# FINANCING PLAN AMENDMENTS

## SUMMARY

The Financing Plan is Exhibit H to the HPS2/CP DDA and establishes all of the terms of how the HPS2/CP Project is funded. The principal changes to the Financing Plan are the creation of a new Summary Proforma which reflects the changes to the Major Phases, as well as the Developer's increased revenue and cost assumptions. The Developer has provided a variance analysis of the Summary Proforma, which includes the following key conclusions discussed below. See Attachment 12c for the updated Summary Proforma. Other changes to the Financing Plan again reflect the Phasing Plan changes, but also provide a new term for the Payment In-Lieu of Taxes ("PILOT") for tax-exempt entities.

## DETAILED AMENDMENT OVERVIEW

*Changes in the **Summary Proforma** include:*

**Total Costs and Total Qualified Costs Variance from 2010 to 2018 Versions:**

- Total Costs increased by $772 million (from $2.7 billion to $3.5 billion)
- Total Qualified Project Costs increased by $1.1 billion (from $2 billion to $3.1 billion)

| TOTAL COSTS VARIANCE* | DEVELOPER'S EXPLANATION |
|---|---|
| **$605** | Infrastructure inflation since 2010 is cumulatively 32% per ONESF. This equates to a $605M increase in costs in excess of inflated costs per the 2010 DDA Summary Proforma. |
| **$40** | Addition of greater supporting infrastructure and the Commercial Kitchen to the Artist Building along with significant increases in the building costs for the new Artist Building have added $40M in addition to inflation. |
| **$55** | At time of the DDA, used FERMA 2000 estimates for demolition and abatement scaled up; we now have detailed studies of all of the buildings which provides us much more cost clarity. Additionally, BCDC rising sea level projections require raising the site higher. |
| **$30** | Increased planning, engineering and permitting cost increases greater than inflation due to the unanticipated lengthy and iterative review processes. |
| **$40** | Higher park costs associated with higher quality finishes on more recent designs, along with park inflation running at a higher rate than general infrastructure inflation |

*(*in millions)*

**<u>Total Eligible Costs Variance:</u>**

- Total Eligible costs have increased by approximately $360M greater than total costs explained above. This is due to the original DDA Summary Proforma not including certain costs as eligible that were clearly defined as eligible in the Financing Plan. The following costs comprise the majority of the additional $360M in total eligible costs in the 2017 budget compared to 2010:

| ELIGIBLE COSTS VARIANCE* | CATEGORY |
|---|---|
| **$63** | Property Taxes |
| **$58** | Community Benefits |
| **$155** | Project & Asset Management Fees |
| **$41** | Land Acquisition |

**in millions*

*Other changes to the Financing Plan include:*

**General Amendments**

- Delete all reference to Stadium Proforma and Stadium Alternative
- Conforming amendments to project phasing to reflect three major phases at each Candlestick and Shipyard – six major phases in total.

**§1.4C Adjustments to Major Phase Increment Allocation Amounts**

- Example of Adjustment to Major Phase Increment Allocation Amounts revised to reflect three major phases rather than four
- Third Amendment Effective Date identified as the relevant date for the Summary Proforma rather than the Reference Date

**§18.2 Preservation Alternatives**

- Confirming amendments to the DDA to reflect reduced number of major phase and sub phases at the Shipyard.

**§4.1.1. Payment In Lieu of Taxes**

- New language stating that the OCII may require, in consultation with Developer, the imposition of a payment in lieu of taxes on tax exempt entities which may be located within the Shipyard and Candlestick.