

EXHIBIT H

Financing Plan

[ATTACHED]

**DISPOSITION AND DEVELOPMENT AGREEMENT
(CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD)
FINANCING PLAN**

TABLE OF CONTENTS

Page

1.	OVERVIEW	1
1.1	Project Purposes; Project Accounts	1
1.2	Financing Sources for Qualified Project Costs.....	3
1.3	Distribution of Net Project Proceeds	4
1.4	Purpose and Use of Summary Proforma.....	5
1.5	Major Phase Priorities.....	10
1.6	Effect of Early Termination of DDA	10
1.7	Consultants.....	11
1.8	Recordkeeping	12
1.9	Unreimbursed Agency Costs	14
2.	COMMUNITY FACILITIES DISTRICT FINANCING	14
2.1	Formation of CFDs	14
2.2	Scope of CFD-Financed Costs.....	15
2.3	Parameters of CFD Formation	15
2.4	Issuance of CFD Bonds	19
2.5	Use of Proceeds.....	19
2.6	Miscellaneous CFD Provisions.....	19
2.7	Maintenance CFDs.....	21
2.8	CFD Limitations	22
3.	TAX INCREMENT FINANCING	24
3.1	Net Available Increment	24
3.2	Shipyards Net Available Increment.....	26
3.3	Candlestick Net Available Increment	26
3.4	Housing Increment.....	27
3.5	Budget Procedures	28
4.	SUPPLEMENTAL OBLIGATION FINANCING, ALTERNATIVE FINANCING, GRANTS AND PUBLIC FINANCING GENERALLY	33
4.1	Supplemental Obligation Financing	33
4.2	Alternative Financing.....	34
4.3	Project Grants.....	35
4.4	Provisions Applicable to All Public Financings	35

TABLE OF CONTENTS
(continued)

	Page
4.5 Terms of the Public Financings	37
4.6 Reimbursements for Qualified Project Costs.....	38
5. INTERPRETATION; DEFINITIONS.....	39
5.1 Interpretation of Agreement.....	39
5.2 Defined Terms	39

LIST OF EXHIBITS

Exhibit H-A. Sample Calculations

Exhibit H-B. Summary Proforma

H-B-A Stadium Alternative - **NO LONGER IN EFFECT PER THIRD AMENDMENT TO HPS2/CP DDA**

H-B-B Non-Stadium Alternative - **NO LONGER IN
EFFECT PER THIRD AMENDMENT TO HPS2/CP DDA**

Exhibit H-C. Form of Acquisition and Reimbursement Agreement

LIST OF ATTACHMENTS

Attachment H-1. Tax Allocation Agreement

**DISPOSITION AND DEVELOPMENT AGREEMENT
(CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD)**

FINANCING PLAN

This FINANCING PLAN implements and is part of the DDA. As used in this Financing Plan, the terms defined in Section 5.2 have the meanings given to them in Section 5.2. Capitalized terms used but not otherwise defined in this Financing Plan have the definitions given to them in the DDA.

1. OVERVIEW

1.1 Project Purposes; Project Accounts.

(a) Funding Goals. Developer and the Agency are entering into the DDA, which includes this Financing Plan, with the following financial goals for the Project (collectively, the “**Funding Goals**”):

(i) to follow City policies adopted by the voters under Proposition G to: (A) minimize the adverse impact of the Project on the City’s General Fund; (B) use the Low and Moderate Income Housing Fund to help finance Affordable Units in the Project Site, including Alice Griffith Replacement Units; (C) promote financial self-sufficiency in the development of the Project by encouraging substantial private capital investment, contributing public land in the Project Site to facilitate the provision of public benefits of the Project, and using Funding Sources to finance Qualified Project Costs; (D) to the extent feasible, use State, federal, and other sources of funds to help pay for environmental remediation and transportation and other infrastructure improvements for the Project; and (E) except for the Low and Moderate Income Housing Fund, prohibit the use of property tax increment from any part of a redevelopment area outside of the Project Site to finance improvements in the Project Site;

(ii) to provide mechanisms and Funding Sources that will allow Developer to achieve the Developer Return and the Project to contribute to the Community Benefits Fund if Developer achieves the Developer Return;

(iii) to maximize Funding Sources available to finance Qualified Project Costs by, among other things, to the extent reasonably feasible and consistent with this Financing Plan, using tax-exempt debt;

(iv) to minimize the costs to Developer (such as costs of credit enhancement) associated with Funding Sources to the extent reasonably feasible and to use debt requiring credit enhancement only at Developer’s request or with Developer’s written consent;

(v) to provide Housing Increment for the priorities set forth in Section 3.4(a)(ii), including Alice Griffith Replacement Units and Agency Affordable Units; and

(vi) to implement sound and prudent public fiscal policies that protect the City's General Fund, the Agency's general funds, and the City's and the Agency's respective financial standings and fiduciary obligations, while operating within the constraints of this Financing Plan and, as applicable, the CCRL, the CFD Act, the CFD Goals, and the Tax Laws.

(b) Purpose of Financing Plan. Developer and the Agency acknowledge and agree that the purpose of this Financing Plan is to establish the contractual framework for mutual cooperation in achieving the Funding Goals necessary to implement the Project. Accordingly, the Agency agrees to take all actions reasonably necessary, and Developer agrees to cooperate reasonably with the Agency's efforts, to:

(i) form requested CFDs and Maintenance CFDs, adopt RMAs, and: (A) for CFDs, levy Project Special Taxes and issue CFD Bonds that are consistent with the Funding Goals to finance Qualified Project Costs and, when authorized under Section 2.8, Additional Community Facilities; and (B) for Maintenance CFDs, levy Maintenance Special Taxes to pay for Ongoing Park Maintenance;

(ii) issue Tax Allocation Debt that is consistent with the Funding Goals and the applicable Bonded Indebtedness Limit to pay Qualified Project Costs;

(iii) implement Supplemental Obligation Financing that is consistent with the Funding Goals to pay Qualified Project Costs;

(iv) allocate and apply Net Available Increment to pay Qualified Project Costs as provided in this Financing Plan;

(v) provide Housing Increment in the priorities and for the purposes set forth in Section 3.4(a)(ii), including Alice Griffith Replacement Units and Agency Affordable Units; and

(vi) contribute to the Community Benefits Fund any Distributions the Agency receives under Section 1.3(a)(ii).

(c) Project Accounts.

(i) Developer agrees, and agrees to require all Transferees, to establish and maintain one or more accounts (each, a "**Project Account**") with the San Francisco branches of financial institutions Approved by the Agency from which all distributions of Net Project Proceeds under Section 1.3(a) (each, a "**Distribution**") will be made. Financial institutions holding Project Accounts may be changed from time to time with Approval of the Agency and Developer. Developer and the Agency acknowledge and agree that the direct payment of Project Costs from Project Accounts do not constitute Distributions.

(ii) Developer agrees, and agrees to require all Transferees: (A) to deposit, or cause to be deposited, all Gross Revenues into Project Accounts;

(B) to deposit, or cause to be deposited, all reimbursements from Funding Sources into Project Accounts; (C) not to commingle funds held in a Project Account with funds not related to the Project; and (D) to retain and make statements and all other records related to Project Accounts available for the Agency's review and audit in accordance with Section 1.8.

(iii) To provide Developer with reasonable flexibility in its financing arrangements, the Agency has agreed to defer taking a security interest in Project Accounts until the time specified in Section 1.3(b).

1.2 Financing Sources for Qualified Project Costs.

(a) Funding Sources.

(i) Sources of public funding that will be used to pay or reimburse Developer for Qualified Project Costs are: (A) Public Financing; (B) Project Grants; (C) Project Special Taxes and Remainder Taxes; (D) Candlestick Net Available Increment; (E) Shipyard Net Available Increment; (F) Excess Increment to the extent authorized and applied under Section 1.4(d); and (G) Housing Increment to the extent authorized and applied under Section 3.4 (collectively, "**Funding Sources**").

(ii) Benefit Findings. On the Reference Date, the Agency found and determined that: (A) certain Project Costs are attributable to redevelopment (including Infrastructure and other Improvements) that is of primary benefit to the Candlestick Site; and (B) certain Project Costs are attributable to redevelopment (including Infrastructure and other Improvements) that is of primary benefit to the Shipyard Site. The Board of Supervisors and Agency Commission may be required under the CCRL, including sections 33678, 33445 and 33445.1 of the CCRL, to make additional specific findings with respect to the Agency's payment for certain publicly-owned Improvements. The Agency agrees to assist in making such findings as and when requested by Developer, subject to applicable law.

(iii) Limited Public Obligation. Developer acknowledges that: (A) in no event may the City's General Fund or any of the Agency's general funds be obligated for any Agency indebtedness under this Financing Plan; and (B) the Agency must apply Net Available Increment (including Excess Increment, if any) only in compliance with the CCRL and this Financing Plan.

(b) Developer Sources.

(i) Developer Contributions for Project Costs. Developer sources for Project Costs include: (A) Developer equity; (B) Gross Revenues; and (C) Developer construction and development financing.

(ii) Developer Construction Obligations. Developer acknowledges that the Developer Construction Obligations will not be affected if Qualified Project Costs exceed the anticipated Funding Sources.

1.3 Distribution of Net Project Proceeds.

(a) Distributions. Developer and the Agency have agreed to share in Net Project Proceeds according to the following priorities:

(i) Developer and Transferees will make Distributions to themselves until they have collectively received under this clause (i) an amount equal to the sum of: (A) Pre-Agreement Costs; (B) Pre-Agreement Return; (C) Project Costs (excluding any Qualified Project Costs paid directly from Funding Sources); and (D) Developer Return; then

(ii) Developer and Transferees will make fifty percent (50%) of each Distribution to themselves and fifty percent (50%) percent of each Distribution to the Agency.

A sample calculation of Developer Return is shown in Exhibit H-A.

(b) Qualifications. The Agency agrees that Distributions may be made in accordance with Section 1.3(a) from time to time, subject to the following:

(i) Beginning with the Developer Fiscal Quarter following the first full Developer Fiscal Year after Distributions under Section 1.3(a)(i) are first made, and continuing until all Net Project Proceeds have been distributed, Developer must provide the Agency with a report on Distributions made in the previous Developer Fiscal Quarter no later than thirty (30) days after the end of each Developer Fiscal Quarter (each, a “**Distribution Report**”). Each Distribution Report must include: (A) copies of all cancelled checks, wiring instructions, or other confirming documentation of each Distribution, and information on how Distributions were allocated under Section 1.3(a); or (B) Developer’s statement that no Distributions were made, if applicable.

(ii) No Distributions from the Project Accounts may be made upon the first to occur of the following:

(A) Notice from Developer to the Agency identifying the date on which Developer reasonably expects that aggregate Distributions equal to the entire amount described in Section 1.3(a)(i) will have been made; or

(B) Notice from the Agency to Developer identifying the date on which the Agency, based upon the Major Phase Audits, the Annual Reports, and the Distribution Reports that Developer has delivered to the Agency, reasonably expects that aggregate Distributions equal to the entire amount described in Section 1.3(a)(i) will have been made.

(iii) Notices under Section 1.3(b)(ii) must be delivered by Developer or the Agency to the other no less than sixty (60) days and no more than one hundred twenty (120) days before the date identified in the notice. Following delivery of a notice, Developer and the Agency must cooperate reasonably with one another to

provide the Agency with security for the obligation to make all Distributions in accordance with Section 1.3(a)(ii) after Distributions equal to the entire amount described in Section 1.3(a)(i) will have been made. Security will be in the form of perfected security interests in the Project Accounts superior to any other security interests, evidenced by a UCC-1 financing statement and a control agreement with each financial institution holding a Project Account, or by other arrangements Approved by both Developer and the Agency.

(iv) Distributions from the Project Accounts under Section 1.3(a) may be resumed after the Agency has received satisfactory written confirmation of the security interests described in Section 1.3(b)(iii).

(v) To ensure that Distributions are not made to the Agency before Developer and the Transferees receive the entire amount to which they are entitled under Section 1.3(a)(i), no Distributions will be made to the Agency under Section 1.3(a)(ii) until ninety (90) days after the delivery of the Final Audit to the Agency.

1.4 Purpose and Use of Summary Proforma.

(a) Summary Proforma.

(i) Developer has provided to the Agency a summary of its proforma for the Project for both the Stadium Alternative and the Non-Stadium Alternative, copies of which are attached as Exhibit H-B-A and Exhibit H-B-B, respectively (individually or collectively as the context requires and as revised from time to time in accordance with this Financing Plan, the “**Summary Proforma**”). Both Parties agree that the Summary Proforma provides a reasonable basis on which to base this Financing Plan, and the Agency has made a Reasonableness Determination regarding the Summary Proforma. Developer agrees that, for any future Reasonableness Determination under this Financing Plan, the Agency will have the right to request, and Developer will have the obligation to provide, additional documents or other information that is reasonably required to support Developer’s projections, methodology, and underlying assumptions.

(ii) The Summary Proforma contains the following estimated key benchmarks for each Major Phase:

(A) Shipyard Major Phase Project Costs, Candlestick Major Phase Project Costs, and Major Phase Project Costs;

(B) the Major Phase Increment Allocation Amount; and

(C) the Major Phase Increment Allocation Percentage.

(iii) The Summary Proforma also contains the following estimated key benchmarks for the Project as a whole:

(A) the sum of: (1) Net Proceeds from Tax Allocation Debt and Supplemental Obligation Financing secured by Shipyard Net Available Increment; and (2) Shipyard Net Available Increment, in each case in the amount projected to be applied to Qualified Shipyard Project Costs (together, the “**Shipyard Proceeds**”);

(B) the sum of: (1) Net Proceeds from Tax Allocation Debt and Supplemental Obligation Financing secured by Candlestick Net Available Increment; and (2) Candlestick Net Available Increment, in each case in the amount projected to be applied to Qualified Candlestick Project Costs (together, the “**Candlestick Proceeds**”);

(C) Total Proceeds;

(D) Gross Revenues;

(E) Shipyard Project Costs, Candlestick Project Costs, Project Costs, and Qualified Project Costs;

(F) Pre-Agreement Return; and

(G) Pre-Agreement Costs.

(iv) Developer has prepared the Summary Proforma assuming that the Project will proceed in accordance with the Major Phases as provided in the DDA as of the Reference Date. If the Project is developed in Major Phases different in any material respect (including order, size, or number of Major Phases) from those contained in the DDA as of the Reference Date, then Developer shall revise the Summary Proforma to reflect Developer’s projections for the reconfigured Major Phases, subject to the Agency’s Reasonableness Determination.

(v) Developer and the Agency agree that:

(A) the use of Net Available Increment to pay or reimburse Developer for Qualified Project Costs is intended to help ensure that the Project as a whole is financially feasible and that each Major Phase benefits from Net Available Increment as provided in this Financing Plan;

(B) all references to Developer in this Financing Plan addressing the right to receive and use Funding Sources will mean, as appropriate in the context: (1) a Transferee to the extent set forth in an Assignment and Assumption Agreement; and (2) the Agency to the extent permitted under section 26.7 of the DDA; and

(C) For purposes of preparing the Summary Proforma, the Major Phase Project Costs for the Initial Major Phase include the Pre-Agreement Costs, but not the Pre-Agreement Return.

(b) Application of Major Phase Increment Allocation Amounts.

(i) The Major Phase Increment Allocation Amount for each Major Phase will be calculated according to the following formula, using amounts as shown in the Summary Proforma:

$$\frac{\text{(Major Phase Project Costs)}}{\text{(Total Project Costs)}} \quad \times \quad \text{Total Proceeds}$$

(ii) With respect to determining whether the Major Phase Increment Allocation Amount has been reached for a Major Phase, the Agency and Developer agree that all of the following will apply:

(A) all Shipyard Net Available Increment used to pay or reimburse Developer for Qualified Shipyard Project Costs for such Major Phase;

(B) all Candlestick Net Available Increment used to pay or reimburse Developer for Qualified Candlestick Project Costs for such Major Phase;

(C) the Net Proceeds of any Tax Allocation Debt and Supplemental Obligation Financing used to pay or reimburse Developer for Qualified Shipyard Project Costs for such Major Phase;

(D) the Net Proceeds of any Tax Allocation Debt and Supplemental Obligation Financing used to pay or reimburse Developer for Qualified Candlestick Project Costs for such Major Phase; and

(E) with respect to the Initial Major Phase, all Net Available Increment and the Net Proceeds of any Tax Allocation Debt and Supplemental Obligation Financing used to pay or reimburse Developer for the Pre-Agreement Costs.

(iii) After Developer has received the Major Phase Increment Allocation Amount for the Initial Major Phase, the remaining Net Available Increment not required to pay debt service on any Tax Allocation Debt and Supplemental Obligation Financing that was issued to finance Qualified Project Costs for the Initial Major Phase will “roll over” and be used to pay or reimburse Developer for Qualified Project Costs and to secure the issuance of additional Tax Allocation Debt and Supplemental Obligation Financing for the next-priority Major Phase established by Section 1.5 (the “**Next-Priority Major Phase**”) until Developer has received the Major Phase Increment Allocation Amount for the Next-Priority Major Phase. Net Available Increment will roll over successively to each Next-Priority Major Phase after Developer has received the Major Phase Increment Allocation Amount for the preceding Major Phase, until Developer has received the Major Phase Increment Allocation Amount for all Major Phases.

(c) Adjustments to Major Phase Increment Allocation Amounts.

(i) Developer may adjust the Major Phase Increment Allocation Amounts for one or more Major Phases at any time if both:

(A) Developer submits to the Agency a draft revised Summary Proforma based on projections that both Project Costs for the Major Phase(s) and Shipyard Proceeds or Candlestick Proceeds will be higher than projected in the existing Summary Proforma; and

(B) the Agency makes a Reasonableness Determination with respect to Developer's projections.

When those conditions are met, the Summary Proforma will be revised to increase the Major Phase Increment Allocation Amount for each Major Phase based on the existing Major Phase Increment Allocation Percentages (e.g., if the Major Phase Increment Allocation Percentages are then 35% - 30% - 20% - 15%, the aggregate total of the revised projected amounts of Shipyard Proceeds and Candlestick Proceeds will be allocated to each Major Phase according to the same 35% - 30% - 20% - 15% Major Phase Increment Allocation Percentages) or such other adjustment as may be Approved by Developer and the Agency Director in their respective sole discretion, provided that the total increase in Major Phase Increment Allocation Amounts may not exceed the total increase in Shipyard Proceeds and Candlestick Proceeds.

If, instead of increased Project Costs that affect all of the Major Phases proportionately, Developer provides evidence to the Agency that Project Costs have increased disproportionately in the Major Phases due to unique circumstances, and the Agency has found the evidence reasonably supports the uniqueness of the circumstances, the Summary Proforma will be revised to increase the applicable Major Phase Increment Allocation Amounts for the Major Phases in proportion to the projected increases in Project Costs for each Major Phase, provided that the total increase in Major Phase Increment Allocation Amounts may not exceed the total increase in Shipyard Proceeds and Candlestick Proceeds.

(ii) Developer may adjust the Major Phase Increment Allocation Amounts for all Major Phases at any time (up to the limits set forth in this Section 1.4(c)(ii)) if both:

(A) Developer submits to the Agency a draft revised Summary Proforma based on projections that Project Costs for one or more Major Phases, but not the amount of Shipyard Proceeds and Candlestick Proceeds, will be higher than projected in the existing Summary Proforma; and

(B) the Agency makes a Reasonableness Determination with respect to Developer's projections.

When those conditions are met, subject to the immediately following paragraph, the Summary Proforma will be revised to increase the Major Phase Increment Allocation Percentage(s) of the affected Major Phase(s) to reflect the increase(s) in Project Costs. The Major Phase Increment Allocation Percentage for each other Major Phase that has not been

Completed will be reduced proportionately (e.g., if the Major Phase Increment Allocation Percentages are then 40% - 20% - 20% - 20%, they will be adjusted to 55% - 15% - 15% - 15%), and the Major Phase Increment Allocation Amounts for all such Major Phases will be recalculated based on the adjusted Major Phase Increment Allocation Percentages.

If any Major Phase Increment Allocation Percentage would increase by more than fifteen percent (15%) (e.g., from 40% to more than 55%) from the Major Phase Increment Allocation Percentage contained in the Summary Proforma attached to this Financing Plan on the Reference Date, the Approval of the Agency Commission in its sole and absolute discretion shall be required for an adjustment to the Major Phase Increment Allocation Amounts for all Major Phases under this Section 1.4(c)(ii).

In the alternative, if the conditions to this Section 1.4(c)(ii) are met and the Approval of the Agency Commission is not required for a reallocation, the Parties may agree, each in its respective sole discretion, that circumstances warrant a different reallocation, and the Major Phase Increment Allocation Percentages will be re-set and the Major Phase Increment Allocation Amounts will be recalculated according to the Parties' agreement.

(iii) All proposed revisions to the Major Phase Increment Allocation Amounts and Major Phase Increment Allocation Percentages other than as allowed in clauses (i) and (ii) and in Section 1.4(a)(iv) will be subject to the Approval of the Agency Commission, in its sole discretion. In connection with any such proposed revisions, Developer must present its written request for the Approval of the Agency Commission to the Agency Director, together with the report of Developer's financial advisor summarizing the projections, methodology, and underlying assumptions for such proposed revisions.

(iv) The Agency Director shall submit any proposed revisions under this Section 1.4(c) that require the Approval of the Agency Commission to the Agency Commission within ninety (90) days after the Agency's receipt of the written request of Developer and the report required under clause (iii).

(v) Upon any adjustment to the Major Phase Increment Allocation Amounts under this Section 1.4(c), Developer will provide to the Agency a revised Summary Proforma that will supersede Exhibit H-B upon receipt. Following any adjustments under this Section 1.4(c) and in Section 1.4(a)(iv), Net Available Increment will roll over from one Major Phase to the Next-Priority Major Phase pursuant to Section 1.4(b)(iii) based on the adjusted Major Phase Increment Allocation Amounts and Major Phase Increment Allocation Percentages.

(d) Distribution of Excess Increment. After Developer has received the Major Phase Increment Allocation Amounts for all Major Phases, any Shipyard Excess Increment will be distributed as set forth below until the Shipyard Expiration Date, and any Candlestick Excess Increment will be distributed as set forth below until the Candlestick Expiration Date, in the following order of priority:

(i) the Agency will retain all Excess Increment until it has repaid from Housing Increment and Excess Increment an aggregate amount equal to the Citywide Housing Advance into the Low and Moderate Income Housing Fund; then

(ii) the Agency will distribute to Developer all Excess Increment as such funds become available until the earlier to occur of the date on which:
(A) Developer has been reimbursed from Funding Sources for all of its unreimbursed Qualified Project Costs; or (B) Developer has received aggregate Distributions under Section 1.3(a)(i) from Net Project Proceeds equal to the entire amount described in Section 1.3(a)(i); then

(iii) the Agency will retain all remaining Excess Increment.

1.5 Major Phase Priorities. The date of each Major Phase Approval will establish the priorities for application of Net Available Increment. For example, all Net Available Increment will be available for application to the Initial Major Phase until Developer receives the Major Phase Increment Allocation Amount for the Initial Major Phase, and then all Net Available Increment will be available for application to the Next-Priority Major Phases as described in Section 1.4(b)(iii) in the order of priority established by this Section 1.5. The priorities established under this Section 1.5 will not be affected by Transfers, the effect of section 6.2.3 or of section 26.7 of the DDA, or early termination of the DDA.

1.6 Effect of Early Termination of DDA.

(a) Major Phase Project Costs. If the DDA terminates as to a Major Phase (a “**Terminated Phase**”) for any reason before the date that the Agency has issued the last Certificate of Completion for all of the Infrastructure in the Terminated Phase, then the Major Phase Increment Allocation Amount for the Terminated Phase will be reduced to the “**Terminated Increment Allocation**”. The Terminated Increment Allocation will be calculated by the formula below:

(Major Phase Increment Allocation Amount for Terminated Phase set forth in Summary Proforma)
X

(Developer’s Qualified Major Phase Project Costs incurred in Terminated Phase)
(Total Qualified Major Phase Project Costs incurred in Terminated Phase)

(b) Pre-Agreement Costs.

(i) If the Agency terminates all or part of the DDA under section 3.6 of the DDA (i.e., failure to file a Major Phase or Sub-Phase Application) or under section 16.4 of the DDA (i.e., Material Breach) before the issuance of the last Certificate of Completion for the Project (including all Improvements contemplated under the DDA as of the Reference Date or at any time thereafter), then Developer will continue to be entitled to full reimbursement of any Pre-Agreement Costs that have not been reimbursed from Total Proceeds or First Tranche CFD Bond proceeds as of the date of such termination (the “**Pre-Agreement Termination Amount**”). The Pre-Agreement Termination Amount shall not include the Pre-Agreement Return or any Developer Return.

(ii) The Parties agree that payments toward the Pre-Agreement Termination Amount will be: (A) deemed to have priority over all other outstanding and unpaid Payment Requests submitted by Developer that identify as a Funding Source (1) Total Proceeds (or a portion thereof) or, (2) to the extent generated from Lots that Developer owns, First Tranche CFD Bonds; (B) to the extent permitted under the CCRL and other governing law, paid to Developer from Total Proceeds and, to the extent generated from Lots that Developer owns, First Tranche CFD Bond proceeds in one or more installments as and when proceeds from any such Total Proceeds or First Tranche CFD Bonds become available; provided, however, that for purposes of this clause (B) Developer shall be limited to five percent (5%) of Total Proceeds available at any time after the date of termination as set forth in clause (i) above; and (C) made until Developer has been reimbursed in full for the Pre-Agreement Termination Amount.

1.7 Consultants.

(a) Agency Consultants. The Agency, following consultation with Developer, will select any consultants necessary to implement this Financing Plan, including the formation of any CFD and the issuance of any Public Financing. To the extent that similar consultants are retained customarily by local agencies in California that engage in public financing similar or of similar complexity to the Public Financing and subject to section 19 of the DDA, the Agency’s consultants may include special tax consultants, tax increment fiscal consultants, appraisers, financial advisors, bond underwriters, absorption consultants, bond counsel, bond trustees, escrow agents, and escrow verification agents. The Agency’s reasonable out-of-pocket costs that are customarily paid by local agencies in the State for Public Financing consultants will be reimbursed from the proceeds of a Public Financing to the extent permitted under the CFD Act, the CCRL, applicable Tax Laws, and other governing law. To the extent the Agency is not so reimbursed, such unreimbursed consultant costs will be Agency Costs under the DDA.

(b) Developer Consultants. Developer may engage its own consultants to advise it on matters related to this Financing Plan or any Public Financing, and its reasonable out-of-pocket costs that are not reimbursed from the proceeds of a Public Financing will be Soft Costs.

1.8 Recordkeeping.

(a) Annual Reports.

(i) Commencing as of the date that Developer obtains the Major Phase Approval for the Initial Major Phase and ending on the earlier to occur of: (A) the last Major Phase Closing Date; or (B) the close of the sale of the last Lot that Developer or any Transferee owns in the Project Site, Developer shall prepare and deliver to the Agency an annual financial report on the Project no later than four (4) months following the end of each Developer Fiscal Year for which a report is due (each, an “**Annual Report**”). If Developer obtains a Major Phase Approval less than six (6) months before the end of a Developer Fiscal Year, Developer may include reporting for that Major Phase in the Annual Report for the next Developer Fiscal Year. If any Annual Report shows any material discrepancy, then Developer must correct the discrepancy in the Records, and Developer and the Agency agree to meet and confer on the best method for correcting any overpayment or underpayment by the end of the next Developer Fiscal Quarter.

(ii) Annual Reports must include the following information, reported separately for each Major Phase for which a Major Phase Approval has been obtained and in the aggregate for the Project as a whole: (A) updated estimates of and actual Project Costs, Qualified Project Costs and Gross Revenues; (B) if applicable, variances from the prior Annual Report; (C) cumulative Developer Return, reflecting the Distribution of any Net Project Proceeds that Developer has received during the prior Developer Fiscal Year; (D) a statement of Qualified Project Costs previously incurred but not yet reimbursed from Funding Sources; (E) new development expected to occur or that is occurring, the assessed value of which is expected to be included on the secured real property tax roll in the next Agency Fiscal Year; and (F) any sales of Lots under article 17 of the DDA that are expected to occur and the assessed value of which is expected to be included on the secured real property tax roll for the next Agency Fiscal Year.

(iii) Developer’s Annual Report must cover the entire Project, even if Developer has Transferred part or all of its interest in a Major Phase or Sub-Phase to a Transferee.

(iv) Developer’s obligation to provide Annual Reports will terminate as to any portion of the Project as to which the DDA is terminated after Developer has provided to the Agency the Annual Report covering the Developer Fiscal Year during which the termination took effect.

(b) Major Phase Audit. With respect to each Major Phase, except as to any portion for which the DDA has been terminated or unless otherwise Approved by the Agency Director, Developer shall submit to the Agency a final audited financial report for the Major Phase prepared by a CPA that updates all of the auditable financial matters included in previously submitted Annual Reports through the Audit Date, according to a scope of review Approved by the Agency (each, a “**Major Phase Audit**”). The cost of a

Major Phase Audit will be a Soft Cost. Each Major Phase Audit is due no later than six (6) months after the later of the date (the “**Audit Date**”) that: (i) the last Lot in the Major Phase has been sold; or (ii) the Agency has issued the last Certificate of Completion for all of the Infrastructure in the Major Phase. But if the DDA has terminated as to the Major Phase for any reason, the Audit Date will be six (6) months after the later of the date of such termination or the date that Developer sells the last Lot it owns in the Terminated Major Phase. The date on which the Agency Approves the satisfaction of all requirements under this Financing Plan for such Major Phase Audit will be the “**Major Phase Closing Date**” for the applicable Major Phase.

(c) Final Audit. No later than six (6) months after all Net Project Proceeds and any Net Available Increment that is to be distributed to Developer under this Financing Plan have been distributed (the “**Final Audit Date**”), Developer shall submit to the Agency a final audited financial report for the Project as a whole, except as to any portion for which the DDA has been terminated (the “**Final Audit**”), prepared by a CPA that updates all of the matters included in all Major Phase Audits through the Final Audit Date, according to a scope of review Approved by the Agency.

(d) Developer Books and Records. Developer shall maintain books and records of all: (i) Gross Revenues; (ii) application of Funding Sources to Qualified Project Costs; and (iii) Project Costs, organized by Major Phases (the “**Records**”), in accordance with generally accepted accounting principles consistently applied, or in another auditable form Approved by the Agency. Developer shall maintain the Records for each Major Phase for at least four (4) years after the applicable Major Phase Closing Date, subject to Section 1.8(g). After reasonable notice, Developer shall make the Records available to the Agency at reasonable times.

(e) Agency Records. The Agency agrees to provide copies of its annual Statement of Indebtedness and audited financial statements relating to the BVHP Redevelopment Plan Area and the Shipyard Redevelopment Plan Area to Developer as soon as practicable following their public filing or release, until the Final Audit Date.

(f) Accounting. Developer and the Agency will separately track the use of all Funding Sources in order to ensure that they are used only for purposes consistent with this Financing Plan.

(g) Agency Audit; Costs. The Agency will have the right to conduct an audit (an “**Agency Audit**”) of each Major Phase Audit and of the Final Audit by notifying Developer of the Agency’s intent to conduct the Agency Audit. No more than one Agency Audit may be conducted on a Major Phase Audit or on the Final Audit and the Agency must notify Developer of the Agency’s intent to conduct an Agency Audit no more than three (3) years after having received the audit being audited by the Agency. The Agency will bear its own audit costs except where an Agency Audit reveals that either Qualified Project Costs are overstated or Gross Revenues are understated by five percent (5%) or more, in which case the Agency’s reasonable costs of the Agency Audit will be Agency Costs. The issue of whether Qualified Project Costs are overstated or Gross Revenues are understated by five percent (5%) or more may be arbitrated

according to the procedures in article 15 of the DDA, but the arbitration must be conducted by arbitrators who have at least ten (10) years' experience in arbitrating disputes involving complex financial accounting.

1.9 Unreimbursed Agency Costs. If: (a) Developer does not pay when due any Agency Costs or Agency Annual Fees; (b) the Agency obtains a final arbitration judgment for the payment of any portion of the disputed amount under article 15 of the DDA; and (c) the Agency makes demand for payment of the amount of the final arbitration judgment on the applicable Base Security, but does not receive payment within thirty (30) days after the Agency's written demand, then the Agency may, to the extent permitted under applicable law, recover from any available proceeds of a Public Financing the amount of the final arbitration judgment, plus the Agency's costs of collection and interest at the rate of ten percent (10%) per annum of the amount of the final judgment, calculated from the date the payment was due until paid in full, compounded annually. This provision will not apply to Agency Costs to be paid from the proceeds of any bond financing at the time of issuance from any proceeds of Public Financing as provided in the applicable Indenture or other governing documents, or from Project Grants according to their terms.

2. COMMUNITY FACILITIES DISTRICT FINANCING

2.1 Formation of CFDs.

(a) Formation. The Agency Commission will establish all CFDs from time to time as Developer acquires Major Phases or Sub-Phases under the DDA. All CFDs will be formed and administered to achieve the Funding Goals and in accordance with the CFD Act and the CFD Goals. Developer acknowledges that the CFD Goals will prevail over any inconsistent terms in this Financing Plan, unless the Agency Commission in its sole discretion Approves a waiver of the CFD Goals. Any CFD may include separate improvement areas and tax zones. In addition, Developer and the Agency may agree to identify property for future annexation and additional public capital facilities for the Project to be financed under the CFD Act in the CFD formation documents.

(b) Taxable Parcels. Developer and the Agency intend that Project Special Taxes and Maintenance Special Taxes will be levied against all Taxable Parcels for the purposes described in this Financing Plan and agree that all Exempt Parcels will be exempt from Project Special Taxes and Maintenance Special Taxes.

(c) Petition.

(i) After Developer takes title to a Major Phase or Sub-Phase, Developer may petition the Agency under the CFD Act from time to time to establish one or more CFDs within the Major Phase or Sub-Phase. In its petition, Developer may include proposed specifications for the CFD, including Assigned Project Special Tax Rates, Project Special Tax rates, anticipated Maintenance Special Taxes, CFD boundaries and any proposed improvement areas and tax zones within the CFD, the total tax burden that will result from the imposition of the Project Special Taxes and Maintenance Special Taxes (subject to the

2% Limitation for Taxable Residential Units), and other provisions. Developer's proposed specifications will be based on Developer's development plans, market analysis, and required preferences, but in all cases will be subject to this Financing Plan.

(ii) Following the Agency's receipt of a petition, Developer and the Agency will meet with the Agency's financial advisors to determine principal terms of the proposed CFD. The Agency will have the right to reject any term of a proposed CFD that is inconsistent with the Funding Goals.

(d) Authorized Uses. Each CFD shall be authorized to finance all of the Qualified Project Costs and Additional Community Facilities irrespective of the geographic location of the improvements financed.

(e) Joint Community Facilities Agreements. Under the CFD Act, the Agency may be required to enter into one or more joint community facilities agreements with Other Public Agencies. The Agency and the City have agreed that the Tax Allocation Agreement, which will be executed in connection with the DDA, is a joint community facilities agreement under the CFD Act for all of the Infrastructure to be financed by CFDs and owned or operated by the City. The Agency and Developer agree that they will take all steps necessary to procure the authorization and execution of any other required joint community facilities agreements with any applicable Other Public Agencies before the issuance of CFD Bonds that will finance Infrastructure to be owned or operated by such Other Public Agencies.

(f) Notice of Special Tax Lien. Project Special Taxes and Maintenance Special Taxes will be secured by recordation in the Official Records of continuing liens against all Taxable Parcels in the applicable CFD.

2.2 Scope of CFD-Financed Costs. A CFD may finance only Qualified Project Costs and Additional Community Facilities that: (a) are financeable under the CFD Act; and (b) qualify under the Tax Laws, if the CFD Bonds are tax-exempt.

2.3 Parameters of CFD Formation.

(a) Cooperation. Developer and the Agency agree to cooperate reasonably in developing an RMA for each CFD that is consistent with this Financing Plan and, to the extent consistent with this Financing Plan, Developer's petition. Developer and the Agency will each use good-faith reasonable efforts at all times to furnish timely to the other, or to obtain and then furnish to the other, any information necessary to develop an RMA, such as legal boundaries of the property to be included and Developer's plans for the types, sizes, numbers, and timing for construction of Buildings, within the applicable CFD. Each CFD will be subject to its own RMA and authorized bonded indebtedness limit.

(b) RMA Consultants and Approval. The RMA for any CFD will be:
(i) developed by the Agency's special tax consultant, in consultation with Developer and the Agency's staff and other consultants; (ii) consistent with Developer's petition to the

extent consistent with this Financing Plan; and (iii) subject to Agency Commission Approval in the resolution of formation. Project Special Taxes and Maintenance Special Taxes on any Taxable Parcel must not exceed any applicable maximum rate specified in the CFD Goals and this Financing Plan, unless otherwise Approved by the Agency Commission and Developer.

(c) Priority Administrative Costs. In the formation process for each CFD, the Agency and Developer will agree on the amount of annual CFD administrative costs that will have first priority for payment by Project Special Tax based on: (i) actual administration costs of other community facilities districts of the Agency; (ii) the CFD's complexity and size; and (iii) cumulative administration costs for all anticipated CFDs for the Project. The contracts for consultants administering the CFDs and the calculation of any Agency or City staff time deemed administration expenses will be determined in accordance with article 19 of the DDA.

(d) Assigned Project Special Tax Rates for Developed Property. Each RMA will specify Project Special Tax rates for Developed Property within the CFD (each an "**Assigned Project Special Tax Rate**"). The Assigned Project Special Tax Rates for Developed Property may vary based on sizes, densities, types of Buildings to be constructed, and other relevant factors when the CFD is formed. Each RMA will establish Assigned Project Special Tax Rates assuming that any First Tranche CFD Bonds issued will have a debt service coverage-ratio of one hundred ten percent (110%), unless the Agency and Developer Approve a higher ratio to market the First Tranche CFD Bonds effectively.

(e) Total Tax Obligation. The Assigned Project Special Tax Rates will be set so that the Total Tax Obligation on any Taxable Residential Unit within the CFD will not exceed two percent (2%) of the projected sales price of that Taxable Residential Unit calculated at the time of the resolution of intention to form the CFD (the "**2% Limitation**"). If an RMA is modified to increase the Project Special Tax rates, the Assigned Project Special Tax Rates will be modified so that the Total Tax Obligation on any Taxable Residential Unit within the CFD does not exceed the 2% Limitation when the proposed modification goes into effect. The 2% Limitation will not apply to non-residential property in a CFD.

(f) Classification of Assessor's Parcels. Each RMA will provide for the taxation of Developed Property and Undeveloped Property. Each RMA will identify all Exempt Parcels, which will be exempt from payment of Project Special Taxes.

(g) Backup and Maximum Project Special Tax Rates. Each RMA will provide for: (i) backup Project Special Tax rates that will be applied to each Taxable Parcel in a tract map, improvement area, tax zone, condominium plan, or other identifiable area on Developed Property (each a "**Backup Project Special Tax Rate**"); and (ii) maximum Project Special Tax rates on Developed Property and Undeveloped Property (each a "**Maximum Project Special Tax Rate**"). The Maximum Project Special Tax Rate for a Taxable Parcel of Developed Property will be the greater of the applicable Assigned Project Special Tax Rate or the applicable Backup Project Special

Tax Rate. Developer and the Agency will structure the Backup Project Special Tax Rates and Maximum Project Special Tax Rates for a CFD to be consistent with the funding goals established for the CFD, considering Developer's development plans and preferences for structuring the Project Special Tax rates within the applicable CFD, and this Financing Plan.

(h) Escalation of Special Tax Rates. The total projected taxes levied for a CFD must not exceed any maximum specified in the CFD Act. Each RMA will provide for annual increases in the Project Special Tax rates allowed under CFD Act unless Developer and the Agency agree otherwise.

(i) Priority for Annual Levy of Special Taxes. Each RMA will provide for the levy of Project Special Taxes to fund debt service (not including capitalized interest), administrative costs, and Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities to be financed by the CFD each year of its term (collectively, the "**Special Tax Requirement**") according to the priorities set in the Indenture, until the Special Tax Requirement is fully satisfied. Each RMA must reflect the priorities set forth below:

(i) First, Project Special Taxes will be levied on each Taxable Parcel of Developed Property at the applicable Assigned Project Special Tax Rate, regardless of whether CFD Bonds have been issued or the debt service requirements for any existing CFD Bonds, before applying any capitalized interest.

(ii) Second, to the extent the funds to be collected under clause (i) will not be sufficient to satisfy the Special Tax Requirement in full after application of any capitalized interest, Project Special Taxes will be levied proportionately on each Taxable Parcel of Subsequent Owner Property, up to one hundred percent (100%) of the applicable Maximum Project Special Tax Rate.

(iii) Third, to the extent the funds to be collected under clauses (i) and (ii) will not be sufficient to satisfy the Special Tax Requirement in full after application of any capitalized interest, Project Special Taxes will be levied proportionately on each Taxable Parcel of Undeveloped Property that is not Subsequent Owner Property, up to one hundred percent (100%) of the applicable Maximum Project Special Tax Rate.

(iv) Fourth, to the extent the funds to be collected under clauses (i), (ii), and (iii) will not be sufficient to satisfy the Special Tax Requirement in full after application of any capitalized interest, additional Project Special Taxes will be levied proportionately on each Taxable Parcel of Developed Property, so long as the total levy on Developed Property under clauses (i) and (iv) does not exceed the applicable Maximum Project Special Tax Rate.

(j) Use of Remainder Taxes. All Remainder Taxes for each CFD will be deposited in the applicable Remainder Taxes Project Account on the day following the Principal Payment Date. With respect to each CFD:

(i) before the applicable CFD Conversion Date, funds in the applicable Remainder Taxes Project Account will be applied, from time to time at Developer's request, to finance Qualified Project Costs;

(ii) after the applicable CFD Conversion Date, funds in the applicable Remainder Taxes Project Account will be applied to finance Additional Community Facilities or any other purpose allowed under the CFD Act at the Agency's sole option;

(iii) Remainder Taxes will not be deemed or construed to be pledged for payment of debt service on any CFD Bonds, and neither Developer nor any other Person will have the right to demand or require that the Agency use funds in any Remainder Taxes Project Account to pay CFD Bond debt service; and

(iv) the distribution of Remainder Taxes to fund Qualified Project Costs or Additional Community Facilities as provided in this Financing Plan will be authorized in the applicable RMA and Indenture.

(k) Prepayment. The RMA will include provisions allowing a property owner within the CFD that is not in default of its obligation to pay Project Special Taxes to prepay Project Special Taxes in full or in part based on a formula that will require payment of the property owner's anticipated total Project Special Tax obligation. Prepaid Project Special Taxes will be placed in a segregated account in accordance with the applicable Indenture. The RMA and the Indenture will specify the use of prepaid Project Special Taxes. Developer and the Agency agree that Maintenance Special Taxes cannot be prepaid.

(l) Amendment to RMA. Each RMA must be consistent with this Financing Plan. Nothing in this Financing Plan will prevent an amendment of any RMA for a CFD under its terms or under Change Proceedings.

(m) Reducing Project Special Tax Rates Before Issuance of First Tranche CFD Bonds. An RMA may contain a provision that allows Developer to request that the Total Tax Obligation be recalculated and Project Special Tax rates be reduced before any First Tranche CFD Bonds are issued so that the Total Tax Obligation does not exceed two percent (2%) of the actual or projected sales prices of Taxable Residential Units at the time of recalculation. Subject to the CFD Act, but only if expressly permitted and defined in the RMA, after consultation with Developer regarding its request, the Agency may elect to reduce Project Special Tax rates administratively without the vote of the qualified CFD electors before First Tranche CFD Bonds are issued. If expressly permitted and defined in the RMA, a reduction in one taxing category does not have to be proportionate to the reduction in any other taxing category (i.e., disproportionate reductions may be expressly allowed in the RMA). If the Maximum Project Special Tax

Rate is permanently reduced, the Agency will record timely an appropriate instrument in the Official Records.

2.4 Issuance of CFD Bonds.

(a) Issuance. Subject to Agency Commission Approval and Sections 4.4 and 4.5, the Agency, on behalf of the CFD, intends to issue CFD Bonds for purposes of this Financing Plan. Developer may submit written requests that the Agency issue First Tranche CFD Bonds, specifying requested issuance dates, amounts, and main financing terms. Following Developer's request, Developer and the Agency will meet with the Agency's public financing consultants to determine reasonable and appropriate issuance dates, amounts, and main financing terms. The Agency will have the right to reject any term that is inconsistent with the Funding Goals.

(b) Value-to-Lien Ratio. The appraised or assessed value-to-lien ratio required for each First Tranche CFD Bond issue will be three to one (3:1), unless otherwise required by the CFD Act or the mutual agreement of Developer and the Agency Commission.

(c) Term. Subject to Section 2.8, First Tranche CFD Bonds will have a term of not less than thirty (30) years and not more than forty (40) years unless Developer and the Agency agree otherwise.

2.5 Use of Proceeds.

(a) First Tranche CFD Bond Proceeds. Subject to the Tax Laws, the CFD Act, and the CFD Goals, First Tranche CFD Bond proceeds will be used in the following order of priority: (i) to fund required reserves and pay costs of issuance; (ii) to fund capitalized interest amounts, if any; (iii) to pay Qualified Pre-Agreement Costs; and (iv) to pay outstanding Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities. The remainder will be deposited into the CFD Bonds Project Account as designated in the Indenture and must be used only to pay for Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities.

(b) Qualified Project Costs; Additional Community Facilities. By this Financing Plan, the Agency pledges the proceeds of First Tranche CFD Bonds on deposit in CFD Bonds Project Accounts or as otherwise provided in the applicable Indenture and all Remainder Taxes on deposit in the Remainder Taxes Project Accounts to finance Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities. In furtherance of this pledge, the Agency agrees to levy Project Special Taxes in each Agency Fiscal Year in accordance with the applicable RMA and this Financing Plan.

2.6 Miscellaneous CFD Provisions.

(a) Change Proceedings. Subject to the limitations in this Financing Plan, including the Funding Goals and Sections 4.4 and 4.5, and so long as the proposed

changes do not adversely affect the ability of the Agency to issue Second Tranche CFD Bonds or apply the Remainder Taxes to Additional Community Facilities pursuant to Section 2.8, the Agency will not reject unreasonably Developer's request to conduct Change Proceedings under the CFD Act to: (i) make any changes to an RMA, including amending the rates and method of apportionment of Project Special Taxes; (ii) increase or decrease the authorized bonded indebtedness limit within a CFD; (iii) annex property into or remove property from a CFD; (iv) add additional public capital facilities for the Project; or (v) take other actions reasonably requested by Developer. For purposes of this Section 2.6(a), the Agency agrees that none of the following changes will be deemed to adversely affect the ability of the Agency to issue Second Tranche CFD Bonds or apply the Remainder Taxes to Additional Community Facilities pursuant to Section 2.8: (A) increasing or decreasing the Project Special Tax rates in an RMA for any land use classification, provided that: (1) any decrease in Project Special Tax rates will not cause the Total Tax Obligation on a Taxable Residential Unit to be less than one and one-half percent (1.50%) of the projected sales price of such Taxable Residential Unit calculated at the time of the resolution of consideration for such proposed change; (2) the Project Special Tax rates on non-residential property will not decrease by more than fifty percent (50%) of the rates for such non-residential property set forth in the initial RMA; and (3) the Maintenance Special Taxes are not reduced; (B) increasing the authorized bonded indebtedness limit; and (C) authorizing the financing of additional public capital facilities for the Project.

(b) Maintaining Levy of CFD Financing. Under section 3 of article XIIC of the California Constitution, voters may, under certain circumstances, vote to reduce or repeal the levy of special taxes in a community facilities district. However, the California Constitution does not allow the reduction or repeal to result in an impairment of contract. The purpose of this Section 2.6(b) is to give notice that: (i) the DDA (including this Financing Plan) is a contract between the Agency and Developer; (ii) the financing of the Qualified Project Costs and the Additional Community Facilities through the application of CFD Bond proceeds (which are secured by Project Special Taxes) and Remainder Taxes is an essential part of the consideration for the contract; (iii) the financing of Ongoing Park Maintenance through the application of Maintenance Special Taxes is an essential part of the consideration for the contract; and (iv) any reduction in the Agency's ability to levy and collect Project Special Taxes or Maintenance Special Taxes would materially impair Developer's and the Agency's contract. To further preserve the contract discussed above, the Agency agrees that: (A) until all First Tranche CFD Bonds have been repaid in full or defeased before maturity for any reason other than a refunding, it will not initiate or conduct proceedings under the CFD Act to reduce the Project Special Tax rates or the Maintenance Special Taxes except at Developer's written request (pursuant to Section 2.6(a) or otherwise) or if legally compelled to do so (e.g., by a final order of a court of competent jurisdiction); and (B) if the voters adopt an initiative ordinance under section 3 of article XIIC of the California Constitution that purports to reduce, repeal, or otherwise alter the Project Special Tax rates or Maintenance Special Taxes before all First Tranche CFD Bonds have been repaid in full or defeased before maturity for any reason other than a refunding, the Agency will meet and confer with Developer to consider commencing and pursuing reasonable legal action to preserve the Agency's ability to comply with this Financing Plan.

(c) Covenant to Foreclose. The Agency will covenant with CFD bondholders to foreclose the lien of delinquent Project Special Taxes consistent with the general practice for community facilities districts in California and otherwise as determined by the Agency in consultation with its underwriter or financial advisor for the CFD Bonds and other consultants, subject to applicable laws.

(d) Reserve Fund Earnings. The Indenture for each issue of First Tranche CFD Bonds will provide that earnings on any reserve fund that are not then needed to replenish the reserve fund to the reserve requirement will be transferred to: (i) the CFD Bonds Project Account for allowed uses until it is closed in accordance with the Indenture; then (ii) the debt service fund held by the Fiscal Agent under the Indenture.

(e) Authorization of Reimbursements. The Agency will take all actions necessary to satisfy section 53314.9 of the Government Code or any similar statute subsequently enacted to use First Tranche CFD Bond proceeds and Remainder Taxes to reimburse Developer for: (i) CFD formation and First Tranche CFD Bond issuance deposits; and (ii) advance funding of Qualified Project Costs.

(f) Material Changes to the CFD Act. If material changes to the CFD Act after the Reference Date make CFD Bonds or Remainder Taxes unavailable or severely impair their use as a source for financing the Qualified Project Costs or Additional Community Facilities, the Agency and Developer will negotiate in good faith as to a substitute public financing program equivalent in nature and function to CFDs.

2.7 Maintenance CFDs.

(a) Sources to Pay for Ongoing Park Maintenance Costs. Developer and the Agency understand that the City and the Agency are responsible for Ongoing Park Maintenance, and financing Ongoing Park Maintenance is of paramount importance to the City, the Agency, and Developer. Therefore, Developer agrees to establish a Maintenance CFD and supporting framework to finance Ongoing Park Maintenance. The supporting framework may include assessments through a property owners association. A Maintenance CFD may be part of a CFD formed to finance Qualified Project Costs and Additional Community Facilities, so long as the term of the Maintenance CFD is perpetual, and Maintenance Special Taxes will be separately calculated and collected (e.g., as “Special Tax B”) against Taxable Parcels. Under the CFD Act, Maintenance Special Taxes cannot finance Qualified Project Costs or Additional Community Facilities or be pledged or used to pay CFD Bonds. The Agency agrees to use Maintenance Special Taxes only to pay for Ongoing Park Maintenance within the Project Site. All Maintenance CFDs will have perpetual terms and levy Maintenance Special Taxes in perpetuity.

(b) Funded Costs. Developer agrees to petition for and vote in favor of, and the Agency agrees to undertake proceedings to form, a Maintenance CFD for the purpose of providing monies to contribute to Ongoing Park Maintenance. Developer and the Agency agree that the amount of Maintenance Special Taxes for Taxable Residential Units will be equal to one tenth of one percent (0.1%) of the projected sales price of those

Taxable Residential Units, calculated at the time of the resolution of intention to form the Maintenance CFD, and with annual increases limited to two percent (2%). The Agency and Developer will determine the amount of Maintenance Special Taxes to be levied on Taxable Parcels that are not Taxable Residential Units based on Developer's development plans and the market for CFD-encumbered non-residential property. Developer and the Agency anticipate that the proceeds of Maintenance Special Taxes levied in a Maintenance CFD will pay all costs of Ongoing Park Maintenance.

(c) Other Terms. Ongoing Park Maintenance costs will not be payable from Net Available Increment. Exempt Parcels will be exempt from Maintenance Special Taxes.

(d) Covenants. Developer agrees to establish covenants, conditions, and restrictions Approved by the Agency, to be recorded in the Official Records before any Lots are sold, obligating every owner of a Taxable Parcel in the Project Site to pay an amount equivalent to Maintenance Special Taxes that would be levied in a Maintenance CFD if for any reason the Maintenance CFD or its taxing powers are ever eliminated or reduced for any reason, including any vote of the qualified electors in the CFD, for as long as the Maintenance CFD is in effect.

(e) Total Tax Obligation. The Agency and Developer will take into account any Maintenance Special Taxes to be levied in sizing any First Tranche CFD Bonds to be issued to finance Qualified Project Costs.

2.8 CFD Limitations.

(a) The Agency and Developer agree that each CFD will be formed so that the proceeds of CFD Bonds and Remainder Taxes may be applied to accomplish both of the following goals: (i) first, to finance Qualified Project Costs; and (ii) second, to finance Additional Community Facilities. To accomplish these goals in the priority order set forth in the previous sentence, and subject to the limitations set forth in this Section 2.8, and in light of the 2% Limitation and the CFD Goals:

(i) each CFD will be authorized to finance both the Qualified Project Costs and the Additional Community Facilities;

(ii) for each CFD, the term for levying Project Special Taxes will be established at no less than seventy-five (75) years from the first issuance of CFD Bonds in such CFD; and

(iii) for each CFD, the amount of authorized bonded indebtedness will be established to allow the issuance of First Tranche CFD Bonds to finance Qualified Project Costs and Second Tranche CFD Bonds to finance Additional Community Facilities.

(b) The CFD Conversion Date shall be calculated separately for each CFD.

(c) For each CFD, until the applicable CFD Conversion Date, the applicable First Tranche CFD Bonds will be issued, and the applicable Remainder Taxes will be levied and used, exclusively to finance Qualified Project Costs unless Developer, in its sole discretion, consents otherwise in writing.

(d) For each CFD, after the applicable CFD Conversion Date: (i) the Agency may issue the applicable Second Tranche CFD Bonds and levy and use the applicable Remainder Taxes to finance Additional Community Facilities or for any other purpose authorized under the CFD Act; (ii) the Agency in its sole discretion will determine the timing, amounts, main financing terms, and use of proceeds of the applicable Second Tranche CFD Bonds; and (iii) any constraints on the Agency's discretion under Sections 2.1(c) and 2.3 with respect to the applicable CFD will be terminated.

(e) For each CFD, the Agency and Developer agree that the Agency is not obligated to issue First Tranche CFD Bonds (including refunding bonds) within the applicable CFD with a final maturity date that is more than thirty-seven (37) years after the issuance of the first series of First Tranche CFD Bonds in such CFD without the Approval of the Agency Commission in its sole discretion. Unless the Agency and Developer agree otherwise, any CFD Bonds issued to refund First Tranche CFD Bonds shall comply with applicable provisions of the CFD Act pursuant to which refunding bonds will not result in a reduction of the total authorized amount of the bonded indebtedness of a CFD and, in any event, the final maturity date of the refunding bonds shall not exceed the latest maturity date of the First Tranche CFD Bonds being refunded. The previous sentence shall not prevent the issuance of a series of First Tranche CFD Bonds for new money and refunding purposes, so long as the portion of the First Tranche CFD Bonds attributable to the refunding purpose meets the requirements of the previous sentence.

(f) The Additional Community Facilities to be authorized within each CFD include future improvements necessary to ensure that the shoreline, public facilities, and public access improvements will be protected should sea level rise exceed sixteen (16) inches at the perimeter of the Project Site as set forth in the Mitigation Measures (the "**Mitigation Measures Improvements**"). If required to be constructed or installed pursuant to the Mitigation Measures, the Agency agrees to finance the Mitigation Measures Improvements through the proceeds of Second Tranche CFD Bonds and the Remainder Taxes that become available to the Agency pursuant to this Section 2.8, all in the manner required by the Mitigation Measures.

(g) Pursuant to the definition contained in Section 5.2, the term "CFD" means an Improvement Area if one has been so designated. Accordingly, wherever the word "CFD" appears in this Section 2.8, including Section 2.8(b), it also means Improvement Area (with the result that the CFD Conversion Date shall be calculated separately for each Improvement Area).

3. TAX INCREMENT FINANCING

3.1 Net Available Increment.

(a) Pledge of Net Available Increment. In connection with the DDA, the City and the Agency are entering into the Tax Allocation Agreement to facilitate implementation of this Financing Plan, under which the Agency states its intention to incur indebtedness and pledge and use Net Available Increment for the repayment of the indebtedness, and the City agrees to the Agency's indebtedness and pledge and use of Net Available Increment as provided in this Financing Plan. Under the DDA, Developer has agreed to develop the Project Site in the manner set forth in the DDA, and under this Financing Plan the Agency has agreed to reimburse Developer for Qualified Project Costs incurred in connection with such development in the amounts and in the manner set forth in this Financing Plan. The total amount of the indebtedness incurred by the Agency is set forth as the "Qualified Project Costs" for the Project as a whole in the Summary Proforma for the Stadium Alternative (or the Non-Stadium Alternative if the Stadium Termination Event has occurred), as amended pursuant to this Financing Plan. The Agency's obligation contained in this Financing Plan is an "indebtedness" of the Agency under section 33670(b) of the CCRL that is secured by a pledge of Net Available Increment by the Agency. While the Agency shall comply with the Bonded Indebtedness Limit in the issuance of Tax Allocation Debt, the Bonded Indebtedness Limit does not limit the amount of the "indebtedness" of the Agency under this Financing Plan. The Agency represents and warrants that there are no other pledges of Net Available Increment to any other "indebtedness" of the Agency under the CCRL except for the Agency-Wide Indebtedness and the Existing Indebtedness.

(b) Agency Budget. Subject to the CCRL, the Funding Goals and Sections 3.2, 3.3, and 3.4, and based upon the information provided by Developer under this Article 3, the Agency agrees to:

(i) budget the expenditure of the expected Net Available Increment (including Excess Increment, if any, available under Section 1.4(d)(ii)) only to: (A) pay debt service due in the next Agency Fiscal Year on any applicable Public Financing incurred or to be incurred to pay Qualified Project Costs; and (B) pay or reimburse Developer for Qualified Project Costs;

(ii) budget the expenditure of the expected Housing Increment only to: (A) pay debt service due in the next Agency Fiscal Year on any tax allocation debt issued or to be issued to finance its affordable housing obligations under the Below-Market Rate Housing Plan; (B) pay costs incurred in meeting its affordable housing obligations under the Below-Market Rate Housing Plan; (C) repay the Citywide Housing Advance; and (D) distribute otherwise as provided in Section 3.4(a)(ii);

(iii) use its best efforts to obtain the Board of Supervisors' budget approval; and

(iv) apply any Net Available Increment and Housing Increment it receives to the budgeted purposes, subject to the covenants of the applicable Indentures for Tax Allocation Debt, Supplemental Obligation Financing, and the Funding Goals.

(c) Tax Allocation Debt. Developer may submit written requests that the Agency issue Tax Allocation Debt for purposes of this Financing Plan, specifying requested issuance dates, amounts, and main financing terms. Following Developer's request, Developer and the Agency will meet with the Agency's public financing consultants to determine reasonable and appropriate issuance dates, amounts, and principal financing terms. The Agency will have the right to reject any term that is inconsistent with the Funding Goals and agrees to issue Tax Allocation Debt to the extent that the terms of financing are consistent with the Funding Goals.

(d) Shortfall. Developer agrees to the following measures to avoid shortfalls in projected Net Available Increment for the Project.

(i) If, after the Agency issues any Tax Allocation Debt under this Financing Plan that is secured by a pledge of Shipyard Net Available Increment or Candlestick Net Available Increment, Developer initiates a proceeding to reassess the value of the parcels then owned by Developer in a project area for which Tax Allocation Debt was issued (the "**Encumbered Parcels**"), under the California Revenue & Taxation Code (a "**Reassessment**"), that results in a decrease in ad valorem property taxes levied on the Encumbered Parcels, Developer must pay to the Agency in an Agency Fiscal Year the amount equal to: (A) the amount of ad valorem property taxes that would have been levied on the Encumbered Parcels in such Agency Fiscal Year if the Reassessment had not occurred; less (B) the amount of ad valorem property taxes actually levied on the Encumbered Parcels in such Agency Fiscal Year (the difference being the "**Additional Payments**").

(ii) Developer's obligation to make Additional Payments will begin in the Agency Fiscal Year following the Reassessment and continue until the earlier of: (A) the date that the Tax Allocation Debt outstanding on the date of the Reassessment is repaid in full or defeased before maturity for any reason other than a refunding; or (B) the date that the amount of the Additional Payments is reduced to zero (0) or less due to a subsequent reassessment of the Encumbered Parcels for any reason.

(iii) Developer and the Agency intend for this Section 3.1(d) to apply only to Public Financing payable or secured by Net Available Increment, and not to any other Public Financing. Developer's obligations under this Section 3.1(d) are not for the benefit of any CFD Bonds. Should the Tax Laws change, or the Internal Revenue Service or a court of competent jurisdiction issue a ruling that might cause any tax-exempt Tax Allocation Debt to be deemed taxable due to the requirements under clause (i) or (ii), the Agency will release Developer and any

Transferee from its obligations under this Section 3.1(d), and this Section 3.1(d) will be deemed severed from this Financing Plan under section 27.19 of the DDA.

(iv) Developer and the Agency understand and agree that the Agency would not be willing to enter into this Financing Plan without the agreement set forth in this Section 3.1(d).

3.2 Shipyard Net Available Increment.

(a) Pledge of Shipyard Net Available Increment. The Agency pledges and agrees to use Shipyard Net Available Increment towards the payment of Qualified Shipyard Project Costs. The Agency will take all actions necessary under the Tax Allocation Agreement to ensure that Shipyard Net Available Increment will be available for purposes of this Financing Plan, including filing an annual Statement of Indebtedness and other actions described in the Tax Allocation Agreement. Except as described in Section 3.4(a) of this Financing Plan, no tax increment revenues arising from any Agency redevelopment project area or sub-area outside of the Project Site may be obligated in any way (through direct pledges, cross-collateralization, or otherwise) to pay Shipyard Project Costs under this Financing Plan without the Approval of the Agency Commission and, with respect to cross-collateralization, the Board of Supervisors, each in its sole discretion.

(b) Use of Shipyard Net Available Increment. After paying or setting aside amounts needed for debt service due on Tax Allocation Debt secured by or payable from Shipyard Net Available Increment during the Agency Fiscal Year, the Agency will use Shipyard Net Available Increment to reimburse Developer's Qualified Shipyard Project Costs pursuant to this Financing Plan. In addition, upon and as allocated in Developer's written request, the Agency will use all or any part of Shipyard Net Available Increment to:

- (i) pay debt service on other Public Financing to the extent it financed Qualified Shipyard Project Costs;
- (ii) refund or defease before maturity a Public Financing that financed Qualified Shipyard Project Costs;
- (iii) pay any Agency Costs due and payable under the DDA; or
- (iv) apply to any other use allowable under the CCRL or this Financing Plan.

3.3 Candlestick Net Available Increment.

(a) Pledge of Candlestick Net Available Increment. The Agency pledges and agrees to use Candlestick Net Available Increment towards the payment of Qualified Candlestick Project Costs. The Agency will take all actions necessary under the Tax Allocation Agreement to ensure that Candlestick Net Available Increment will be available for purposes of this Financing Plan, including filing an annual Statement of

Indebtedness and other actions described in the Tax Allocation Agreement. Except as described in Section 3.4(a) of this Financing Plan, no tax increment revenues arising from any Agency redevelopment project area or sub-area outside of the Project Site may be obligated in any way (through direct pledges, cross-collateralization, or otherwise) to pay Qualified Candlestick Project Costs under this Financing Plan without the Approval of the Agency Commission and, with respect to cross-collateralization, the Board of Supervisors, each in its sole discretion.

(b) Use of Candlestick Net Available Increment. After paying or setting aside amounts needed for debt service due on Tax Allocation Debt secured by or payable from Candlestick Net Available Increment during the Agency Fiscal Year, the Agency will use Candlestick Net Available Increment to reimburse Developer's Qualified Candlestick Project Costs pursuant to this Financing Plan. In addition, upon and as allocated in Developer's written request, the Agency will use all or any part of Candlestick Net Available Increment to:

- (i) pay debt service on other Public Financing to the extent it financed Qualified Candlestick Project Costs;
- (ii) refund or defease before maturity a Public Financing that financed Qualified Candlestick Project Costs;
- (iii) pay any Agency Costs due and payable under the DDA; or
- (iv) apply to any other use allowable under the CCRL or this Financing Plan.

3.4 Housing Increment.

(a) Use of Housing Increment.

(i) Developer acknowledges that the Agency will use tax increment funds in the Low and Moderate Income Housing Fund generated from redevelopment project areas and sub-areas other than the Project Site to provide funds for the Alice Griffith Replacement Project under the Below-Market Rate Housing Plan (the "**Citywide Housing Advance**").

(ii) The Agency agrees to budget and use Housing Increment from the Project Site in accordance with the CCRL to pay in the following order of priority: (A) the Agency's unreimbursed costs of predevelopment, development, and construction of the Alice Griffith Replacement Projects developed or to be developed within the Project Site under the Below-Market Rate Housing Plan; (B) the outstanding unreimbursed balance of the Citywide Housing Advance; (C) the Agency's costs of predevelopment, development, and construction of Agency Affordable Units developed or to be developed within the Project Site under the Below-Market Rate Housing Plan (the "**Agency Affordable Housing Costs**"); (D) Developer's unreimbursed Alice Griffith Costs to the extent allowed

under section 33334.2 of the CCRL; and (E) any other authorized uses of the Low and Moderate Income Housing Fund.

(b) Goal for Shipyard Housing Increment. The Shipyard Redevelopment Plan establishes a goal for the Agency to use no less than the amount of the Shipyard Housing Increment for purposes articulated in section 33334.2 of the CCRL. The Agency and Developer agree that: (i) except as otherwise Approved by Developer and the Agency, each in its sole discretion in connection with cross-collateralization, the Agency will use the Shipyard Housing Increment exclusively to satisfy the Agency Affordable Housing Costs for the Shipyard Site in compliance with section 33334.2 of the CCRL; and (ii) the Agency expects to exceed this goal for the Shipyard Site through other activities under the DDA by the Agency's use of Shipyard Housing Increment and Shipyard Net Available Increment for: (A) Agency Affordable Housing Costs; and (B) reimbursing Developer's Qualified Shipyard Project Costs for Infrastructure supporting the Affordable Units and other Qualified Shipyard Project Costs to the extent allowed under the CCRL and the Tax Laws.

(c) Goal for Candlestick Housing Increment. In accordance with Board of Supervisors Resolution No. 427-05 and Agency Resolution No. 134-2005, the BVHP Redevelopment Plan establishes a policy goal for the Agency to use no less than fifty percent (50%) of the tax increment revenues allocated to the Agency (excluding statutory pass-through payments) for the Agency's work program for the Candlestick Site as described in its annual budget. The Agency and Developer agree that: (i) except as otherwise Approved by Developer and Agency, each in its sole discretion in connection with cross-collateralization, the Agency will use the Candlestick Housing Increment exclusively to satisfy the Agency Affordable Housing Costs for the Candlestick Site in compliance with section 33334.2 of the CCRL; and (ii) the Agency expects to exceed its policy goal for the Candlestick Site through other activities under the DDA by the Agency's use of Candlestick Housing Increment and Candlestick Net Available Increment for: (A) Agency Affordable Housing Costs; and (B) reimbursing Developer's Qualified Candlestick Project Costs for Infrastructure supporting the Affordable Units and other Qualified Candlestick Project Costs to the extent allowed under the CCRL and the Tax Laws.

3.5 Budget Procedures.

(a) Estimate of Net Available Increment. No later than December 10 of each year, Agency staff will meet and confer with Developer with respect to the projected amount of Net Available Increment for the next Agency Fiscal Year for each Major Phase. The Agency will provide Developer with: (i) the Agency's good faith estimates for the next Agency Fiscal Year of: (A) Net Available Increment (based, in part, upon information provided by Developer as to any new development and Transfers of property); (B) the amount of any debt service on Public Financings secured by a pledge of and expected to be paid from Net Available Increment; and (C) the Mandated Payment Pro-Rata Portion for each of the Candlestick Site and the Shipyard Site that is due or expected to be due in the next Agency Fiscal Year; and (ii) the outstanding unreimbursed balance of the Citywide Housing Advance and the amount of Housing Increment that has

been used to repay the Citywide Housing Advance to the Low and Moderate Income Housing Fund. The December 10 date referred to in this Section 3.5(a) is based on the current budget process of the Agency and the City. Developer and the Agency will adjust the dates as appropriate if the City and the Agency alter their budget process in the future.

(b) Purpose of Pledge. Developer and the Agency intend to use all Net Available Increment in each Agency Fiscal Year as provided in this Financing Plan, and the Agency agrees to: (i) prepare its annual budget to reflect its obligations under this Financing Plan; and (ii) reclassify as Net Available Increment any Mandated Payment Pro-Rata Portion identified in the previous Agency budget (as it may be revised) if the requirement to make the Mandated Payment is satisfied without applying all or any part of such Mandated Payment Pro-Rata Portion or the Mandated Payment Pro-Rata Portion is otherwise released. Developer agrees that as long as the Agency is discharging fully all of its duties under the DDA and the Tax Allocation Agreement to pledge, obtain, and use all Net Available Increment for Qualified Project Costs, the Agency will not be liable to Developer if the Board of Supervisors fails to Approve the Agency's budget, or if Net Available Increment the Agency actually receives in any Agency Fiscal Year is not sufficient to pay all budgeted costs. Qualified Project Costs that Developer incurs will be eligible for reimbursement from Funding Sources in each Agency Fiscal Year until reimbursed.

(c) Existing Indebtedness. Developer and Agency acknowledge that: (i) the Agency has previously issued the Existing Indebtedness as part of the Agency's customary tax allocation bond financing that is secured by its pledge of tax increment from the BVHP Redevelopment Plan Area; (ii) the Agency has previously incurred additional indebtedness relating to its obligation to replenish certain reserve funds associated with bonds issued by certain project areas (the "**Agency-Wide Indebtedness**"); (iii) the Agency's repayment of the Agency-Wide Indebtedness is secured in part by its pledge of tax increment from several of its project areas, including the BVHP Redevelopment Plan Area (the "**Cross-Collateralization Pledge**"); and (iv) it would be a violation of the Agency's debt obligations for the Agency to refuse to use Net Available Increment not otherwise pledged to pay Tax Allocation Debt if required to meet the Agency's payment obligations for the Agency-Wide Indebtedness. In keeping with the Funding Goals, however, the Agency agrees that, when it is required to make any payments on the Existing Indebtedness or on the Agency-Wide Indebtedness under the Cross-Collateralization Pledge, to the extent that doing so will not violate any Indenture or other instruments governing the Existing Indebtedness or the Agency-Wide Indebtedness, the Agency will make such payments using sources of Agency funds other than the Candlestick Increment and the Shipyard Increment. Developer agrees that the Agency's obligation under this Section 3.5(c) does not require the Agency to incur additional indebtedness to meet its Existing Indebtedness or Agency-Wide Indebtedness payment obligations. The Agency agrees that on and after the Reference Date, except for any Public Financing contemplated by this Financing Plan, the Agency will not incur any new or additional "indebtedness" (including any new or additional tax allocation bonds) under the CCRL the repayment of which is secured by a pledge of Candlestick Increment or Shipyard Increment, without Developer's Approval in its sole discretion.

(d) Mandated Payment.

(i) Developer acknowledges that on and after the Reference Date, the Agency may be required to satisfy a valid payment obligation imposed by a Change in Law on the Agency in an Agency Fiscal Year, such as a required payment into the State's Education Revenue Augmentation Fund (a "**Mandated Payment**"). If the Agency must make a Mandated Payment, Developer and the Agency agree that after the Agency has paid debt service on all outstanding Public Financing secured by and payable from Net Available Increment in the applicable Agency Fiscal Year, the Agency may satisfy a portion of the Mandated Payment from Candlestick Increment Available and Shipyard Increment Available, in each case not exceeding the amount of the applicable Mandated Payment Pro-Rata Portion. If a Mandated Payment is imposed on the Agency after the meet and confer process described in Section 3.5(a), the Agency and Developer shall meet and confer to discuss a modification to the Agency Fiscal Year budget for purposes of making the Mandated Payment in accordance with this Section 3.5(d).

(ii)

"**Candlestick Increment Available**" means the amount of tax increment revenue that is available from the Candlestick Site, as reasonably determined by Agency for the Agency Fiscal Year in which any Mandated Payment must be made, after the Agency has met and conferred with Developer in accordance with Section 3.5(a) and this Section 3.5(d), based on the enumerated factors set forth in the definition of Tax Increment Available.

"**Expected Net Available Increment**" is the aggregate amount of Net Available Increment that would have been available to Developer in an applicable Agency Fiscal Year if the Mandated Payment had not been required.

"**Mandated Payment Extension**" means a period calculated as a proportion of a calendar year, based on the ratio of the Mandated Payment Pro-Rata Portion to the Expected Net Available Increment for the Agency Fiscal Year in which the Mandated Payment is made, as such amount is determined under Section 3.5(a) (e.g., if the Mandated Payment Pro-Rata Portion is equal to one-half ($\frac{1}{2}$) of the Expected Net Available Increment, then the Mandated Payment Delay will be one-half ($\frac{1}{2}$) of a year, or six (6) months).

"**Mandated Payment Pro-Rata Portion**" means the amount of Candlestick Increment Available and Shipyard Increment Available to be included in any Mandated Payment in any applicable Agency Fiscal Year, calculated according to the following formula:

$$\text{Amount of Mandated Payment} \times \frac{(\text{Candlestick Increment Available} + \text{Shipyard Increment Available})}{(\text{Tax Increment Available})}$$

“**Shipyard Increment Available**” means the amount of tax increment revenue that is available from the Shipyard Site, as reasonably determined by Agency for the Agency Fiscal Year in which any Mandated Payment must be made, after the Agency has met and conferred with Developer in accordance with Section 3.5(a) and this Section 3.5(d), based on the enumerated factors set forth in the definition of Tax Increment Available.

“**Tax Increment Available**” means the amount of tax increment revenue that is available in the aggregate from all redevelopment project areas under the Agency’s jurisdiction, as reasonably determined by the Agency for the Agency Fiscal Year in which the Mandated Payment must be made, after the Agency has met and conferred with Developer in accordance with Section 3.5(a) and this Section 3.5(d), based on the following factors for each redevelopment project area:

- (1) the amount of tax increment revenue after the deduction of statutory pass-through payments to affected taxing entities under section 33607.5 of the CCRL;
- (2) the amount of tax increment revenue after the deduction of the amount to be deposited in the Low and Moderate Income Housing Fund under section 33334.2 of the CCRL, Board of Supervisors Resolution No. 427-05, and Agency Resolution No. 134-2005;
- (3) the amount of tax increment revenue after deduction of debt service;
- (4) the amount of the tax increment revenue that the Agency expects the City to allocate to the Agency in the Agency Fiscal Year budget approved by the Board of Supervisors, subject to adjustment in accordance with the final Agency Fiscal Year budget as approved;
- (5) the amount of tax increment revenue remaining under the limitation, if any, on the total amount of tax increment established pursuant to section 33333.4 of the CCRL;
- (6) the amount of legally available bonded indebtedness remaining under the limitation on the amount of bonded indebtedness established under section 33334.1 of the CCRL;
- (7) the amount of legally available tax increment estimated to be generated before the redevelopment plan expires;

(8) the amount of tax increment revenue that is reasonably necessary to complete redevelopment activities; and

(9) any other factors that reasonably affect the amount of tax increment available for the Mandated Payment.

(e) Payment in Lieu.

(i) No later than ten (10) Business Days after Developer's receipt of the Agency's notice under Section 3.5(a) of the amount of the Mandated Payment Pro-Rata Portion to be paid in the next Agency Fiscal Year, Developer may give notice to the Agency that Developer proposes to deposit some or all of the Mandated Payment Pro-Rata Portion into one or more accounts designated by the Agency, as a payment in lieu of the Agency's application of the Mandated Payment Pro-Rata Portion to the Mandated Payment. To be effective, Developer's notice must specify the amount that it proposes to deposit.

(ii) The Agency will have the right to refuse Developer's payment in lieu proposal if Developer does not timely deposit the amount specified in clause (iii) below, without any opportunity to cure. The Agency must provide written notice of its acceptance or refusal of Developer's payment in lieu proposal. Upon the Agency's acceptance, the amount of Developer's proposed payment will become a payment obligation upon which the Agency will be entitled to rely, and should Developer fail to make the deposit timely, the Agency will be entitled to recover from Developer the amount that it was obligated to deposit, plus interest at the rate of ten percent (10%) per annum from the date the payment in lieu was due until paid, and any other actual damages the Agency incurs.

(iii) If the Agency accepts Developer's payment in lieu proposal, Developer must deposit the amount specified in its notice in lawful money of the United States of America in immediately available funds, without offset, deduction, or counterclaim of any kind, into an escrow account established for that purpose, with irrevocable instructions to the escrow holder to release the funds solely upon the Agency's instructions, no later than one hundred twenty (120) days before the date the Mandated Payment is due. The amount of any payment by Developer in lieu of the Mandated Payment Pro-Rata Portion will be a Soft Cost under this Financing Plan.

(f) Amendment to Redevelopment Plan. If Candlestick Increment Available or Shipyard Increment Available is used for any Mandated Payment, the Agency agrees to seek an extension of the Candlestick Expiration Date or the Shipyard Expiration Date, as applicable, to the full extent authorized under the law imposing the Mandated Payment obligation.

4. **SUPPLEMENTAL OBLIGATION FINANCING, ALTERNATIVE FINANCING, GRANTS AND PUBLIC FINANCING GENERALLY**

4.1 **Supplemental Obligation Financing.** Developer and the Agency agree as follows:

(a) The Agency has incurred indebtedness to Developer under this Financing Plan for the purposes of carrying out the Shipyard Redevelopment Plan and the BVHP Redevelopment Plan, as applicable. The total amount of the indebtedness incurred by the Agency is set forth as “Qualified Project Costs” for the Project as a whole in the Summary Proforma, as amended pursuant to the terms of this Financing Plan. The Agency has pledged Net Available Increment toward the payment of its indebtedness to Developer, which is limited to the amounts and in the manner set forth in this Financing Plan.

(b) The Agency agrees that Developer may from time to time assign Net Available Increment that is not needed to pay debt service on existing Tax Allocation Debt to the payment of debt service on bonds, notes, or other obligations issued by or on behalf of, or special taxes, assessments or amounts levied by or on behalf of, a local agency or special district such as a community facilities district or joint powers authority (the “**Supplemental Obligations**”) after the respective Indebtedness Time Limit under the Shipyard Redevelopment Plan or the BVHP Redevelopment Plan, as applicable, so long as the proceeds of the Supplemental Obligations are applied to pay or reimburse for Qualified Project Costs (the “**Supplemental Obligation Financing**”). Notwithstanding the foregoing, to the extent necessary to comply with applicable Tax Laws, Developer agrees not to assign the portion, if any, of Net Available Increment that is comprised of Developer’s Additional Payments required under Section 3.1(d), if any, to reimburse Developer for payment of special taxes or assessments or to pay debt service on Supplemental Obligations that are also payable from Project Special Taxes.

(c) Developer will execute and deliver to the Agency an assignment to the bond trustee for the Supplemental Obligations of Developer’s right to receive the Net Available Increment pledged to the Supplemental Obligations under this Financing Plan. The Agency agrees that any Indenture for the Supplemental Obligations will obligate the Fiscal Agent to use Net Available Increment it receives under Developer’s assignment to pay the Supplemental Obligations.

(d) Upon receipt of Developer’s assignment of Developer’s right to Net Available Increment, the Agency shall forward to the applicable bond trustee, on Developer’s behalf, Net Available Increment to: (i) pay debt service on the Supplemental Obligations; (ii) pay special taxes, assessments, or payments relating to the Supplemental Obligations; and (iii) pay related administrative expenses.

(e) The Agency’s obligations under this Section 4.1 with respect to Net Available Increment will terminate on the applicable Increment Termination Date.

(f) Any assignments by Developer under this Section 4.1 are additional methods of leveraging the Net Available Increment that has been pledged to the “indebtedness” created by this Financing Plan and are not new “indebtedness” under the CCRL. The Supplemental Obligations are not bonded indebtedness of the Agency under the CCRL.

(g) Following Developer’s request for Supplemental Obligation Financing, Developer and the Agency will meet with appropriate Agency or City consultants as to the feasibility, amount, and timing of the proposed Supplemental Obligation Financing. Neither the City nor the Agency will be required to implement Supplemental Obligation Financing that is not consistent with the Funding Goals.

4.2 Alternative Financing.

(a) Request for Alternative Financing. The Agency acknowledges and agrees that other methods of Public Financing for Project Costs may be viable or become available: (i) before Developer’s completion of the Infrastructure; or (ii) before Developer’s full reimbursement for Project Costs. These other methods may include any municipal debt financing vehicle then available under applicable law, including tax-exempt bonds, taxable bonds, tax-credit bonds, federal or State loans issued by the Agency, the City, or a joint powers authority for application towards Qualified Project Costs and secured by Net Available Increment or Project Special Taxes, or special assessments or fees on Taxable Parcels of commercial property in the Project Site through a community taxing district formed by City ordinance (collectively, “**Alternative Financing**”). Therefore, from time to time, so long as Developer’s Project Costs have not been fully paid or reimbursed, Developer may submit a written request for Alternative Financing, describing:

- (i) the Project Costs to be financed with the proceeds of the Alternative Financing;
- (ii) if the Project Costs relate to construction, the Completion date or estimated Completion date for the related Improvements;
- (iii) if the Project Costs relate to construction, the then current construction schedule for any other Improvements to be made by Developer; and
- (iv) the Alternative Financing.

(b) Implementation. Following Developer’s request for Alternative Financing, Developer and the Agency will meet with appropriate Agency or City consultants as to the feasibility, amount, and timing of the proposed Alternative Financing. Neither the City nor the Agency will be required to implement Alternative Financing that: (i) is not consistent with the Funding Goals; (ii) would use, pledge, or impair receipt of taxes and fees on which the City is explicitly relying under the fiscal impact study prepared by Economic & Planning Systems, Inc., dated June 22, 2010, to pay for City services; or (iii) proposes to tax or assess Exempt Parcels.

(c) **Financing.**

(i) If an Alternative Financing contemplates the formation of a CFD and the pledge of Project Special Taxes, Developer may petition the Agency or City, as applicable, to form one or more CFDs over the Project Site in the manner and subject to parameters and limitations that differ from CFDs formed pursuant to Section 2 so long as Developer agrees to such terms in writing. Any such Alternative Financing CFDs may overlap all or any of the CFDs formed pursuant to Section 2.

(ii) If an Alternative Financing contemplates the pledge of Net Available Increment, Developer and the Agency may mutually agree to adjust the application of Net Available Increment to accomplish the Alternative Financing.

4.3 Project Grants.

(a) Procurement. Throughout the term of the DDA, the Agency, the City (consistent with the Interagency Cooperation Agreement), and Developer will work together to seek appropriate Project Grants for the Project. Subject to the documents, rules, and regulations applicable to Project Grants, this Financing Plan and applicable law, the Agency, the City, and Developer will use Project Grants to finance Project Costs.

(b) Agency Project Grants. If the Agency procures any Project Grant, the Agency will be entitled to retain an amount equal to one-half (1/2) of the amount of such Project Grant that has been applied to Qualified Project Costs from the proceeds of the next available issuance of Tax Allocation Debt.

4.4 Provisions Applicable to All Public Financings.

(a) Acquisition and Reimbursement Agreement. Developer and the Agency will execute the Acquisition and Reimbursement Agreement (with only such changes as may be Approved by Developer and the Agency Director in their respective sole discretion) before the earlier of: (i) the date the first Developer Construction Obligation is Commenced; or (ii) the date of the first Sub-Phase Approval. The Acquisition and Reimbursement Agreement describes the procedures by which: (x) Developer will seek reimbursement of Qualified Project Costs and Authorized Payments; (y) the Agency will inspect and accept Infrastructure and other Improvements that Developer is required to construct under the DDA; and (z) the Agency will approve Developer's Payment Requests. The Agency will reimburse Developer for Qualified Project Costs and Authorized Payments with any combination of Funding Sources then available for the Agency's use, subject to any priority established in the Acquisition and Reimbursement Agreement. The Agency will acquire the Infrastructure and other Improvements from Developer in accordance with, and subject to the limitations set forth in, the Acquisition and Reimbursement Agreement and applicable Supplements. Developer acknowledges that it must satisfy the conditions set forth in the Acquisition and Reimbursement Agreement as a condition to receiving reimbursement for any Qualified Project Costs or Authorized Payments.

(b) Financing Temporarily Excused. The Agency will not be obligated to issue any Public Financing (or provide Project Grant proceeds if clause (i), (ii), or (iii) applies), and neither the Agency nor the City will be obligated to issue any Alternative Financing, to finance Qualified Project Costs during the time in which:

(i) Developer is in default in the payment of any ad valorem tax, Project Special Taxes, or Maintenance Special Taxes levied on any Taxable Parcel it then owns in the Project Site;

(ii) Developer is in Material Breach with respect to the Major Phase or Sub-Phase for which Public Financing, Alternative Financing, or Project Grant proceeds are requested;

(iii) Developer fails to cooperate reasonably with the Agency or the City as necessary to implement Public Financing consistent with this Financing Plan;

(iv) in the judgment of the Agency or the City, as applicable, and based upon the Funding Goals and advice of Agency or City staff and consultants, market conditions or conditions affecting the property in the Project Site (such as tax delinquencies, assessment appeals, damage or destruction of improvements, or litigation) make it fiscally imprudent or infeasible to incur the requested indebtedness at the time; or

(v) the First Tranche CFD Bond or Tax Allocation Debt underwriter for the applicable bond issue exercises any right to cancel its obligation to purchase the First Tranche CFD Bonds or Tax Allocation Debt during the occurrence and continuation of events specified in its bond purchase agreement with the Agency.

(c) Developer Financing Costs. Developer will not be entitled to reimbursements from any Public Financing for its financing costs (consisting of interest carry and lender fees) for any Infrastructure construction financing:

(i) to the extent that the costs are commercially unreasonable as of the date that the payment obligation was incurred;

(ii) while Developer is in default in the payment of any ad valorem, Project Special Taxes, or Maintenance Special Taxes levied on any of the Taxable Parcels it then owns or while Developer is in Material Breach under the DDA; or

(iii) if the costs arise more than ninety (90) days after the later to occur of: (A) the date on which the Agency has found the related Infrastructure to be Complete under the Acquisition and Reimbursement Agreement; and (B) the related Qualified Project Costs have been fully reimbursed from Funding Sources.

(d) Continuing Disclosure. Developer must comply with all of its obligations under any continuing disclosure agreement it executes in connection with the offering

and sale of any Public Financing. Developer acknowledges that a condition to the issuance of any Public Financing may be Developer's execution of a continuing disclosure agreement.

(e) Qualified Pre-Agreement Costs. Qualified Pre-Agreement Costs shall be financed from Funding Sources in the same manner as Qualified Project Costs are financed under this Financing Plan. To the extent required: (i) each CFD will be authorized at formation to finance the Qualified Pre-Agreement Costs; and (ii) the payment of the Qualified Pre-Agreement Costs will be budgeted in the same manner as Qualified Project Costs under Section 3.1(b).

(f) Financing Authority. Developer acknowledges and consents to the following: (i) the Agency continuing its practice to issue tax allocation debt through the Authority, a joint powers authority, to avoid having to issue bonds separately for each of its project areas; and (ii) if necessary or convenient, forming a separate joint powers authority to incur any of the Public Financing contemplated in this Financing Plan, with the Approval of Developer.

4.5 Terms of the Public Financings.

(a) Meet and Confer. Agency staff and consultants will meet and confer with Developer before the sale of any Public Financing bonds issued to finance Qualified Project Costs to discuss the terms of the proposed debt issue, but the Agency will determine the final terms in its reasonable discretion in light of the Funding Goals and subject to this Financing Plan. The Agency will not enter into any Indenture for any form of Public Financing that is not bonded indebtedness, if the indebtedness must be secured by or repaid with Candlestick Net Available Increment, Shipyard Net Available Increment, or Project Special Taxes without Developer's express written consent, which may be granted or withheld in its sole discretion based on all relevant factors, including the timing and availability of funds, credit enhancement requirements, applicable interest rate and other repayment terms, and other conditions to the proposed indebtedness. This Section 4.5(a) does not apply to the Agency's issuance of Second Tranche CFD Bonds within a CFD after the applicable CFD Conversion Date.

(b) Credit Enhancement. Any Developer credit enhancements for Public Financing must be without recourse to the City's General Fund or the Agency's general funds or other assets (other than Net Available Increment to the extent pledged to the payment of Public Financing obligations). Any financial institution issuing a credit enhancement must have a rating of at least "A" from Moody's Investors Service or Standard & Poor's, or the equivalent rating from any successor rating agency mutually acceptable to Developer and the Agency, on the date of issuance and at any later credit renewal date. Developer must provide substitute credit enhancements for any credit enhancement that does not meet this rating standard on a credit renewal date. If the fees (and replenishment of any draw or other use of the collateral for the obligation it secures) for any Developer credit enhancements will be reimbursable from funds other than Developer funds, they may be reimbursed from Project Special Taxes or Net Available

Increment, as applicable, on a basis subordinate to any debt service and other annual costs for any related outstanding Public Financing.

(c) Tax-Exempt or Taxable. Developer and the Agency agree to cooperate to maximize the tax-exempt treatment of any Public Financing issued to finance Qualified Project Costs, but Developer and the Agency may agree that the Agency may issue taxable Public Financing.

(d) No Other Land-Secured Financings. Other than the CFDs and the Maintenance CFDs, the Agency agrees not to form any additional land-secured financing district over any portion of the property in the Project Site without Developer's Approval in its sole discretion.

4.6 Reimbursements for Qualified Project Costs.

(a) Limited Reimbursement. Developer and the Agency acknowledge that:

(i) Developer is agreeing to pay for the Project Costs with the expectation that Developer will be reimbursed to the extent and in the manner set forth in this Financing Plan and the Acquisition and Reimbursement Agreement, subject to applicable laws and any financing instruments;

(ii) Developer may be required to begin paying Project Costs before Funding Sources to reimburse Developer are available;

(iii) Developer will be reimbursed for Qualified Project Costs and Authorized Payments in any number of installments as Funding Sources become available in accordance with this Financing Plan and the Acquisition and Reimbursement Agreement, with any unpaid balance deferred as long as necessary (subject to applicable Major Phase Increment Allocation Amounts, Increment Termination Dates, and other limitations on Funding Sources under applicable laws and financing instruments), until Funding Sources become available;

(iv) Developer's payment of Project Costs before the availability of Funding Sources to reimburse Qualified Project Costs is not a gift or a waiver of Developer's right to reimbursement for Qualified Project Costs under this Financing Plan; and

(v) Funding Sources may not be sufficient to pay all of Developer's Qualified Project Costs and Authorized Payments.

(b) Acquisition of Infrastructure. Developer and the Agency acknowledge that:

(i) Developer may be constructing Infrastructure before Funding Sources that will be used to acquire it are available;

(ii) The Department of Public Works will inspect Infrastructure and other Improvements and process Payment Requests even if Funding Sources for the amount of pending Payment Requests are not then sufficient to satisfy them in full;

(iii) Infrastructure may be conveyed to and accepted by the City before the applicable Payment Requests are paid in full;

(iv) If the City accepts Infrastructure before the applicable Payment Requests are paid in full, the unpaid balance will be paid when sufficient Funding Sources become available, and the Acquisition and Reimbursement Agreement will provide that the applicable Payment Requests for Infrastructure accepted by the City may be paid: (A) in any number of installments as Funding Sources become available; and (B) irrespective of the length of time payment is deferred; and

(v) Developer's conveyance or dedication of Infrastructure to the Agency, City, or Other Public Agencies before the availability of Funding Sources to acquire the Infrastructure is not a gift or a waiver of Developer's right to payment of Qualified Project Costs under this Financing Plan.

5. **INTERPRETATION; DEFINITIONS**

5.1 **Interpretation of Agreement.**

(a) **DDA.** This Financing Plan is a part of the DDA and is subject to all of its general terms, including the rules of interpretation.

(b) **Inconsistent Provisions.** Developer and the Agency intend for this Financing Plan to prevail over any inconsistent provisions relating to the financing structure for the Project and their respective financing-related obligations in any other document related to the Project.

5.2 **Defined Terms.** The following terms have the meanings given to them below or are defined where indicated.

"2% Limitation" is defined in Section 2.3(e).

"Acquisition and Reimbursement Agreement" means the agreement between Developer and the Agency governing the terms of the Agency's acquisition of Infrastructure and reimbursement of Qualified Project Costs, in the form attached to this Financing Plan as Exhibit H-C, as the same may be modified or amended from time to time.

"Additional Community Facilities" means any public facilities that may be financed by the Agency with Second Tranche CFD Bonds and Remainder Taxes under applicable law and in the manner set forth in this Financing Plan, including, to the extent required under the Mitigation Measures, future improvements necessary to ensure that the shoreline, public facilities, and

public access improvements will be protected should sea level rise exceed sixteen (16) inches at the perimeter of the Project Site.

“**Additional Payments**” is defined in Section 3.1(d)(i).

“**Adequate Security**” is defined in the DDA.

“**Affiliate**” is defined in the DDA.

“**Affordable Units**” is defined in the Below-Market Rate Housing Plan.

“**Agency**” is defined in the DDA.

“**Agency Affordable Housing Costs**” is defined in Section 3.4(a)(ii).

“**Agency Affordable Units**” is defined in the Below-Market Rate Housing Plan.

“**Agency Annual Fee**” is defined in the DDA.

“**Agency Audit**” is defined in Section 1.8(g).

“**Agency Commission**” is defined in the DDA.

“**Agency Costs**” is defined in the DDA.

“**Agency Director**” is defined in the DDA.

“**Agency Fiscal Year**” means the period commencing on July 1 of any year and ending on the following June 30.

“**Agency-Wide Indebtedness**” is defined in Section 3.5(c).

“**Alice Griffith Costs**” means any amounts actually paid by or on behalf of Developer under the DDA in connection with the development of the Alice Griffith Replacement Projects, including the Alice Griffith Subsidy and the related Agency Subsidy (all as defined in the Below-Market Rate Housing Plan) or, if applicable, the Alice Griffith Liquidation Payments (as defined in the DDA).

“**Alice Griffith Replacement Projects**” is defined in the Below-Market Rate Housing Plan.

“**Alice Griffith Replacement Units**” is defined in the Below-Market Rate Housing Plan.

“**Alternative Financing**” is defined in Section 4.2(a).

“**Annual Report**” is defined in Section 1.8(a).

“**Approval**” and any variation thereof (such as “**Approved**” or “**Approve**”) is defined in the DDA.

“**Assigned Project Special Tax Rate**” is defined in Section 2.3(d).

“**Assignment and Assumption Agreement**” is defined in the DDA.

“**Audit Date**” is defined in Section 1.8(b).

“**Authority**” means the City and County of San Francisco Redevelopment Financing Authority, a joint powers authority under California law.

“**Authorization**” is defined in the DDA.

“**Authorized Payments**” is defined in the Acquisition and Reimbursement Agreement.

“**Backup Project Special Tax Rate**” is defined in Section 2.3(g).

“**Base Security**” is defined in the DDA.

“**Below-Market Rate Housing Plan**” is defined in the DDA.

“**Board of Supervisors**” is defined in the DDA.

“**Bonded Indebtedness Limit**” means the dollar limit, if any, on the amount of bonded indebtedness that can be outstanding at any time that is specified in accordance with the CCRL in the Shipyard Redevelopment Plan and the Candlestick Redevelopment Plan (for the portion of the BVHP Redevelopment Plan Area in which the Candlestick Site is located).

“**Building**” means any structure to be constructed within a CFD, including structures that contain Taxable Residential Units, commercial, industrial, science and technology, research and development, and office uses.

“**Business Day**” is defined in the DDA.

“**BVHP Redevelopment Plan**” is defined in the DDA.

“**BVHP Redevelopment Plan Area**” is defined in the DDA.

“**Candlestick Excess Increment**” means the sum of: (a) in the Increment Allocation FY, Candlestick Net Available Increment that remains after the Agency has applied it to: (i) pay debt service on all outstanding Tax Allocation Debt and Supplemental Obligation Financing secured by Candlestick Net Available Increment, the proceeds of which were used to finance Qualified Candlestick Project Costs for any Major Phase; and (ii) pay or reimburse Developer for Qualified Candlestick Project Costs; and (b) in each subsequent Agency Fiscal Year, Candlestick Net Available Increment that remains after the Agency has applied it to pay debt service on all outstanding Tax Allocation Debt and Supplemental Obligation Financing secured by Candlestick Net Available Increment, the proceeds of which were used to finance Qualified Candlestick Project Costs for any Major Phase.

“**Candlestick Expiration Date**” means the date on which the BVHP Redevelopment Plan expires as it pertains to the Candlestick Site (currently 2036), excluding any extensions for

the purpose of funding or completing the Agency's affordable housing obligations under the CCRL.

“Candlestick Housing Increment” means the portion of Candlestick Increment deposited into the Low and Moderate Income Housing Fund to be used to increase, improve, and preserve the City's supply of housing for persons and families of very low-, low-, or moderate-income under section 33334.2 of the CCRL, which amount shall be equal to twenty percent (20%) of all Candlestick Increment or such other minimum amount required by section 33334.2 of the CCRL.

“Candlestick Increment” means tax increment revenues arising from the Candlestick Site and allocated to the Agency under section 33670(b) of the CCRL, including all interest earnings.

“Candlestick Increment Available” is defined in Section 3.5(d)(ii).

“Candlestick Major Phase Project Costs” means the Candlestick Project Costs estimated to be incurred in a Major Phase.

“Candlestick Net Available Increment” means all Candlestick Increment, excluding: (a) Candlestick Housing Increment; (b) payments to other taxing agencies to the extent required under the CCRL; (c) debt service on Existing Indebtedness and payments on Agency-Wide Indebtedness payable from tax increment generated in the BVHP Redevelopment Plan Area in accordance with Section 3.5(c); and (d) the Mandated Payment Pro-Rata Portion applicable to the Candlestick Site.

“Candlestick Proceeds” is defined in Section 1.4(a)(iii)(B).

“Candlestick Project Costs” means Project Costs relating or apportioned to the Candlestick Site.

“Candlestick Site” is defined in the DDA.

“CCRL” is defined in the DDA.

“Certificate of Completion” is defined in the DDA.

“CFD” means: (a) a community facilities district formed over all or any part of the Project Site that is established under the CFD Act to finance Qualified Project Costs and Additional Community Facilities; or (b) if designated, an Improvement Area within a community facilities district formed over all or any part of the Project Site, which Improvement Area has been designated under the CFD Act to finance Qualified Project Costs and Additional Community Facilities.

“CFD Act” means the Mello-Roos Community Facilities Act of 1982 (Gov't Code §§ 53311 et seq.), as amended from time to time.

“**CFD Bonds**” means one or more series of bonds (including refunding bonds) or any other debt (as defined in the CFD Act) secured by the levy of Project Special Taxes in a CFD.

“**CFD Bonds Project Account**” means the funds or accounts, however denominated, held by the Fiscal Agent under an Indenture containing the Net CFD Proceeds to be used to finance Qualified Project Costs and, when authorized pursuant to Section 2.8, Additional Community Facilities.

“**CFD Conversion Date**” means, calculated separately for each CFD, the earlier to occur of: (a) the date that all Qualified Project Costs have been paid or reimbursed to Developer for the Project as a whole; or (b) the date that is thirty-seven (37) years after the issuance of the first series of First Tranche CFD Bonds in such CFD.

“**CFD Goals**” means the Agency’s Amended and Restated Local Goals and Policies for Community Facilities Districts, approved by Resolution No. 79-2008, adopted on July 15, 2008, and as thereafter amended from time to time solely to the extent required under the CFD Act or other controlling State or federal law or, with respect to CFDs formed pursuant to this Financing Plan, as otherwise Approved by Developer in its sole discretion.

“**Change in Law**” means legislation enacted by the Congress of the United States or the legislature of the State, or the enactment of a regulation or statute by any other Governmental Entity (other than a City Party) with jurisdiction over the Agency.

“**Change Proceedings**” means proceedings under section 53332 of the CFD Act initiated by Developer’s petition.

“**City**” is defined in the DDA.

“**City’s General Fund**” means the City’s general operating fund, into which taxes are deposited, excluding dedicated revenue sources for certain municipal services, capital projects, and debt service.

“**City Party**” is defined in the DDA.

“**Citywide Housing Advance**” is defined in Section 3.4(a)(i).

“**Commence**” is defined in the DDA.

“**Community Benefits Costs**” means payments made by or on behalf of Developer after the Reference Date for: (a) the Scholarship Fund Contribution, Education Improvement Fund Contribution, Wellness Contribution, Healthcare Predevelopment Contribution, Community First Housing Fund Contribution, Construction Assistance Fund Contribution, Credit Support Contribution, Workforce Contribution, and Implementation Committee Contribution (each as defined in the Community Benefits Plan); (b) the Agency Subsidy (as defined in the Below-Market Rate Housing Plan); (c) the Developer Stadium Contribution (as defined in the DDA); and (d) Alice Griffith Costs.

“**Community Benefits Fund**” is defined in the Community Benefits Plan.

“Community Benefits Plan” is defined in the DDA.

“Community Facilities Lot” is defined in the Community Benefits Plan.

“Complete” is defined in the DDA.

“Corporate Guaranty” is defined in the DDA.

“CPA” means an independent certified public accounting firm Approved by the Agency and Developer.

“Cross-Collateralization Pledge” is defined in Section 3.5(c).

“DDA” means that certain Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) to which this Financing Plan is attached.

“Department of Public Works” is defined in the DDA.

“Developed Property” means, in any Agency Fiscal Year, an assessor’s parcel of taxable property included in a recorded final subdivision map before January 1 of the preceding Agency Fiscal Year, and for which a building permit has been issued before May 1 of the preceding Agency Fiscal Year.

“Developer” is defined in the DDA.

“Developer Construction Obligations” means, to the extent required under the DDA in connection with the Project, Developer’s obligation to construct or cause the construction of the Project, including: (a) the Infrastructure; (b) Improvements pursuant to the Parks and Open Space Plan; (c) improvements to the CP State Recreation Area under the State Parks Agreement (as those terms are defined in the DDA); (d) the Alice Griffith Replacement Projects; and (e) the New Shipyard Artist Studios (as defined in the Community Benefits Plan).

“Developer Fiscal Quarter” means each consecutive three (3) month period during the calendar year with one of the Developer Fiscal Quarter beginning on the first day of the Developer Fiscal Year.

“Developer Fiscal Year” means the period from December 1 to November 30 of each year, as may be revised from time to time by notice from Developer to the Agency.

“Developer Return” means the amount that results in a twenty two and one half percent (22.5%) per annum cumulative, unleveraged internal rate of return, compounded quarterly, on unreimbursed Pre-Agreement Costs, Pre-Agreement Return, and Project Costs. With respect to unreimbursed Pre-Agreement Costs and Pre-Agreement Return, Developer Return shall be calculated from the Reference Date until reimbursed, and, with respect to Project Costs, Developer Return shall be calculated from the date of expenditure until reimbursed.

“Distribution” is defined in Section 1.1(c)(i).

“Distribution Report” is defined in Section 1.3(b)(i).

“Effective Date” is defined in the DDA.

“Encumbered Parcels” is defined in Section 3.1(d)(i).

“Excess Increment” means, collectively, the Shipyard Excess Increment and the Candlestick Excess Increment.

“Exempt Parcel” means the Public Property. Exempt Parcel does not include an assessor’s parcel that, immediately prior to the acquisition by the Agency or other Governmental Entity, was a Taxable Parcel that the Agency or any other Governmental Entity acquires by gift, devise, negotiated transaction, or foreclosure (including by way of credit bidding), or an assessor’s parcel that, immediately prior to the acquisition by the Agency, was a Taxable Parcel that the Agency acquires under its right of reverter under the DDA.

“Existing Indebtedness” means collectively: (a) the loan of \$4,350,000 from the Authority to the Agency under the Loan Agreement, dated as of October 15, 2007, among the Agency, The Bank of New York Trust Company, N.A., as trustee, and the Authority; (b) the loan of \$725,000 from the Authority to the Agency under the Loan Agreement, dated as of October 15, 2007, among the Agency, The Bank of New York Trust Company, N.A., as trustee, and the Authority; (c) the loan of \$5,980,000 from the Authority to the Agency under the Loan Agreement, dated as of September 1, 2009, among the Agency, U.S. Bank National Association, as trustee, and the Authority; (d) the loan of \$2,800,000 from the Authority to the Agency under the Loan Agreement, dated as of September 1, 2009, among the Agency, U.S. Bank National Association, as trustee, and the Authority; (e) the loan of \$10,785,000 from the Authority to the Agency under the Loan Agreement, dated as of December 1, 2009, among the Agency, U.S. Bank National Association, as trustee, and the Authority; and (f) the loan of \$1,280,000 from the Authority to the Agency under the Loan Agreement, dated as of December 1, 2009, among the Agency, U.S. Bank National Association, as trustee, and the Authority.

“Expected Net Available Increment” is defined in Section 3.5(d)(ii).

“Final Audit” is defined in Section 1.8(c).

“Final Audit Date” is defined in Section 1.8(c).

“Financing Plan” is defined in the DDA.

“First Tranche” means, calculated separately for each CFD, one or more series of CFD Bonds (including refunding bonds) secured by the levy of Project Special Taxes in such CFD, the proceeds of which the Agency is obligated under this Financing Plan to use to finance Qualified Project Costs.

“Fiscal Agent” means the fiscal agent or trustee under an Indenture.

“Funding Goals” is defined in Section 1.1(a).

“**Funding Sources**” is defined in Section 1.2(a)(i).

“**Governmental Entity**” is defined in the DDA.

“**Gross Revenues**” means all cash, notes, or other monetary consideration of any kind paid to the seller of Lots (other than Private Parcels) under article 17 of the DDA, or in consideration for a Transfer from Developer to a Transferee. Gross Revenues does not include proceeds from the development or disposition of Vertical Improvements.

“**Hard Costs**” means payments made by or on behalf of Developer or any Transferee, in each case for the Project after the Reference Date for: (a) labor and materials required in connection with demolition, grading and physical construction of Developer Construction Obligations; (b) building permits; and (c) any other amount specifically identified in the DDA as a Hard Cost. Hard Costs do not include: (i) any amounts that cannot be reasonably verified through paid statements and invoices; (ii) Soft Costs; and (iii) the portion of any cost that is commercially unreasonable as of the date the obligation to pay the cost was incurred.

“**Housing Increment**” means, individually or collectively as the context requires, the Shipyard Housing Increment and the Candlestick Housing Increment.

“**Improvement Area**” means an improvement area within a community facilities district designated pursuant to section 53350 of the CFD Act.

“**Improvements**” is defined in the DDA.

“**Inclusionary Unit**” is defined in the Below-Market Rate Housing Plan.

“**Increment Allocation FY**” means the Agency Fiscal Year in which Developer has received the Major Phase Increment Allocation Amounts for all Major Phases.

“**Increment Termination Date**” means the time limits on the Agency’s authority to repay indebtedness with property tax increment in the Shipyard Redevelopment Plan and the BVHP Redevelopment Plan (as applicable to the portion of the BVHP Redevelopment Plan Area in which the Candlestick Site is located) under CCRL.

“**Indebtedness Time Limit**” means the time limits on establishing indebtedness in the Shipyard Redevelopment Plan and for the portion of the BVHP Redevelopment Plan Area in which the Candlestick Site is located in the BVHP Redevelopment Plan under the CCRL, excluding any extensions for the purpose of financing affordable housing.

“**Indenture**” means one or more indentures, trust agreements, fiscal agent agreements, financing agreements, or other documents containing the terms of any indebtedness that is secured by a pledge of and to be paid from Net Available Increment or Project Special Taxes.

“**Infrastructure**” is defined in the DDA.

“**Initial Major Phase**” is defined in the DDA.

“**issue**” (and all variations of the word) when used in reference to any form of Public Financing in this Financing Plan means to complete all actions required to obtain the proceeds of the Public Financing for use as contemplated in this Financing Plan.

“**Land Acquisition Agreements**” is defined in the DDA.

“**Land Acquisition Costs**” means all costs and expenses actually paid in connection with the Land Acquisition Agreements or otherwise in connection with the acquisition from a Third Party of land, right-of-way, or other real property interests: (a) within the Project Site; or (b) outside the Project Site as required in order to fulfill the terms of the DDA. Land Acquisition Costs do not include: (i) any amounts paid before the Reference Date; (ii) any amounts that cannot be reasonably verified through paid statements and invoices; and (iii) Soft Costs.

“**Losses**” is defined in the DDA.

“**Lot**” is defined in the DDA.

“**Low and Moderate Income Housing Fund**” is defined in the Below-Market Rate Housing Plan.

“**Maintenance CFD**” means a community facilities district formed under the CFD Act that has the authority to levy Maintenance Special Taxes to fund Ongoing Park Maintenance.

“**Maintenance Special Taxes**” means special taxes other than Project Special Taxes authorized to be levied against Taxable Parcels in a Maintenance CFD under the RMA for the Maintenance CFD.

“**Major Phase**” is defined in the DDA.

“**Major Phase Application**” is defined in the DDA.

“**Major Phase Approval**” is defined in the DDA.

“**Major Phase Audit**” is defined in Section 1.8(b).

“**Major Phase Closing Date**” is defined in Section 1.8(b).

“**Major Phase Project Costs**” means, with respect to each Major Phase, the sum of the Shipyard Major Phase Project Costs and the Candlestick Major Phase Project Costs.

“**Major Phase Increment Allocation Amount**” means, for each Major Phase, the portion of the Total Proceeds allocated to such Major Phase to finance Qualified Project Costs for such Major Phase, as determined in Section 1.4(b) and as shown in the Summary Proforma.

“**Major Phase Increment Allocation Percentage**” means, for each Major Phase, the percentage resulting from the ratio of the Major Phase Increment Allocation Amount for such Major Phase to the sum of the Major Phase Increment Allocation Amounts for all Major Phases.

“**Mandated Payment**” is defined in Section 3.5(d)(i).

“Mandated Payment Extension” is defined in Section 3.5(d)(ii).

“Mandated Payment Pro-Rata Portion” is defined in Section 3.5(d)(ii).

“Market Rate Unit” is defined in the Below-Market Rate Housing Plan.

“Material Breach” is defined in the DDA.

“Maximum Project Special Tax Rate” is defined in Section 2.3(g).

“Mitigation Measures” is defined in the DDA.

“Mitigation Measures Improvements” is defined in Section 2.8(f).

“Net Available Increment” means, individually or collectively as the context requires, Shipyard Net Available Increment and Candlestick Net Available Increment.

“Net CFD Proceeds” means the proceeds of CFD Bonds that are available or used to pay for Qualified Project Costs directly or by reimbursements to Developer and, when authorized pursuant to Section 2.8, to pay for costs of Additional Community Facilities.

“Net Proceeds” means the proceeds of Tax Allocation Debt or Supplemental Obligation Financing, as applicable, that are available or used to pay for Qualified Project Costs directly or by reimbursements to Developer.

“Net Project Proceeds” means the aggregate amounts received from time to time by Developer and all Transferees from: (a) Gross Revenues; and (b) Funding Sources used to reimburse Developer for previously-incurred Qualified Project Costs (which excludes Funding Sources used to pay directly for Qualified Project Costs).

“Next-Priority Major Phase” is defined in Section 1.4(b)(iii).

“Non-Stadium Alternative” is defined in the DDA.

“Official Records” is defined in the DDA.

“Ongoing Park Maintenance” means the City’s or the Agency’s costs of operating and maintaining: (a) Improvements constructed pursuant to the Parks and Open Space Plan (not including in the CP State Recreation Area, except for overland stormwater infrastructure maintained by the City or the Agency in the CP State Recreation Area) within the Project Site, including installing landscaping, all personnel or third-party maintenance costs, costs of maintaining irrigation systems and other equipment directly related to maintenance, maintenance or replacement as needed of landscape areas, water features, bathrooms, trash receptacles, park benches, planting containers, picnic tables, and other equipment or fixtures installed in areas to be maintained, insurance costs, and any other related overhead costs, along with Agency personnel, administrative, and overhead costs related to maintenance or to contracting for and managing third-party maintenance; and (b) any open space surface improvements on the Yosemite Slough Bridge.

“**Other Public Agencies**” means public entities other than the Agency or the City that will own or operate any of the Infrastructure.

“**Parks and Open Space Plan**” is defined in the DDA.

“**Payment Request**” is defined in the Acquisition and Reimbursement Agreement.

“**Person**” is defined in the DDA.

“**Phase 2 Deferred Costs**” means seven hundred sixty thousand dollars (\$760,000) of Developer’s costs that were deferred under the HPS 1 DDA.

“**Pre-Agreement Costs**” means the liquidated sum in the Summary Proforma that reflects Developer’s costs that were paid before the Reference Date in connection with the Project, including the Phase 2 Deferred Costs.

“**Pre-Agreement Return**” means the liquidated sum in the Summary Proforma that reflects the accrued return on the Pre-Agreement Costs as of the Reference Date.

“**Pre-Agreement Termination Amount**” is defined in Section 1.6(b)(i).

“**Principal Payment Date**” means: (a) if CFD Bonds have not yet been issued for the applicable CFD, September 1 of each year; or (b) if CFD Bonds have been issued for the applicable CFD, the calendar date on which principal or sinking fund payments on such CFD Bonds are, in any year, payable (for example, if the principal amount of CFD Bonds are payable on September 1, the Principal Payment Date shall be September 1, regardless of whether principal payments are actually due in any particular year).

“**Private Parcels**” is defined in the DDA.

“**Project**” is defined in the DDA.

“**Project Account**” is defined in Section 1.1(c)(i).

“**Project Costs**” means, without duplication: (a) Hard Costs; (b) Soft Costs; (c) Land Acquisition Costs; (d) Community Benefits Costs; and (e) any other amounts specifically identified in the DDA as a Project Cost, including, individually or collectively as the context requires, Shipyard Project Costs and Candlestick Project Costs. Project Costs do not include: (i) Distributions made under this Financing Plan; (ii) Pre-Agreement Costs; (iii) Pre-Agreement Return; or (iv) Developer Return.

“**Project Grant**” means a State or federal grant procured by Developer, the City, or the Agency that is funded through the Agency, the proceeds of which will be used to contribute towards the costs of Developer’s obligations under the DDA, including environmental remediation of the Project Site, transportation and related infrastructure improvements, infrastructure improvements for the Community Facilities Lots, and other community benefits.

“**Project Site**” is defined in the DDA.

“Project Special Taxes” means special taxes other than Maintenance Special Taxes authorized to be levied in a CFD under the CFD Act, including all delinquent Project Special Taxes collected at any time by payment or through foreclosure proceeds.

“Proposition G” is defined in the DDA.

“Public Financing” means, individually or collectively as the context requires: (a) First Tranche CFD Bonds; (b) Tax Allocation Debt; (c) Supplemental Obligation Financing; and (d) Alternative Financing.

“Public Property” is defined in the DDA.

“Qualified” when used in reference to Project Costs, Pre-Agreement Costs, and other capital public facility costs, means: (a) with respect to a CFD, the Project Costs, the Pre-Agreement Costs, and other authorized capital public facility costs, each to the extent authorized to be financed under the CFD Act, the Tax Laws (if applicable), and this Financing Plan; (b) with respect to financing from Net Available Increment or Tax Allocation Debt, the Project Costs and the Pre-Agreement Costs, each to the extent authorized to be financed under the CCRL, the Tax Laws (if applicable), and this Financing Plan; and (c) with respect to a Supplemental Obligation Financing or an Alternative Financing, the Project Costs and the Pre-Agreement Costs, each to the extent authorized to be financed under the laws governing the Supplemental Obligation Financing or Alternative Financing, the Tax Laws (if applicable), and this Financing Plan.

“Reasonableness Determination” means that the Agency, in consultation with its expert independent financial advisors, has determined that Developer’s projections, methodology, and underlying assumptions are reasonable in any financial projection or other analysis that Developer provides under this Financing Plan.

“Reassessment” is defined in Section 3.1(d)(i).

“Records” is defined in Section 1.8(d).

“Redevelopment Plans” is defined in the DDA.

“Reference Date” is defined in the DDA.

“Remainder Taxes” means all Project Special Taxes collected in a CFD each year up to its applicable Principal Payment Date and that remain as of the Principal Payment Date after the following disbursements: (a) debt service on the outstanding CFD Bonds for the applicable CFD due in the current calendar year, if any; (b) priority and any other reasonable administrative costs for the applicable CFD; and (c) amounts levied to replenish any applicable reserve funds, including amounts reserved for reasonable anticipated delinquencies, if any.

“Remainder Taxes Project Account” is a separate account created by the Agency for each CFD and maintained by the Agency to hold all Remainder Taxes for the corresponding CFD to be used for financing Qualified Project Costs or Additional Community Facilities in the manner set forth in this Financing Plan.

“**RMA**” means the rate and method of apportionment of Project Special Taxes for a CFD and/or Maintenance Special Taxes for a Maintenance CFD, adopted in accordance with applicable law.

“**Schedule of Performance**” is defined in the DDA.

“**Second Tranche**” means, calculated separately for each CFD, one or more series of CFD Bonds secured by the levy of Project Special Taxes in such CFD to be used by the Agency to finance Additional Community Facilities or for any other purpose authorized by the CFD Act.

“**Shipyard Excess Increment**” (a) in the Increment Allocation FY, Shipyard Net Available Increment that remains after the Agency has applied it to: (i) pay debt service on all outstanding Tax Allocation Debt and Supplemental Obligation Financing secured by Shipyard Net Available Increment, the proceeds of which were used to finance Qualified Shipyard Project Costs for any Major Phase; and (ii) pay or reimburse Developer for Qualified Shipyard Project Costs; and (b) in each subsequent Agency Fiscal Year, Shipyard Net Available Increment that remains after the Agency has applied it to pay debt service on all outstanding Tax Allocation Debt and Supplemental Obligation Financing secured by Shipyard Net Available Increment, the proceeds of which were used to finance Qualified Shipyard Project Costs for any Major Phase.

“**Shipyard Expiration Date**” means the date on which the Shipyard Redevelopment Plan expires as it pertains to the Shipyard Site (currently anticipated to be 2042), excluding any extensions for the purpose of funding or completing the Agency’s affordable housing obligations under the CCRL.

“**Shipyard Housing Increment**” means the portion of Shipyard Increment deposited into the Low and Moderate Income Housing Fund to be used to increase, improve, and preserve the City’s supply of housing for persons and families of very low-, low-, or moderate-income under and in the amount required by section 33334.2 of the CCRL, which amount shall be equal to twenty percent (20%) of all Shipyard Increment or such other minimum amount required by section 33334.2 of the CCRL.

“**Shipyard Increment**” means tax increment revenues arising from the Shipyard Site and allocated to the Agency under section 33670(b) of the CCRL, including all interest earnings.

“**Shipyard Increment Available**” is defined in Section 3.5(d)(ii).

“**Shipyard Major Phase Project Costs**” means the Shipyard Project Costs estimated to be incurred in a Major Phase.

“**Shipyard Net Available Increment**” means all Shipyard Increment, excluding: (a) Shipyard Housing Increment; (b) payments to other taxing agencies to the extent required under the CCRL; and (c) the Mandated Payment Pro-Rata Portion applicable to the Shipyard Site.

“**Shipyard Proceeds**” is defined in Section 1.4(a)(iii)(A).

“**Shipyard Project Costs**” means Project Costs relating or allocated to the Shipyard Site.

“Shipyard Redevelopment Plan” is defined in the DDA.

“Shipyard Redevelopment Plan Area” is defined in the DDA.

“Shipyard Site” is defined in the DDA.

“Soft Costs” means payments made by or on behalf of Developer or any Transferee, in each case for the Project after the Reference Date for: (a) architectural, engineering, consultant, attorney, and other professional fees; (b) insurance; (c) third party construction financing (consisting of interest expense and related lender fees); (d) construction management fees that, if paid to Developer, a Transferee or their respective Affiliates, do not exceed three percent (3%) of Qualified Project Costs; (e) project management fees in the amount of four percent (4%) of Qualified Project Costs and an asset management fee in the amount of one percent (1%) of Qualified Project Costs; (f) fees paid to Governmental Entities for obtaining any Authorization; (g) Agency Costs, the Agency Annual Fee, and any other amount paid to the Agency under article 19 of the DDA; (h) fees paid to the issuer of any Corporate Guaranty; (i) security and credit enhancement required under the DDA or otherwise in connection with the Developer Construction Obligations, including costs for payment, performance, or maintenance bonds and any Adequate Security or Stadium Assurance; (j) Lot marketing, appraisal, sales, and closing costs; (k) taxes and assessments; (l) Losses paid to Third Parties; (m) safety and security measures; (n) Audit Reports and Records; and (o) any other amount specifically identified in the DDA as a Soft Cost. Soft Costs do not include: (i) any amounts that cannot be reasonably verified through paid statements and invoices; (ii) Hard Costs; (iii) the portion of any cost that is commercially unreasonable as of the date the obligation to pay the cost was incurred and (iv) Developer’s or a Transferee’s (or their respective Affiliates) corporate office, personnel and overhead costs.

“Special Tax Requirement” is defined in Section 2.3(i).

“Stadium Alternative” is defined in the DDA.

“Stadium Assurance” is defined in the DDA.

“State” is defined in the DDA.

“Statement of Indebtedness” means the report the Agency must file for each Agency Fiscal Year under section 33675 of the CCRL.

“Sub-Phase” is defined in the DDA.

“Sub-Phase Approval” is defined in the DDA.

“Subsequent Owner Property” means any Undeveloped Property within a CFD owned by a Person other than Developer.

“Summary Proforma” is defined in Section 1.4(a)(i).

“Supplement” is defined in the Acquisition and Reimbursement Agreement.

“Supplemental Obligation Financing” is defined in Section 4.1(b).

“Supplemental Obligations” is defined in Section 4.1(b).

“Tax Allocation Agreement” means that certain Tax Increment Allocation Pledge Agreement attached hereto as Attachment H-1 by and between the City and the Agency, as amended from time to time with the Approval of Developer in its sole discretion.

“Tax Allocation Debt” means any bonded indebtedness of the Agency issued for the purpose of financing Qualified Project Costs that is secured by a pledge of Shipyard Net Available Increment or Candlestick Net Available Increment, but not including any Supplemental Obligation Financing or CFD Bonds. The Agency may include Tax Allocation Debt for the Project within a bond issue covering Agency areas outside of the Project Site, but the defined term will mean only that portion of the debt that is allocated to the Project.

“Tax Increment Available” is defined in Section 3.5(d)(ii).

“Tax Laws” means the Internal Revenue Code of 1986, as amended, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Internal Revenue Code.

“Taxable Parcel” means an assessor’s parcel of real property or other assessor’s parcel of property (e.g., a condominium parcel) within a CFD that is not an Exempt Parcel.

“Taxable Residential Unit” means: (a) Market Rate Units; (b) Workforce Units; and (c) Inclusionary Units.

“Terminated Increment Allocation” is defined in Section 1.6(a).

“Terminated Phase” is defined in Section 1.6(a).

“Third Party” means a Person other than Developer and its Affiliates.

“Total Proceeds” means the sum of the Shipyard Proceeds and the Candlestick Proceeds.

“Total Tax Obligation” means, with respect to a Taxable Residential Unit at the time of calculation, the sum of: (a) the ad valorem taxes actually levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation; (b) the Assigned Project Special Tax Rates levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation; (c) all installments of special assessments if the Taxable Residential Unit were developed at the time of calculation; (d) all Maintenance Special Taxes levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation; and (e) all other special taxes (based on assigned special tax rates) or assessments secured by a lien on the Taxable Residential Unit levied or projected to be levied if the Taxable Residential Unit were developed at the time of calculation.

“Transfer” is defined in the DDA.

“Transferee” is defined in the DDA.

“Undeveloped Property” means, in any Agency Fiscal Year, Taxable Parcels in a CFD that are not Developed Property.

“Vertical Improvement” is defined in the DDA.

“Workforce Unit” is defined in the Below-Market Rate Housing Plan.