including debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – Assembly Bill 1290; Statutory Pass-Throughs.”

Rincon Point-South Beach Project Area

General. The Rincon Point-South Beach Project Area is a 115-acre area consisting of two (2) noncontiguous subareas located within the northeastern waterfront area of the City, immediately south of the Ferry Building. The major artery through such Project Area is the Embarcadero Roadway which connects such Project Area to the City’s financial district in the north and the Mission Bay district in the south.

The purpose of the Rincon Point-South Beach Redevelopment Plan was the creation of a new mixed-use high-density waterfront neighborhood. The redevelopment of the Rincon Point-South Beach Project Area has now been largely completed. Public improvements completed by the Former Agency include the 700-berth South Beach Harbor; two (2) major waterfront parks, South Beach Park and Rincon Park; and roadway and streetscape improvements. Over 2,800 residential units have been constructed (24% affordable), including the Bayside Village (868 units), Rincon Towers (320 units) and South Beach Marina (414 units) rental projects, and the Oriental Warehouse (130 units), Brannan Towers (336 units), Brannan Square (238 units) and 88 King Street (233 units) condominium projects. Over 1 million square feet of commercial/office space has been developed, including the world headquarters of Gap Inc., Bayside Plaza, and the Rincon Annex Post Office. In 2000, the 43,000 seat major league baseball park for the San Francisco Giants (now AT&T Park) opened in the Project Area on land owned by the Port of San Francisco.

Redevelopment Plan and Limitations. The Rincon Point-South Beach Project Area was established by the adoption of a Redevelopment Plan for the area by the City’s Board of Supervisors on January 5, 1981, and was amended on January 23, 1984, November 25, 1991, May 11, 1992, December 12, 1994, March 24, 1997, July 7, 1997, and August 18, 1997. In May 2007, the Board of Supervisors adopted an ordinance pursuant to Section 33333.6(e)(4)(B) and 33333.8 of the Redevelopment Law to amend this Project Area’s Redevelopment Plan to enable the creation of debt and the receipt of tax revenues for the purpose of funding affordable housing. Such ordinance was amended on August 7, 2007, to remove certain items that were not required by State law.

The Rincon Point-South Beach Project Area redevelopment plan expires on January 5, 2021 and has no tax increment limit and no last date by which to repay indebtedness.

Assessed Values and Other Information. The Fiscal Consultant Report set forth in APPENDIX B includes information regarding historical and projected assessed valuation, land use, assessment appeals and information regarding the largest assesses for Fiscal Year 2014-15 for the Rincon Point-South Beach Project Area.

Senior Obligations. Other than its obligations in connection with the 1998C Loan Agreement, the 2007A Loan Agreements and the 2009E Loan Agreements (and excluding those Refunded Obligations for which this Project Area has loan agreement(s)), there are no other bonds outstanding involving this Project Area. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations – Existing Loan Agreements.”
**Tax Sharing Obligations.** The Rincon Point-South Beach Project Area Project Area is subject to statutory tax sharing under AB 1290. Payment of this tax-sharing obligation is subordinate to payment of debt service, including debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – Assembly Bill 1290; Statutory Pass-Throughs.”

**South of Market Project Area**

**General.** The South of Market Project Area, includes two (2) areas: the Original Sub-Area and the Western Expansion Sub-Area. The South of Market Project Area is approximately sixty-nine (69) acres in size and located in the central city area of San Francisco. Such Project Area is roughly bounded by Stevenson, Mission and Natoma Streets on the north, Fifth Street on the east, Harrison Street on the south and Seventh Street on the west. Its focus is the Sixth Street corridor, a mixed-use community located between Market and Harrison Streets and characterized by a prevalence of older residential and commercial buildings, including many single room occupancy hotels, several commercial and light industrial uses, and a large number of vacant ground-floor spaces. The remainder of the South of Market Redevelopment Project Area consists mainly of a combination of older residential and commercial buildings, as well as the new Bessie Carmichael School and the new Victoria Manalo Draves Park.

**Redevelopment Plan and Limitations.** The South of Market Project Area, created in 1990 as an earthquake recovery redevelopment project area, was originally adopted to repair damage caused by the 1989 Loma Prieta Earthquake.

In December 2005, a plan amendment was adopted for the original South of Market Earthquake Recovery Redevelopment Plan in order to convert it to a standard redevelopment plan (the “South of Market Plan Amendment”). The South of Market Plan Amendment allowed the Former Agency to: 1) expand the scope of redevelopment actions to fully address all conditions of blight in the South of Market Redevelopment Project Area; 2) extend its ability to incur debt by an additional ten (10) years, providing the Former Agency with greater financial resources; 3) expand the boundary of the original Project Area to include the Western Expansion Area; 4) adopt new redevelopment goals and objectives focused on creating new housing and revitalizing the entire Project Area; and 5) acquire certain blighted properties through eminent domain, subject to the limitations contained in the South of Market Plan Amendment, if owners are unwilling to address the blight themselves or negotiate a fair market value sale.

The Original Sub-Area was adopted June 11, 1990, and the last dates to incur and repay debt are, respectively, June 11, 2020 and June 11, 2030. The Original Sub-Area has a limit on the amount of tax increment that can be collected of $200 million. The sum of all prior tax increment received plus the sum of all future debt service and pass through obligations attributable to the South of Market Project Area is approximately $101.9 million. The Successor Agency is not permitted to issue new obligations and may only retain the amount of tax increment necessary to meet its existing annual obligations. However, the Successor Agency does not expect to require tax increment in excess of the tax increment cap in order to meet its obligations in the Original Sub-Area. In Appendix B, the Fiscal Consultant has presumed growth rates in assessed valuation of two percent (2%) annually. However, under growth rates of three percent (3%) and higher, the total amount of tax increment generated in the Original Sub-Area may reach the tax increment cap prior to the last date to receive tax increment.

For the Western Expansion Sub-Area of the South of Market Project Area, the last date to incur indebtedness is December 16, 2025, and the last date to repay indebtedness is December 16, 2035. The Western Expansion Sub-Area has no limit on the amount of tax increment that may be collected.
The redevelopment plan for both the Original Sub-Area and the Western Expansion Sub-Area remains effective until June 11, 2020. However, the redevelopment plan allows the Successor Agency to issue and repay debt beyond this date and provides that the plan will continue in effect in order to repay debt. The Dissolution Act, however, prohibits the Successor Agency from issuing any new debt.

The South of Market Project Area has an aggregate $80 million limit on the amount of bonds that can be outstanding at one time. The Successor Agency had $___ million in tax allocation debt outstanding in this Project Area as of [August 3], 2014 (excluding the Bonds).

Assessed Values and Other Information. The Fiscal Consultant Report set forth in APPENDIX B includes information regarding historical and projected assessed valuation, land use, assessment appeals and information regarding the largest assessees for Fiscal Year 2014-15 for the South of Market Project Area.

Senior Obligations. Other than its obligations in connection with the 2003 Loan Agreement and the 2007A Loan Agreements (and excluding those Refunded Obligations for which this Project Area has loan agreement(s)), there are no other bonds outstanding involving this Project Area. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations – Existing Loan Agreements.”

The South of Market Project Area was fiscally merged with the Golden Gate Project Area and the Federal Office Building Project Area. As a result, negative tax increment generated from the Federal Office Building Project Area is applied against the tax increment revenue of the Golden Gateway and the South of Market Project Areas. See “– Golden Gateway Project Area – Senior Obligations,” above.

The Original Area of the South of Market Project Area is also subject to the 2% Allocation (See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations – 2% Allocation”) in accordance with the Santa Ana USD Case (discussed below). The case affects redevelopment agencies, such as the Successor Agency, which amended or added territory between the years 1985 and 1993 (inclusive). The redevelopment plan for the Original Area of the South of Market Project Area was established during this time-frame and is subject to the Santa Ana USD case.

The Fourth District of the California Court of Appeal rendered the decision in Santa Ana Unified School District v. Orange County Development Agency (the “Santa Ana USD Case”) which involved the allocation of tax increment revenues pursuant to Section 33676(a) of the Redevelopment Law as it existed before the passage of AB 1290. Generally, before AB 1290, Section 33676(a) provided that, prior to the adoption of a redevelopment plan (or an amendment adding territory to a project area), under certain conditions, “any affected taxing agency may elect, and every school and community college district shall elect, to be allocated all or any portion of the tax revenues” derived based on an annual adjustment of the base year assessed value of real properties in the project area (or the added territory). The words “every school and community college district shall elect” were added pursuant to a 1984 amendment. The amount of property taxes that a taxing entity may receive under the former Section 33676(a) is derived by increasing the base year value of taxable real property in the project area (or the added territory) by an inflationary factor of not greater than 2% per year (the “2% Section 33676 Allocation”). In effect, the 2% Section 33676 Allocation reduced the tax increment revenues that a redevelopment agency received from the project area (or, if applicable, an added area to the project area).

In the Santa Ana USD Case, the redevelopment plan at issue was adopted in 1986. In 1996, the Santa Ana Unified School District (“Santa Ana USD”) adopted a resolution electing to be paid its share of the 2% Section 33676 Allocation. The Orange County Development Agency took the position that Santa Ana USD was not entitled to the 2% Section 33676 Allocation because the election to receive such allocation should have been made before the adoption of the redevelopment plan for the project area. In turn, Santa Ana USD argued that the mandatory nature of the words “shall elect” in the statute made the

40
allocation mandatory with respect to a school district. The lower court ruled in favor of Santa Ana USD. In an opinion published June 29, 2001, the Court of Appeal affirmed. As a result, Santa Ana USD received the award it had requested, i.e., its share of the 2% Section 33676 Allocation from 1996, the year Santa Ana USD made the Section 33676 election. The State Supreme Court denied review of the Santa Ana USD Case on September 19, 2001. The obligation to use tax revenues from the Original Area of the South of Market Area for the 2% Section 33676 Allocation is senior to its obligation to pay debt service on the Bonds. The amount of tax increment payable to the school entities pursuant to this 2% Section 33676 Allocation for Fiscal Year 2014-15 is approximately $53,000. See APPENDIX B – “REPORT OF FISCAL CONSULTANT.”

Tax Sharing Obligations. The South of Market Project Area is subject to statutory tax sharing under AB 1290. Payment of this tax-sharing obligation is subordinate to payment of debt service, including debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – Assembly Bill 1290; Statutory Pass-Throughs.”

Transbay Project Area

General. The Transbay Project Area was adopted in June 2005. This Project Area is approximately 40 acres in size and roughly bounded by Mission Street on the north, Main Street on the east, Folsom Street on the south, and Second Street on the west, and is currently composed of transportation-related infrastructure, a large number of vacant parcels, and commercial uses.

The most significant feature of the Transbay Redevelopment Project Area, the existing Transbay Terminal, a transportation facility, the use of which has been discontinued, is in the process of being demolished. The remainder of such Project Area is composed primarily of vacant and underutilized properties and older buildings, many of which are substantially deteriorated and/or unreinforced masonry buildings. All of these conditions constitute blight that the Redevelopment Plan for the Transbay Redevelopment Project Area (the “Transbay Redevelopment Plan”) is intended to address.

Redevelopment Plan and Limitations. The Transbay Redevelopment Plan’s goals and objectives are to eliminate blight through a wide range of projects and activities, including:

- Construction of a major new multi-modal transit terminal on the site of the existing Transbay Terminal and extension of Peninsula Corridor rail service to the new terminal (Caltrain Extension)—the Transbay Joint Powers Authority is responsible for planning, designing, building, and eventually operating the new Transbay Transit Center and Caltrain Downtown Extension, but will receive financial support from certain redevelopment activities, as discussed below;

- Redevelopment of vacant and underutilized land in the Transbay Redevelopment Project Area into a vibrant mixed-use, transit-oriented neighborhood consisting of more than 2,700 new housing units, approximately 1,000 of which will be affordable to very low, low, and moderate income households; and

- Construction of public improvements throughout the area including two new public parks, new pedestrian-oriented alleys, widened sidewalks and other active recreation spaces.

A major portion of the tax increment from this Project Area relating to certain State-owned parcels (the “State-Owned Parcels”) has been pledged to the Transbay Joint Powers Authority to help pay the cost of rebuilding the Transbay Terminal. The State-Owned Parcels are excluded from the Project Areas and tax increment revenue attributed thereto is not available for payment of debt service on the Bonds. See “INTRODUCTION – Excluded Project Areas.” Net tax increment revenue from the State-
The remaining tax increment generated in the Transbay Redevelopment Project Area will be used for Successor Agency activities. Approximately fifty percent (50%) of the total tax increment allocated for Successor Agency activities will fund the Successor Agency’s affordable housing program. By state law, thirty-five percent (35%) of all new housing units built in the Transbay Redevelopment Project Area must be affordable to very low, low and moderate income households. The remaining tax increment allocated for housing will be used for planning, site preparation and development, public facilities, infrastructure and utilities, circulation improvements, building rehabilitation, façade improvements, historic preservation, economic development and other non-housing projects and activities.

A major portion of the Successor Agency’s non-housing program will be to facilitate development on the vacant publicly-owned parcels in the Transbay Redevelopment Project Area, which include certain of the State-Owned Parcels and a parcel currently owned by the Successor Agency. The development plan includes high-density, transit-oriented residential development along Folsom Street and between Main and Beale Streets, as well as office and hotel space surrounding the new transit center. At the same time, the concept plan embodies a balanced approach to density, with fewer, taller towers far enough apart to allow sunlight and open space in the new neighborhood, and controls to ensure that ground-floor space is activated. The concept plan also incorporates significant new public improvements, including a major new public park, new pedestrian-oriented alleyways and widened sidewalks.

The Redevelopment Plan includes a time limit on the incurrence of non-housing-related debt of twenty (20) years from the date of plan adoption, or June 21, 2025; under the plan, the Successor Agency may issue housing-related debt beyond the twenty (20) year limit. The last date to repay indebtedness is forty-five (45) years from plan adoption, or June 21, 2050. The redevelopment plan has no limit on the amount of tax increment it can receive, but has a limit of $800 million in the amount of indebtedness that can be outstanding. Currently, excluding the Refunded Obligations, this Project Area has $______ indebtedness outstanding.

Assessed Values and Other Information. The Fiscal Consultant Report set forth in APPENDIX B includes information regarding historical and projected assessed valuation, land use, assessment appeals and information regarding the largest reassesses for Fiscal Year 2014-15 for the Transbay Project Area.

Senior Obligations. Other than its obligations in connection with the 2007A Loan Agreements, 2010A Loan Agreements and 2011A Loan Agreements (and excluding those Refunded Obligations for which this Project Area has loan agreement(s)), there are no other bonds outstanding involving this Project Area. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations – Existing Loan Agreements.”

Tax Sharing Obligations. In addition to the pledge of a portion of tax increment from the Project Area to the Transbay Joint Powers Authority as described above, the Transbay Project Area is subject to statutory tax sharing under AB 1290. Payment of these tax-sharing obligations is subordinate to payment of debt service, including debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – Assembly Bill 1290; Statutory Pass-Throughs.”

Western Addition Project Area A-2

General. The Western Addition Project Area A-2 is an approximately 277-acre area located in the northeast quadrant of the City near downtown San Francisco. It is bounded by Van Ness Avenue on the east, which is part of U.S. 101, Bush Street on the north, St. Joseph’s Street on the west and Grove Street
on the south. This Project Area is primarily residential, with retail, public and institutional uses as part of the permitted uses. It surrounds a previous redevelopment project area, known as the A-1 area, which was enacted in the 1950s to widen Geary Boulevard as a major traffic artery running east and west between downtown San Francisco and the ocean shoreline.

The Western Addition Project Area A-2 is largely built out. With the expiration of the redevelopment plan for such Project Area, the Former Agency began its transitional activities in earnest in late 2005 and primarily focused on the development of the remaining Agency parcels in such Project Area and toward strengthening the economic vitality of the Fillmore Jazz Preservation District. The opening of the Fillmore Heritage Center, a 13 story mixed-use development which houses eighty one-, two- and three-bedroom condominiums offering 68 Market-Rate and 12 affordable homes, all of which have been sold, added a significant incentive to the creation of the Fillmore Jazz Preservation District (the “Jazz District”) as a San Francisco destination. The Fillmore Heritage Center also is home to the world-famous Yoshi’s San Francisco Jazz Club and Japanese Restaurant, on 1300 Fillmore, a Jazz Heritage Center art gallery, screening room and historical display, and the Successor Agency owned public parking garage.

Redevelopment Plan and Limitations. The Western Addition Project Area A-2 Redevelopment Plan was adopted by the Board of Supervisors on October 13, 1964 and was amended on August 3, 1970, June 6, 1976, December 15, 1986, November 9, 1987, August 10, 1992, October 3, 1994, April 19, 2005, and December 19, 2008. This 2008 amendment to the redevelopment plan amended the plan in accordance with Sections 33333.7 and 33333.8 of the Redevelopment Plan.

This amendment extended the time limit on the incurrence of debt an on the repayment of debt solely for the purpose of meeting the Former Agency’s housing obligations. There is no limit on the amount of tax revenues that may be collected on the amount of bonds that can be outstanding. The Western Addition Project Area A-2 redevelopment plan expired on January 1, 2009.

Assessed Values and Other Information. The Fiscal Consultant Report set forth in APPENDIX B includes information regarding historical and projected assessed valuation, land use, assessment appeals and information regarding the largest assessees of Fiscal Year 2014-15 for the Western Addition Project Area A-2.

Senior Obligations. Other than its obligations in connection with the 1998D Loan Agreements, 2005B Loan Agreement, 2007A Loan Agreements and 2011A Loan Agreements (and excluding those Refunded Obligations for which this Project Area has loan agreement(s)), there are no other bonds outstanding involving this Project Area. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations – Existing Loan Agreements.”

Tax Sharing Obligations. The Western Addition Project Area A-2 is subject to statutory tax sharing under AB 1290. Payment of this tax-sharing obligation is subordinate to payment of debt service, including debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – Assembly Bill 1290; Statutory Pass-Throughs.”

Yerba Buena Center Project Area D-1

General. The Yerba Buena Center Project Area D-1 comprises an approximately 87-acre area that formerly consisted of dilapidated hotels, commercial and industrial buildings and open parking lots. The project is located southwest of San Francisco’s downtown office and retail districts and extends from Market Street on the north to Harrison Street on the south, and from Second Street on the east to Fourth Street on the west.
The Yerba Buena Center Project Area D-1 is San Francisco’s key cultural, convention and visitor district. At the heart of the project area is the 6-acre Yerba Buena Gardens, which includes the Esplanade, the Martin Luther King Memorial, the Children’s Center with a childcare center, an ice rink/bowling alley, and a playground with the historic Playland carousel, which are built over the Moscone North and South convention halls. The cultural facilities developed by or in partnership with the Former Agency include the Center for the Arts, the Museum of Modern Art, the Zeum arts and technology center, the Museum of the African Diaspora, the Contemporary Jewish Museum and, still in the planning, the Mexican Museum. The Yerba Buena Center Project Area D-1 includes major visitor facilities developed through the Former Agency, including the Marriott, Four Seasons, W, Westin Market Street, and St. Regis Hotels, which total over 2,500 hotel rooms. Major commercial developments include several office projects, the 260,000 square foot Metreon cinema and retail complex, and the redeveloped Bloomingdale’s and Westfield Shopping Centre on the site of the former Emporium department store, which connect Union Square to this burgeoning district. Residential development includes over 2,500 units, including both luxury rental and condominium units and over 1,400 units of affordable senior housing. Though easily accessible by public transportation, additional parking to this Project Area has been provided by the expansion to the nearby Fifth and Mission Street garage and construction of the 450-car Jessie Square garage.


The October 2003 amendment added the Emporium Sub-Area to the Project Area. The two (2) sub-areas (i.e., the Original Sub-Area and the Emporium Sub-Area) have separate limits under the plan.

Redevelopment Plan Limits. The Original Sub-Area has a last date to incur debt of January 1, 2011. It initially included a tax increment limit of $600 million that was removed when the redevelopment plan, as amended, terminated on January 1, 2011. The Original Sub-Area has no limit on the amount of bonds that can be outstanding at one time. The last day to repay indebtedness for this sub-area is January 1, 2021.

With respect to the Emporium Sub-Area, the 2009 Amendment to the Redevelopment Plan extended the effectiveness of the plan and the time limit to repay indebtedness pursuant to the 2009 SERAF Legislation under Section 33333.6(e)(2)(C) of the Redevelopment Law and removed the tax increment cap in order to fund affordable housing obligations pursuant to Sections 33333.7 and 33333.8 of the Redevelopment Law. As a result, the redevelopment plan as it relates the Emporium Sub-Area ends on October 13, 2030 and the last date to repay indebtedness is October 13, 2045. The Emporium Sub-Area also has a limit on the amount of debt that can be outstanding, which amount is $110 million. As of ____, 2014, the Emporium Sub-Area has $________ of indebtedness currently outstanding.

Assessed Values and Other Information. The Fiscal Consultant Report set forth in APPENDIX B includes information regarding historical and projected assessed valuation, land use, assessment appeals and information regarding the largest assesses in this Project Area for Fiscal Year 2014-15.

Senior Obligations. Other than its obligations in connection with the 1998D Loan Agreements, 2007A Loan Agreements and 2009E Loan Agreements (and excluding those Refunded Obligations for which this Project Area has loan agreement(s)), there are no other bonds outstanding involving this Project Area. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations – Existing Loan Agreements.”
The redevelopment plan for the Emporium Sub-Area provides that tax revenue derived from a fixed 2% growth rate applied to the Sub-Area’s base year assessed valuation be distributed to taxing entities and not to the Successor Agency. This amount is deducted from tax increment prior to calculating the revenue available for debt service. The amount of tax increment payable to the taxing entities from this 2% growth rate (the “2% Emporium Amount”) in accordance with this requirement for Fiscal Year 2014-15 is approximately $224,000. See APPENDIX B – “REPORT OF FISCAL CONSULTANT.”

Tax Sharing Obligations. The Yerba Buena Center Project Area D-1 is also subject to statutory tax sharing under AB 1290. Payment of this tax-sharing obligation is subordinate to payment of debt service, including debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – Assembly Bill 1290; Statutory Pass-Throughs.”

Assessed Valuation and Other Information Regarding the Project Areas

The assessed valuation of each of the Project Areas for the current Fiscal Year by land use category is set forth on the following Table 2.

### Table 2
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Land Use in the Project Areas, Fiscal Year 2014-15

<table>
<thead>
<tr>
<th>Category by Value</th>
<th>Bayview Hunters Point Project Area B</th>
<th>Golden Gateway Project Area</th>
<th>Hunters Point Project Area</th>
<th>India Basin Industrial Park Project Area</th>
<th>Rincon Point - South Beach Project Area</th>
<th>South of Market Project Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>$176,579,146</td>
<td>$2,155,056,880</td>
<td>-</td>
<td>$32,271,949</td>
<td>$544,406,263</td>
<td>$106,572,548</td>
</tr>
<tr>
<td>Industrial</td>
<td>724,216,654</td>
<td>-</td>
<td>-</td>
<td>63,356,210</td>
<td>-</td>
<td>92,852,016</td>
</tr>
<tr>
<td>Residential</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condominiums</td>
<td>103,197,630</td>
<td>170,063,005</td>
<td>$35,074,410</td>
<td>-</td>
<td>879,922,828</td>
<td>214,635,591</td>
</tr>
<tr>
<td>Other Residential</td>
<td>480,906,529</td>
<td>76,192,566</td>
<td>83,824,161</td>
<td>-</td>
<td>338,452,792</td>
<td>171,490,698</td>
</tr>
<tr>
<td>Vacant</td>
<td>93,680,173</td>
<td>4,707,486</td>
<td>393,407</td>
<td>6,825,920</td>
<td>-</td>
<td>15,711,828</td>
</tr>
<tr>
<td>Other Secured</td>
<td>111,713,990</td>
<td>1,178,536</td>
<td>855,526</td>
<td>-</td>
<td>57,389,751</td>
<td>26,422,726</td>
</tr>
<tr>
<td>SBE-Assessed Utilities(1)</td>
<td>1,010,600</td>
<td>177,702</td>
<td>-</td>
<td>-</td>
<td>907,500</td>
<td>-</td>
</tr>
<tr>
<td>Unsecured</td>
<td>129,309,431</td>
<td>412,935,135</td>
<td>114,996</td>
<td>22,611,634</td>
<td>513,231,455</td>
<td>17,255,637</td>
</tr>
<tr>
<td>Total</td>
<td>$1,820,614,153</td>
<td>$2,820,312,330</td>
<td>$120,262,500</td>
<td>$125,065,713</td>
<td>$2,334,310,589</td>
<td>$644,941,044</td>
</tr>
</tbody>
</table>

Acreage 1,361 51 137 126 115 69

### Table 2
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Land Use in the Project Areas, Fiscal Year 2014-15

| Category by Value | Transbay Western Addition Yerba Buena Project Area Project Area Project Area | Project Area Project Area |
|------------------|---------------------------------------------------------------|---------------------------|---------------------------|
|                  | Total Value % of Total Value Number of Properties Levied(2) | Total Value % of Total Value Number of Properties Levied(2) |
| Commercial       | $1,856,409,578                                               | $454,919,959             | $1,907,822,51             | $7,234,038,83         | 41.45%                          | 1,848                       |
| Industrial       | 25,042,028                                                   | 1,858,011               | 14,047,854                | 921,377,733           | 5.28                           | 862                        |
| Residential      |                                                               |                           |                           |                                          |                               |                               |
| Condominiums     | 812,727,532                                                 | 875,809,558             | 925,746,448              | 4,017,177,003         | 23.02                          | 5,125                       |
| Other Residential| 4,154,290                                                   | 604,803,278             | 331,931,552              | 2,091,755,865         | 11.99                          | 2,564                       |
| Vacant           | 302,783,373                                                 | 12,382,129              | 1,409,506                | 437,893,822           | 2.51                           | 653                        |
| Other Secured    | 1,664,905                                                   | 163,287,833             | 221,008,656              | 583,521,943           | 3.34                           | 226                        |
| SBE-Assessed Utilities(1) | -                                                 | -                        | -                        | -                      | -                             | -                          |
| Unsecured        | 294,143,260                                                 | 56,030,602              | 271,838                  | 2,367,640             | 0.01                           | -                          |
| Total            | $3,296,924,967                                              | $2,169,091,370          | $4,119,616,94            | $17,451,139.6         | 100.00%                        | 11,278                      |

Acreage 40 277 87 2,263
(1) Non-unitary property assessed by the State Board of Equalization.
(2) Excludes the totals for the SBE-Assessed Utilities and Unsecured value categories which represent duplicate parcel counts.
Source: Urban Analytics, LLC.
The top ten largest taxpayers by valuation in the Project Areas in the current Fiscal Year are set forth below in Table 3. Ownership concentration for these top assessees is 26.6% of total assessed valuation and 30.8% of incremental assessed valuation in the Project Areas.

Table 3
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Top Ten Taxpayers By Valuation in the Project Areas, Fiscal Year 2014-15

<table>
<thead>
<tr>
<th>Assessee Name</th>
<th>Project Area</th>
<th>Last Date to Receive Tax Increment from Project Area</th>
<th>Use</th>
<th>Parcel Count</th>
<th>Fiscal Year 2014-15 Value</th>
<th>Percent of Total Aggregate Value</th>
<th>Percent of Incremental Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOSTON PROPERTIES</td>
<td>Golden Gateway</td>
<td>01/01/44</td>
<td>Office</td>
<td>3</td>
<td>994,764,299</td>
<td>5.7%</td>
<td>6.6%</td>
</tr>
<tr>
<td>EMPORIUM MALL LLC* (3: 2013-14)</td>
<td>YBC - Emporium</td>
<td>10/13/45</td>
<td>Commercial/Retail</td>
<td>5</td>
<td>709,270,226</td>
<td>4.1%</td>
<td>4.7%</td>
</tr>
<tr>
<td>UNION INVESTMENT REAL ESTATE G</td>
<td>Transbay</td>
<td>06/21/50</td>
<td>Office</td>
<td>1</td>
<td>457,497,651</td>
<td>2.6%</td>
<td>3.0%</td>
</tr>
<tr>
<td>CHINA BASIN BALLPARK CO</td>
<td>Rincon</td>
<td>No Limit</td>
<td>Sports Facility</td>
<td>3</td>
<td>457,199,979</td>
<td>2.6%</td>
<td>3.0%</td>
</tr>
<tr>
<td>MARRIOTT HOTEL</td>
<td>YBC - Original</td>
<td>No Limit</td>
<td>Hotel</td>
<td>1</td>
<td>443,232,573</td>
<td>2.5%</td>
<td>2.9%</td>
</tr>
<tr>
<td>SHC EMBARCADERO LLC</td>
<td>Golden Gateway</td>
<td>01/01/44</td>
<td>Office</td>
<td>1</td>
<td>400,692,199</td>
<td>2.3%</td>
<td>2.7%</td>
</tr>
<tr>
<td>PPF OFF ONE MARITIME PLAZA LP*</td>
<td>Golden Gateway</td>
<td>01/01/44</td>
<td>Office</td>
<td>4</td>
<td>382,105,646</td>
<td>2.2%</td>
<td>2.5%</td>
</tr>
<tr>
<td>HUDSON RINCON CENTER LLC* (2: 2013-14)</td>
<td>Rincon</td>
<td>No Limit</td>
<td>Office/Retail</td>
<td>2</td>
<td>275,014,722</td>
<td>1.6%</td>
<td>1.8%</td>
</tr>
<tr>
<td>405 HOWARD LLC</td>
<td>Rincon</td>
<td>No Limit</td>
<td>Office</td>
<td>1</td>
<td>259,721,103</td>
<td>1.5%</td>
<td>1.7%</td>
</tr>
<tr>
<td>FILLMORE CENTER ASSOC'S LP</td>
<td>Western Addition</td>
<td>No Limit</td>
<td>Apartments/Retail</td>
<td>77</td>
<td>256,244,045</td>
<td>1.5%</td>
<td>1.7%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>98</strong></td>
<td><strong>4,635,742,443</strong></td>
<td><strong>26.6%</strong></td>
<td><strong>30.8%</strong></td>
</tr>
</tbody>
</table>

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

Sources: Assessor and Urban Analytics LLC.
PLEDGED TAX REVENUES AND DEBT SERVICE

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

Historical and Current Assessed Valuation and Tax Revenues

A summary of the projected total taxable valuation and tax increment for the Project Areas for Fiscal Year 2014-15 is set forth in Table 4 below. The total assessed valuation for Fiscal Year 2014-15 in the Project Areas, after deducting all exemptions, except the homeowner’s exemption which is reimbursed by the State, is $17.5 billion. Deducting the $2.4 billion base year valuation for the Project Areas produces an incremental assessed valuation amount of $15.0 billion. The largest contributor to incremental assessed valuation, at 22.0%, is the Yerba Buena Center Project Area – Original Area, followed by the Golden Gateway Project Area at 18.6% and the Rincon – South Beach Project Area at 15.4%. Gross tax increment, calculated by applying a one percent tax rate to the incremental assessed valuation, is $150.5 million for Fiscal Year 2014-15.

Table 4
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Tax Increment Estimates by Project Areas, Fiscal Year 2014-15

<table>
<thead>
<tr>
<th>Project Area</th>
<th>Number of Acres</th>
<th>Final Date to collect Increment</th>
<th>Total Valuation</th>
<th>Less Base Year Valuation</th>
<th>Incremental Valuation</th>
<th>% of Incremental Valuation</th>
<th>Gross Tax Increment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bayview Hunters Point Project Area B</td>
<td>1,361</td>
<td>06/01/51</td>
<td>$1,820,614,153</td>
<td>$1,165,228,645</td>
<td>$655,385,508</td>
<td>4.4%</td>
<td>$6,553,855</td>
</tr>
<tr>
<td>Golden Gateway Project Area</td>
<td>51</td>
<td>01/01/44</td>
<td>2,820,312,330</td>
<td>21,172,000</td>
<td>2,799,140,330</td>
<td>18.6%</td>
<td>27,991,403</td>
</tr>
<tr>
<td>Hunters Point Project Area</td>
<td>137</td>
<td>01/01/44</td>
<td>120,262,500</td>
<td>2,847,427</td>
<td>117,415,073</td>
<td>0.8%</td>
<td>1,174,151</td>
</tr>
<tr>
<td>India Basin Industrial Park Project Area</td>
<td>126</td>
<td>01/01/44</td>
<td>125,065,713</td>
<td>13,691,137</td>
<td>111,374,576</td>
<td>0.7%</td>
<td>1,113,746</td>
</tr>
<tr>
<td>Rincon Point - South Beach Project Area</td>
<td>115</td>
<td>No Limit</td>
<td>2,334,310,589</td>
<td>18,092,701</td>
<td>2,316,217,888</td>
<td>15.4%</td>
<td>23,162,179</td>
</tr>
<tr>
<td>South of Market Project Area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Area</td>
<td>63</td>
<td>06/11/30</td>
<td>623,024,225</td>
<td>108,585,675</td>
<td>514,438,550</td>
<td>3.4%</td>
<td>5,144,386</td>
</tr>
<tr>
<td>Western Expansion Area</td>
<td>6</td>
<td>12/16/35</td>
<td>21,916,819</td>
<td>9,360,179</td>
<td>12,556,640</td>
<td>0.1%</td>
<td>125,566</td>
</tr>
<tr>
<td>Transbay Project Area</td>
<td>40</td>
<td>06/21/50</td>
<td>3,296,924,967</td>
<td>880,853,389</td>
<td>2,416,071,578</td>
<td>16.1%</td>
<td>24,160,716</td>
</tr>
<tr>
<td>Western Addition Project Area A-2</td>
<td>277</td>
<td>No Limit</td>
<td>2,169,091,370</td>
<td>61,239,180</td>
<td>2,107,852,190</td>
<td>14.0%</td>
<td>21,078,522</td>
</tr>
<tr>
<td>Yerba Buena Center Project Area D-1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Area</td>
<td>74</td>
<td>No Limit</td>
<td>3,369,431,162</td>
<td>52,656,706</td>
<td>3,316,774,456</td>
<td>22.0%</td>
<td>33,167,745</td>
</tr>
<tr>
<td>Emporium Site Area</td>
<td>13</td>
<td>10/13/45</td>
<td>750,185,778</td>
<td>69,957,924</td>
<td>680,227,854</td>
<td>4.5%</td>
<td>6,802,279</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,263</strong></td>
<td></td>
<td><strong>$17,451,139,606</strong></td>
<td><strong>$2,403,684,963</strong></td>
<td><strong>$15,047,454,643</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>$150,474,546</strong></td>
</tr>
</tbody>
</table>

Sources: Assessor, Successor Agency, and Urban Analytics, LLC.
The following Table 5 shows the historic and current assessed valuation for the Project Areas. Net Available Tax Increment Revenue is determined by deducting from gross tax increment the portion of tax increment, net of pass-through payments attributable to the Candlestick Site and the State-Owned Parcels, the 2% Section 33676 Allocation, the 2% Emporium Amount and the Federal Building negative tax increment.

### Table 5
**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO**

**Historical and Current Assessed Valuations and Net Available Tax Increment Revenue by Project Areas**

<table>
<thead>
<tr>
<th>Project Area</th>
<th>Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bayview Hunters Point Project Area B</td>
<td>$1,586,990,311</td>
</tr>
<tr>
<td>Golden Gateway Project Area</td>
<td>2,616,656,364</td>
</tr>
<tr>
<td>Hunters Point Project Area</td>
<td>111,775,359</td>
</tr>
<tr>
<td>India Basin Industrial Park Project Area</td>
<td>130,062,150</td>
</tr>
<tr>
<td>Rincon Point - South Beach Project Area</td>
<td>1,881,916,977</td>
</tr>
<tr>
<td>South of Market Project Area</td>
<td>530,630,510</td>
</tr>
<tr>
<td>Transbay Project Area</td>
<td>2,219,369,409</td>
</tr>
<tr>
<td>Western Addition Project Area A-2</td>
<td>1,929,148,561</td>
</tr>
</tbody>
</table>

| Total Value(1)                        | $14,729,195,914 | $14,894,625,735 | $15,437,464,945 | $15,963,254,417 | $17,451,139,606 |
| % Change                              | 7.80%          | 1.12%          | 3.64%          | 3.41%          | 9.32%          |
| Total Incremental Value               | 12,325,510,951 | 12,490,940,772 | 13,033,779,982 | 13,559,569,454 | 15,047,454,643 |
| % Change                              | 9.47%          | 1.34%          | 4.35%          | 4.03%          | 10.97%         |
| Gross Tax Increment(2)                | $123,255,110   | $124,909,408   | $130,337,800   | $135,595,695   | $150,474,546   |
| Less Excluded Project Areas Revenue(3)| 274,194        | 374,783        | 379,589        | 379,598        | 1,899,820      |
| Less Senior Obligations(4)            | 211,309        | 231,132        | 274,133        | 274,133        | 302,412        |
| Net Available Tax Increment Revenue   | $122,769,607   | $124,303,493   | $129,684,078   | $134,919,809   | $148,272,315   |

(1) Assessed valuations shown are “full cash value” and exclude homeowner subventions.
(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.
(3) In the Bayview Hunters Point Project Area B, revenue from the Candlestick Site portion of the Project Area, estimated to be $126,000 in FY2014-15, is not available to pay debt service or replenish any reserve account for parity debt after 2009. In the Transbay Project Area, revenue from the State-Owned Parcels is not available to pay debt service on existing bonds. Revenue from the South of Market and Golden Gateway Project Areas is offset by negative revenue of approximately $48,000 from the Federal Office Building Project Area through a fiscal merger.
(4) In the Yerba Buena Center Project Area, a portion of the base-year value increases each year pursuant to that Project Area's redevelopment plan. This (the 2% Emporium Amount) is calculated as a two percent (2%) increase per annum on the base year assessed value of the Westfield multi-use commercial development in the Emporium Site Sub Area added to the Yerba Buena Center Redevelopment Project Area pursuant to a plan amendment dated August 3, 2000. In the South of Market Project Area, a portion of revenue is [potentially] allocable to school districts under Section 33676 and the Santa Ana USD Case (the 2% Section 33676 Allocation). Beginning in Fiscal Year 2012-13, the City Controller charges a property tax administration fee, per the Dissolution Law, of approximately 0.017% of tax increment.

Source: Urban Analytics, LLC.

**Projected Pledged Tax Revenues and Debt Service Coverage**

Set forth below are tables showing projected tax revenues and estimated debt service coverage for the Bonds, net available tax increment, projected Pledged Tax Revenues. The below projections reflect the existing redevelopment plan limitations for the Project Areas described above under “THE PROJECT AREAS” and assume approximately two percent (2%) annual growth in gross tax increment revenues beginning in
Fiscal Year 2015-16 through the maturity of the Bonds. At such assumed growth rates, none of the Project Areas are projected to reach their cumulative tax increment limits prior to maturity of the Bonds.

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

Table 6
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
Projected Pledged Tax Revenues
(The Project Areas)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Assessed Valuation (1)</th>
<th>Base Year Valuation</th>
<th>Incremental Valuation</th>
<th>Gross Tax Increment Revenue (1)</th>
<th>County Administrative Charge</th>
<th>Senior Obligations (2)</th>
<th>Net Available Tax Increment Revenue</th>
<th>Existing Loan Agreements</th>
<th>Pledged Tax Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
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</table>

(1) Net of Assessed Valuation from the Excluded Project Areas: Mission Bay South, Mission Bay North, Hunters Point Shipyard, Federal Office Building and Visitacion Valley Project Areas, Zone 1 of the Bayview Hunters Point Project Area B (the “Candlestick Site”), and the State-Owned Parcels within the Transbay Project Area.

(2) Senior Obligations include the 2% Section 33676 Allocation, the 2% Emporium Amount, the negative revenue from the Federal Office Building Project Area and the City Controller’s property tax administrative fee.

Source: Urban Analytics, LLC.
Table 7
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO
Projected Tax Increment Revenues by Project Areas and Estimated Debt Service on the Bonds
(The Project Areas)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Bayview Hunters Point Project Area B</th>
<th>Golden Gateway Point Project Area</th>
<th>Hunters Point Project Area B</th>
<th>India Basin Industrial Park Project Area</th>
<th>Rincon Point - South Beach Project Area</th>
<th>South of Market Project Area</th>
<th>Transbay Project Area</th>
<th>Western Addition Project Area A-2</th>
<th>Yerba Buena Center Project Area D-1</th>
<th>Total Net Available Tax Increment Revenues</th>
<th>Total Debt Service (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
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</table>

(1) Net Available Tax Increment Revenues consist of _____________.
(2) Reflects debt service on the Existing Loan Agreements, the 2014 Series B Taxable Bonds and 2014 Series C Bonds payable in the calendar year that begins in such Fiscal Year.
Sources: Urban Analytics, LLC, Piper Jaffray & Co., and Backstrom McCarley Berry & Co., LLC.

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Table 8  
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF  
THE CITY AND COUNTY OF SAN FRANCISCO  
Estimated All-In Debt Service Coverage (Senior Bonds and Bonds)  
(The Project Areas)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net Available Tax Increment Revenues (1)</th>
<th>Existing Loan Agreements (2)</th>
<th>Pledged Tax Revenues Bonds (3)</th>
<th>Total Payments for All-In Debt Service Coverage Calculation (4)</th>
<th>All-In Debt Service Coverage (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
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<td>2015-16</td>
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<td>2016-17</td>
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<td>2026-27</td>
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</tbody>
</table>

(1) Reflects moneys deposited into Redevelopment Property Tax Trust Fund less county administrative charges, and excluding the Excluded Project Areas: Mission Bay South, Mission Bay North, Hunters Point Shipyard, Visitacion Valley and Federal Office Building Project Areas and Zone 1 of the Bayview Hunters Point Project Area B (the “Candlestick Site”), and the State-Owned Parcels within the Transbay Project Area.

(2) The pledge of tax revenues under the Indenture to pay debt service on the Bonds is subordinate to the pledge thereof for payment of debt service on existing loan agreements related to bonds issued by the Authority not being refunded by the Bonds (the “Existing Loan Agreements”).

(3) Reflects debt service on the 2014 Series B Taxable Bonds and 2014 Series C Bonds payable in the calendar year that begins in such Fiscal Year.

(4) Reflects the sum of debt service on Existing Loan Agreements and debt service payments on the 2014 Series B Taxable Bonds and 2014 Series C Bonds.

(5) Net Available Tax Increment Revenues divided by Total Payments for All-In Debt Service Coverage Calculation.

Sources: Urban Analytics, LLC, Piper Jaffray & Co., and Backstrom McCarley Berry & Co., LLC.

Assessment Appeals

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

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

Property owners may also appeal the Proposition 13 base assessment of a property. Although less frequently filed, such appeals, if successful, can permanently reduce the enrolled valuation of a property and consequently affect the Successor Agency’s annual revenue. The annual filing period for all appeals extends from July 2 to September 15.
Appeal filings in the Project Areas for the past six (6) years are shown in Table 9 for the secured roll. The tables compare the Assessor’s valuation with the applicant’s opinion of the value of a property and show the resulting valuation for resolved appeals. Appeals are considered resolved when they are withdrawn by the applicant, denied a hearing by the board of assessment appeals, granted a hearing but denied an adjustment in valuation, or granted an adjustment in valuation.

<table>
<thead>
<tr>
<th>Roll Year</th>
<th>Status</th>
<th>Number of Appeals</th>
<th>County Valuation</th>
<th>Applicant Opinion of Value</th>
<th>Valuation After Appeal</th>
<th>Retention Rate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>Resolved</td>
<td>82</td>
<td>194,428,461</td>
<td>112,149,150</td>
<td>191,633,511</td>
<td>98.56%</td>
</tr>
<tr>
<td>2013-14</td>
<td>Pending</td>
<td>80</td>
<td>3,647,770,534</td>
<td>2,153,058,360</td>
<td>TBD</td>
<td>-</td>
</tr>
<tr>
<td>2011-12</td>
<td>Resolved</td>
<td>252</td>
<td>2,488,665,706</td>
<td>1,742,407,676</td>
<td>2,478,058,536</td>
<td>99.57%</td>
</tr>
<tr>
<td>2011-12</td>
<td>Pending</td>
<td>24</td>
<td>1,312,097,084</td>
<td>681,670,312</td>
<td>TBD</td>
<td>-</td>
</tr>
<tr>
<td>2010-11</td>
<td>Resolved</td>
<td>296</td>
<td>3,463,044,100</td>
<td>1,972,411,593</td>
<td>3,341,658,887</td>
<td>96.49%</td>
</tr>
<tr>
<td>2010-11</td>
<td>Pending</td>
<td>6</td>
<td>856,003,332</td>
<td>519,467,825</td>
<td>TBD</td>
<td>-</td>
</tr>
<tr>
<td>2009-10</td>
<td>Resolved</td>
<td>384</td>
<td>5,159,675,072</td>
<td>3,263,089,465</td>
<td>4,753,585,380</td>
<td>92.13%</td>
</tr>
<tr>
<td>2009-10</td>
<td>Pending</td>
<td>6</td>
<td>684,809,421</td>
<td>340,740,947</td>
<td>TBD</td>
<td>-</td>
</tr>
<tr>
<td>2008-09</td>
<td>Resolved</td>
<td>399</td>
<td>4,239,492,971</td>
<td>2,148,463,822</td>
<td>3,970,678,321</td>
<td>93.66%</td>
</tr>
<tr>
<td>2008-09</td>
<td>Pending</td>
<td>2</td>
<td>395,998,591</td>
<td>244,000,000</td>
<td>TBD</td>
<td>-</td>
</tr>
<tr>
<td>2008-09</td>
<td>Resolved</td>
<td>109</td>
<td>1,710,619,058</td>
<td>1,024,149,946</td>
<td>1,709,592,115</td>
<td>99.94%</td>
</tr>
<tr>
<td>2008-09</td>
<td>Pending</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>All Years</td>
<td>Resolved</td>
<td>1,522</td>
<td>17,255,925,368</td>
<td>10,262,671,652</td>
<td>16,445,206,750</td>
<td>95.30%</td>
</tr>
<tr>
<td>All Years</td>
<td>Pending</td>
<td>118</td>
<td>6,896,678,962</td>
<td>3,938,937,444</td>
<td>TBD</td>
<td>-</td>
</tr>
</tbody>
</table>

Potential exposure to reductions in valuation from pending appeals using retention rate**: 324,020,064

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

**Estimated based on the county valuation for pending appeals across all years multiplied by the difference between 100% and the retention rate for resolved appeals across all years.

Source: Urban Analytics, LLC. Data obtained from the Assessment Appeals Board as of 9/24/2014.

Pending appeals have been filed by two of the largest property owners in the Project Area, specifically Emporium Mall, LLC and Hudson Rincon Center, LLC. Emporium Mall, LLC has three appeals pending on its Fiscal Year 2013-14 valuation. Appeals filed by the owner on these properties in the prior two years have been resolved with no change in valuation. Hudson Rincon Center LLC has two pending appeals for Fiscal Year 2013-14. Appeals filed by the owner for these properties in the past three years have been resolved with no change in valuation. There are also two pending appeals filed by PPP Office, One Maritime Plaza for Fiscal Year 2013-14 valuations. Appeals on these properties were filed in Fiscal Year 2012-13 and Fiscal Year 2011-12 and were resolved with no change in valuation, while appeals filed by this owner in Fiscal Year 2010-11 were resolved with a reduction in valuation of $118.7 million.

Were the City Controller to change its policy of deducting appeal-related tax refunds solely from taxing entities and not from the Successor Agency or were the Assessor to extend Proposition 8 reductions to future rolls for properties granted prior-year reductions, applying the retention rate of 95.3% to the valuation currently subject to pending appeals, the estimated reduction in assessed valuation would be $324 million or approximately $3.2 million in gross tax increment. If the full amount of disputed valuation were to be granted by the City’s Assessment Appeals Board (the “Assessment Appeals
Board") across the Project Areas, and if the City Controller were to deduct the resulting tax refunds from the Successor Agency’s tax increment, the estimated reduction in assessed valuation would be $2.96 billion for the Project Areas and approximately $29.6 million in gross tax increment.

CERTAIN RISK FACTORS

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

Plan Limits

With the exception of the Western Addition Project Area A-2, the Project Areas are subject to time period limits on the receipt of tax increment revenues. For certain areas within such Project Areas, the last date to receive tax increment revenues occurs before the maturity of the Bonds. Bonds that mature after such date will not be secured by tax increment revenues derived from areas within these Project Areas once the time period to receive tax increment revenues has expired.

See “THE PROJECT AREAS.”

The Successor Agency currently estimates that it will have sufficient tax increment revenues collectively from the Project Areas to pay the principal of and interest on the Bonds. However, there can be no assurance that the actual amount of tax increment revenues received will be as set forth in the Successor Agency’s projections. See “PLEDGED TAX REVENUES AND DEBT SERVICE” and APPENDIX B.

Recognized Obligation Payment Schedules

As described in greater detail above under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Recognized Obligation Payment Schedules,” the Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Tax revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the City Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. If the Successor Agency were to fail to complete an approved Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Pledged Tax Revenues to the Successor Agency to pay debt service on the Bonds could be adversely affected for such period. See “PLEDGED TAX REVENUES AND DEBT SERVICE – Allocation of Taxes Subsequent to the Dissolution Act – Recognized Obligation Payment Schedules.”

Table 10
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
2015 Estimated ROPs Schedule

* Preliminary, subject to change.
Estimates of Tax Revenues

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

Subordination of ERAF

The Successor Agency has obtained the approval of the Taxing Entities to subordinate payment of their AB 1290 Statutory Pass-Through Amounts to the payment of debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Allocation of Taxes Pursuant to the Dissolution Act – Assembly Bill 1290; Statutory Pass-Throughs.” As ERAF is not an entity, but a fund, there is not a mechanism to seek affirmative approval of the subordination of monies payable to ERAF. The Successor Agency believes that the Statutory Pass-Through Amounts to be deposited in ERAF have also been subordinated, given that the Taxing Entities, to whom the funds in ERAF would be distributed, have approved the subordination of the Statutory Pass-Though Amounts directly payable to them. Should a Taxing Entity or the State disagree with the Successor Agency’s position with regards to the subordination of the ERAF and determine that the Statutory Pass-Through Amounts due to ERAF cannot be subordinated, such amounts would be a Senior Obligation and payment thereof would have to be made prior to payment of debt service on the Bonds. The Statutory Pass-Though Amount for ERAF is approximately eight million dollars ($8,000,000). The Successor Agency does not believe that a senior obligation to pay the ERAF amounts will have a materially adverse effect on its ability to pay debt service on the Bonds.

Reduction in Tax Base and Assessed Values

Tax revenues allocated to the Redevelopment Property Tax Trust Fund constitute the ultimate source of payment on the Bonds, the Existing Loans and any Parity Debt. Such tax revenues are determined by the amount of the incremental taxable value of property in the Project Areas, the current rate or rates at which property in the Project Areas is taxed and the percentage of taxes collected in the Project Areas. A reduction of the taxable values of property in the Project Areas could occur as a result of numerous factors beyond the Successor Agency’s control, including but not limited to, a general economic downturn, political and economic obstacles to additional development and redevelopment activities in the Project Areas, relocation out of the Project Areas by one or more major property owners or tenants, property becoming exempt from property taxes through condemnation or acquisition by certain entities such as nonprofit corporations, or the complete or partial destruction of property caused by, among other calamities, earthquake, fire, flood or other natural disaster. In addition, taxable values may be reduced pursuant to successful appeals of assessed valuations or by widespread temporary reduction in assessed valuation under Proposition 8. These risks may be greater where, as here, some of the Project Areas have a high concentration of major taxpayers. See “PLEDGED TAX REVENUES AND DEBT SERVICE – Table 3, Top Ten Taxpayers,” above. There are appeals to assessed valuation which could result in a substantial reduction thereof. See “– Assessment Appeals” above.

An indicator of the potential exposure of Successor Agency tax increment revenue to appeals were the City Controller either to change its policy of deducting appeal-related tax refunds solely from
taxing entities and not from the Successor Agency or were the Assessor to extend Proposition 8 reductions to future rolls for properties granted prior-year reductions may be seen by applying the overall retention rate for all years in a Project Area to the amount of roll valuation in pending appeals for the Project Area. Applying the retention rate of 95.3% to the aggregate valuation currently subject to pending appeals in the Project Areas, the Fiscal Consultant reduction in valuation of $324.0 million or approximately $3.2 million in total available tax revenues. If the full amount of disputed valuation were to be granted by the assessment appeals board across the Project Areas, and if the City Controller were to deduct the resulting tax refunds from the tax increment allocated to the Successor Agency, the Fiscal Consultant estimates a reduction in assessed valuation of $2.96 billion and that the total allocable tax revenues for the Project Areas could be reduced by approximately $29.6 million. Any such reductions in taxable values could cause a reduction in the Pledged Tax Revenues securing the Bonds and could have an adverse effect on the Successor Agency’s ability to make timely payments with respect to such Bonds.

In general, because property on the unsecured tax roll includes personal property and leasehold interests, the values of property on the unsecured roll are more likely to fluctuate and are more susceptible to reduction due to adverse economic circumstances affecting the owner of the properties. Accordingly, unsecured assessed valuation may present special risks and may be more susceptible to fluctuation from year to year than valuation reflected on the secured roll. According to the Fiscal Consultant, the unsecured roll represents approximately eighty-eight percent (88%) of the overall assessed value for Fiscal Year 2013-14 and approximately twelve percent (12%) of the allocable tax revenues of the Project Areas.

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

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

Appeals to Assessed Values

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

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

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

Assessors have the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of properties affected by particular negative economic conditions. Such reductions in assessed values are incorporated in the tables under “PLEDGED TAX REVENUES AND DEBT SERVICE.”

Two (2) of the top ten (10) largest property taxpayers in the Project Areas have pending property tax appeals. See “PLEDGED TAX REVENUES AND DEBT SERVICE – Table 3, Top Ten Taxpayers,” and “— Assessment Appeals” for a description of pending appeals and the potential impact on allocable tax revenues if the appeals are granted.

State Budget Issues; Changes in the Law

AB 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State’s budget acts for its Fiscal Years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of $1.5 billion). There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Pledged Tax Revenues.

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Redevelopment Law, the Dissolution Act or other laws or the Constitution of the State resulting in a reduction of Pledged Tax

57
Revenues, or that otherwise have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds.

Certain litigation is challenging some of the terms of the Dissolution Act, and it is anticipated that there will be additional future legislation in this area. The Successor Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future.

The Dissolution Act is new and implementation of its provisions have been and will be subject to differing interpretations by different stakeholders, including the State Department of Finance, the State Controller, oversight boards, successor agencies, auditor-controllers, and others, and the Dissolution Act could be subject to further legislative or judicial review. The Successor Agency cannot predict the outcome or impact of any such interpretations or reviews, on availability of Pledged Tax Revenues to pay the Bonds.

Development Risks

Although the Project Areas are substantially developed, there remain undeveloped areas within certain Project Areas, particularly within the Transbay Project Area, the Western Addition Project Area A-2, the Bayview Hunters Point Project Area B and Rincon-South Beach Project Area. {Confirm.}

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

Natural Disasters

Real estate values can be adversely affected by a variety of natural events and conditions, including earthquakes, tsunamis, sea level rise and floods. The Successor Agency expects that one or more of these conditions may occur from time to time, and such conditions may result in damage to property improvements. In addition, the property within the Project Areas is located on landfill, which could result in an increase in any damage occurring to property within the Project Areas as a result of an earthquake. Any damage resulting from a natural disaster may entail significant repair or replacement costs, and repair or replacement may never occur. Under any of these circumstances, the value of real estate within the Project Areas could depreciate substantially and owners of property may be less willing or able to pay property taxes.

Earthquake. According to the Community Safety element of the General Plan of the City and County of San Francisco (October 2012) (the “Community Safety Element”), a working group of earthquake scientists formed by the National Earthquake Prediction Evaluation Council concluded in 2008 that there is a 67% likelihood of one or more major earthquakes (magnitude 6.7 or greater and capable of resulting in substantial damage) occurring in the Bay Area in the next 30 years
The City is in a seismically active area, where damaging earthquakes have occurred and are likely to occur again along the two earthquake fault lines that affect San Francisco, which are the San Andreas fault line and the Hayward fault line. Significant recent seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and environs, including portions of the Project Areas. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed.

**Sea Level Rise.** Sea level rise can lead not only to permanent inundation of land but it can also expand the 100-year floodplain. Land composed of fill near San Francisco Bay – including property in Project Areas – is at risk for inundation because of low elevation and subsidence over time due to compaction from buildings and soil desiccation. The Community Safety Element notes that best available projections for California and the Bay Area currently assume 12-18 inches of sea level rise by 2050 and 21-55 inches of sea level rise by 2100, given current carbon emissions trends, although it also notes that these projections are likely to change over time as climate science progresses.

**Tsunamis.** Tsunamis are large waves in the ocean generated by earthquakes, coastal or submarine landslides, or volcanoes. Damaging tsunamis are not common on the California coast. Most California tsunami are associated with distant earthquakes (most likely those in Alaska or South America, and recently in Japan), not with local earthquakes. Devastating tsunamis have not occurred in historic times in the San Francisco Bay Area. The Community Safety Element states that, because of the lack of reliable information about the kind of tsunami runups that have occurred in the prehistoric past, there is considerable uncertainty over the extent of tsunami runup that could occur.

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

**No Validation Proceeding Undertaken**

California Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a “validation proceeding,” for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the Bonds, California Government Code Section 53511 authorizes a local agency to “bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness.” Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters herein adjudicated or which could have been adjudicated, against all persons: “The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive.”
The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the Bonds and specifying the related deadline for any challenge to the Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within thirty (30) days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the Bonds and the Oversight Board Resolution on __________, 2014.

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

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

Reductions in Unitary Values

As the result of the adoption of AB 454 (Chapter 921, Statutes of 1987), a portion of the county-wide unitary values assigned to public utilities was allocated to the Project Areas. Any substantial reduction in the values of public utility properties, either because of deregulation of a utility industry or for any other reason, will have an adverse impact on the amount of Pledged Tax Revenues. For further information concerning unitary values, see “LIMITATIONS ON TAX REVENUES – Taxation of Unitary Property.”

Hazardous Substances

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

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

Delinquencies

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

Investment Risk

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

Bankruptcy and Foreclosure

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

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

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent tax installments not being paid in full. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured
claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

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

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

As discussed under “LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedures – Delinquencies,” under its current policies, the City Controller distributes one hundred percent (100%) of tax increment revenues allocated to the Successor Agency without regard to delinquencies in the payment of property taxes. However, there can be no assurance that such policies will not be changed in the future.

**Levy and Collection of Taxes**

The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the ability of the Successor Agency to pay debt service on the Bonds. Likewise, delinquencies in the payment of property taxes and the impact of bankruptcy proceedings on the legal ability of taxing agencies to collect property taxes could have an adverse effect on the Successor Agency’s ability to make timely Bond payments. The City allocates property taxes to the Successor Agency based on one hundred percent (100%) of the tax levy, notwithstanding any delinquencies. However, the City may discontinue such practice at any time. If there is a decline in the general economy of any Project Area, the owners of property within such Project Area may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of Pledged Tax Revenues received by the Successor Agency from the Project Area.

**Loss of Tax Exemption**

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2014 Series C Bonds, the Successor Agency has covenanted in the Indenture to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and the Successor Agency has covenanted in the Indenture to comply with certain provisions of the Tax Code. The interest on the 2014 Series C Bonds could become includable gross income for purposes of federal income taxation retroactive to the date of issuance of the 2014 Series C Bonds as a result of acts or omissions of the Successor Agency in violation of these or other covenants in the Indenture applicable to the 2014 Series C Bonds. The 2014 Series C Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Indenture. See “TAX MATTERS.”
Risk of Tax Audit

In December 1999, as a part of a larger reorganization of the Internal Revenue Service (the “IRS”), the IRS commenced operation of its Tax Exempt and Government Entities Division (the “TE/GE Division”), as the successor to its Employee Plans and Exempt Organizations division. The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. There is no assurance that if an IRS examination of the 2014 Series C Bonds was undertaken it would not adversely affect the market value of the 2014 Series C Bonds. See “TAX MATTERS.”

Secondary Market

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

No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including, without limitation, amendments to the Tax Code), or by any state constitutional amendments, court decisions, changes in interpretation of the Code, or actions of the IRS, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Bonds for audit examination, or the course or result of any IRS audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

Parity Obligations

As described in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Parity Debt,” the Successor Agency may issue or incur obligations payable from Pledged Tax Revenues on a parity with its pledge of Pledged Tax Revenues to payment of debt service on the Bonds.

Bonds are Limited Obligations

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

Limited Recourse on Default

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

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

Property Tax Collection Procedure

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

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

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

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

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

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or
completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next January 1 tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments for up to fourteen (14) months. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Areas, Pledged Tax Revenues may increase.

**Property Tax Administrative Costs.** In 1990, the Legislature enacted Senate Bill 2557 (Statutes of 1990, Chapter 466) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. Subsequent legislation clarified that the provisions of SB 2557 include redevelopment agencies as a local government agency which must pay such administrative costs. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the county auditor-controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before moneys are deposited into the Redevelopment Property Tax Trust Fund.

**Taxation of Unitary Property**

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case, values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1.

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

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization. The City Controller, following guidance from the State Board of Equalization does not share any of the City-wide unitary revenue with the Successor Agency.
Tax Limitations – Article XIIIA of California Constitution

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

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

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age fifty-five (55) and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in [marginal reductions] in property tax revenues.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent (2%) annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

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

Article XIIIB of California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIIIB to the California Constitution which has been subsequently amended several times. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The base year for establishing such appropriation limit is fiscal year 1978-79 and the limit is to be adjusted annually to reflect changes in population, cost of living and certain increases in the cost of services provided by these public agencies.
Appropriations subject to Article XIIIIB include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Effective September 30, 1980, the California Legislature added Section 33678 of the Redevelopment Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIIIIB or any statutory provision enacted in implementation thereof. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: Bell Community Redevelopment Agency v. Woosely and Brown v. Community Redevelopment Agency.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the California Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on bonded indebtedness issued by a taxing entity (not the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies. Pledged Tax Revenues do not include any such amounts.

Articles XIIIC and XIIIID of California Constitution

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

Future Initiatives

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

TAX MATTERS

[To Come From Bond Counsel.]
LITIGATION

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

Syncora Lawsuit – Challenge to Dissolution Act

With respect to California successor agencies and the Dissolution Act in general, on August 1, 2012, Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, “Syncora”) filed a lawsuit against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento) (the “Syncora Lawsuit”). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleges that the Dissolution Act, and specifically the “Redistribution Provisions” thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the “contract clauses” of the United States and California Constitutions (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleges that the Redistribution Provisions violate the “Takings Clauses” of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders’ and Syncora’s contractual right to critical security mechanisms without just compensation. Specifically, the complaint alleges that the security mechanism created by the irrevocable pledge of tax increment revenues to repay the redevelopment agency debts was a critical feature of the redevelopment bonds’ marketability in at least three ways:

(a) tax increment revenues which have been previously irrevocably pledged are now subject to restrictive terms such as periodic Recognized Obligation Payment Schedules, oversight board approval, and State Department of Finance approval, that unconstitutionally impair the contract providing for such pledge;

(b) excess tax increment revenues previously could be held by a redevelopment agency in reserve to protect against potential future shortfalls (in contrast to the provisions under the Dissolution Act that require the county auditor-controller to distribute surplus monies from the Redevelopment Property Tax Trust Fund amounts to taxing entities each six-month period); and

(c) the pre-Dissolution Act Redevelopment Law and bond indentures or trust agreements governing redevelopment bonds typically included requirements and covenants for the redevelopment agency to use surplus tax increment revenues received in excess of amounts required for debt service on redevelopment activities, which were calculated under the Redevelopment Law to stimulate growth and general increases in assessed valuation, and therefore increase additional security for the bonds, and such covenants have been substantially and unconstitutionally impaired by the Dissolution Act, in particular the Redistribution Provisions.
The Syncora Lawsuit was brought as a petition for writ of mandate, complaint for declaratory relief, inverse condemnation and injunctive relief. The injunctive relief sought includes an injunction enjoining the respondents from implementing, enforcing, and/or carrying out the Redistribution Provisions, ordering respondents to immediately return all money remitted by successor agencies to local taxing agencies pursuant to the Redistribution Provisions, and ordering respondents to hold all future tax increment revenues in the Redevelopment Property Tax Trust Fund, or a similar fund, for the exclusive benefit of, and distribution to, bondowners until such a time when the bondowners are completely repaid.

On May 29, 2013, the Superior Court issued a preliminary ruling, in which it denied Syncora’s claims that the Dissolution Act unconstitutionally impaired its contracts on the grounds that those claims are premature; the court noted that Syncora had provided no evidence that successor agencies actually are unable to meet their obligations as they become due, or that successor agencies will be prevented from ultimately paying all redevelopment obligations. The Superior Court concluded that Syncora’s takings claims are not necessarily premature, but that an evidentiary hearing should be conducted to address those claims. Finally the superior court concluded that possible certification of a class of county auditor-controllers was moot because the auditor-controllers have no role or duty in connection with the alleged takings or in providing compensation for those takings.

Subsequently, on August 16, 2013, the parties entered into a stipulated judgment dismissing all of Syncora’s claims, although the dismissal was without prejudice with respect to Syncora’s impairment of contract and takings claims. In dismissing its impairment of contract and takings claims without prejudice, Syncora preserves any rights it may have in the future to initiate the Syncora Litigation and reassert its contract clause and takings challenges to AB 26. The stipulated judgment was entered as final on October 3, 2013.

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

CONTINUING DISCLOSURE

The Successor Agency has covenanted for the benefit of the Owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency by not later than six (6) months after the end of the Successor Agency’s Fiscal Year (presently June 30) in each year commencing with its report for the 2013-14 fiscal year (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Successor Agency, or the Dissemination Agent, if any, on behalf of the Successor Agency, with the MSRB. The notices of events will also be filed by the Successor Agency, or the Dissemination Agent, if any, on behalf of the Successor Agency, with the MSRB. The specific nature of the information to be contained in the Annual Report and the notices of events is summarized in APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

In the past five years, the Former Agency and the Successor Agency have not failed to comply in any material respect with any previous undertakings in accordance with S.E.C. Rule 15c2-12 to provide annual reports or notices of certain enumerated events. However, the Former Agency did fail on occasion to file notices of bond insurer-related rating downgrades on a timely basis. Additionally, due to the dissolution of the Former Agency and delays in the preparation of audited financials for Fiscal Year ended 2012 for the Successor Agency, the Successor Agency and the Former Agency filed their respective audited financial statements approximately thirty (30) days late. The Former Agency had, however, filed unaudited financial statements for the Former Agency for the first (7) seven months of the
fiscal year in a timely manner. Additionally, certain tabular information related to a merged project area was not aggregated as required by the applicable continuing disclosure agreement. However, all of the required information was available for the component areas of such merged project area. The Successor Agency has filed notices of all bond rating downgrades and the missing tabular information noted in the prior sentence. The Successor Agency has also established procedures that it believes are sufficient to ensure future compliance with its continuing disclosure undertakings. [To be Updated.]

LEGAL MATTERS

Certain legal matters incident to the issuance, sale and delivery of the Bonds are subject to the approving legal opinion of Jones Hall, A Professional Law Corporation, as Bond Counsel. Certain legal matters incident to the issuance of the Bonds will be passed upon for the Successor Agency by its General Counsel. Curls Bartling P.C. is acting as Disclosure Counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriters by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California.

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

Fees payable to Bond Counsel and Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

FINANCIAL ADVISORS

Public Financial Management, Inc. and Kitahata & Company have served as co-Financial Advisors to the Successor Agency with respect to the sale of the Bonds. The Financial Advisors have assisted the Successor Agency in the review of this Official Statement and in other matters relating to the planning, structuring, and sale of the Bonds. The Financial Advisors have not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Successor Agency to determine the accuracy or completeness of this Official Statement and assume no responsibility for the accuracy or completeness of any of the information contained herein. The Financial Advisors will receive compensation contingent upon the sale and delivery of the Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of, among other things, the mathematical computations of the amounts deposited in the Escrow Funds to pay, when due, the redemption price of and accrued interest on the Refunded Bonds will be verified by _______. ________.

RATING

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

FINANCIAL STATEMENTS

The audited financial statements of the Successor Agency for the Fiscal Year ended June 30, 2013, are included as part of APPENDIX A – “SUCCESSOR AGENCY’S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013.” Such financial statements have been audited by Macias Gini & O’Connell, LLP (the “Auditor”), independent certified public accountants, whose report also appears in Appendix A. The Auditor was not requested to consent to the inclusion of its report in Appendix A, nor has the Auditor undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

FISCAL CONSULTANT REPORT

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

The 2014 Series B Taxable Bonds will be sold to Piper Jaffray & Company, as representative of itself and Stifel, Nicolaus & Company, Inc. and Stinson Securities, LLC (collectively, the “2014 Series B Taxable Underwriters”), pursuant to a bond purchase contract (the “2014 Series B Taxable Purchase Contract”) between the Successor Agency and the 2014 Series B Taxable Underwriters. The 2014 Series B Taxable Underwriters have agreed to purchase the 2014 Series B Taxable Bonds for $_________ (which amount represents the $___________ aggregate principal amount of the 2014 Series B Taxable Bonds, less/plus an aggregate [net] original issue discount/premium of $________, and less an underwriters’ discount of $_________).

Piper Jaffray & Co., one of the 2014 Series B Taxable Underwriters, and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into a distribution agreement (the “Distribution Agreement”) that enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Bonds. Under the Distribution Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray & Co.

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

The 2014 Series C Bonds will be sold to Backstrom McCarley Berry & Company LLC, as representative of itself and Stifel, Nicolaus & Company, Inc. and Blaylock Beal Van, LLC (collectively, the “2014 Series C Underwriters”), pursuant to a bond purchase contract (the “2014 Series C Purchase Contract”) between the Successor Agency and the 2014 Series C Underwriters. The 2014 Series C Underwriters have agreed to purchase the 2014 Series C Bonds for $_________ (which amount represents the $___________ aggregate principal amount of the 2014 Series C Bonds, less/plus an aggregate [net] original issue discount/premium of $________, and less an underwriters’ discount of $_________).

The initial public offering prices of the Bonds of each Series may be changed from time to time by the Underwriters. The Purchase Contract for each Series of Bonds provides that the Underwriters will purchase all of such Series of Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract including, among others, the approval of certain legal matters by counsel.

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MISCELLANEOUS

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

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

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

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

By:  
Deputy Executive Director,  
Finance and Administration
APPENDIX A

SUCCESSOR AGENCY’S AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Successor Agency of the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) in connection with its issuance of $_______ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds and $_______ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series C Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) (together, the “Bonds”). The Bonds are being issued in accordance with Section 34177.5(a)(1) of the California Health and Safety Code (the “Redevelopment Law”), Article 11, Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Refunding Law”), the resolution of the Successor Agency adopted _______, 2014 (the “Resolution”), and the Indenture of Trust, dated as of December 1, 2014 (the “Indenture”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”). The Successor Agency covenants and agrees as follows:

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

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

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

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

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


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

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

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

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

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing with the report for the 2013-14 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Trustee and the Participating Underwriters. Not later than fifteen (15) business days prior to the Annual Report Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent, if other than the Successor Agency. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the financial information regarding each of the Project Areas described in the Official Statement (collectively, the “Project Areas”) may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date if not available by that date. If the Successor Agency’s or any of the Project Area’s Fiscal Year changes, the Successor Agency, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(c) below. The Successor Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Successor Agency and shall have no duty or obligation to review such Annual Report.

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

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

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

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

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

Section 4. Content of Annual Reports. The Successor Agency’s Annual Report shall contain or incorporate by reference the following:
(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Successor Agency’s audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Successor Agency, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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

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

2. The top ten taxpayers by valuation in the Project Areas for the fiscal year to which the Annual Report pertains in a form substantially similar to Table 3 of the Official Statement;

3. Assessed valuations and tax increment for the fiscal year to which the Annual Report pertains, by means of an update to the “Tax Increment Estimates by Project Areas” table as shown in Table 4 of the Official Statement;

4. Estimated annual debt service coverage for obligations of the Successor Agency by means of an update to the “Projected Tax Increment Revenues by Project Areas and Estimated Debt Service on the Bonds” table shown in Table 7 of the Official Statement;

5. Estimated all-in debt service coverage for obligations of the Successor Agency by means of an update to the “Estimated All-In Debt Service Coverage (Senior Bonds and Bonds)” table shown in Table 8 of the Official Statement; and

6. Any actions of the Oversight Board or Department of Finance that could impair the ability of the Successor Agency to pay debt service on the Bonds on a timely basis.

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

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

Section 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposal Issue (IRS Form 5701-TEB);
6. Tender Offers;
7. Defeasances;
8. Rating changes; and
9. Bankruptcy, insolvency, receivership or similar proceedings.

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

(b) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

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

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

(d) If the Successor Agency determines that the Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the Successor Agency, the Successor Agency shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.
(e) The Successor Agency hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Successor Agency and, if the Dissemination Agent is other than the Successor Agency, the Dissemination Agent shall not be responsible for determining whether the Successor Agency’s instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

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

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

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

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

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

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

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

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.
Section 11. **Default.** In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, the Trustee may (and, at the request of any Participating Underwriter or the holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall), after receiving indemnification satisfactory to the Trustee, or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

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

**To the Participating Underwriters:**
Piper Jaffray & Co.
1100 South Coast Highway, Suite 300a
Laguna Beach, CA 92651
Fax: _____
Attention: _____
Backstrom McCarley Berry & Co., LLC
115 Sansome Street, Mezzanine A
San Francisco, CA 94104
Fax: (415) 392-5276
Attention: _____

**To the Trustee:**
U.S. Bank National Trust Association
Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

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

Date: ______________, 2014

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

By: ______________________
Deputy Executive Director, Finance and Administration
EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

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

Name of Issue: Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) and 2014 Series C Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)

Date of Issuance: December __, 2014

NOTICE IS HEREBY GIVEN that the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.05 of the Indenture. The Successor Agency anticipates that the Annual Report will be filed by ____________________.

Dated: ______________________

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

By: ______________________
Title: ______________________

cc: Trustee and Participating Underwriters
APPENDIX E

FORM OF BOND COUNSEL FINAL OPINION
APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect...
Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

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

STATE DEPARTMENT OF FINANCE
DETERMINATION LETTER APPROVING THE BONDS