MEMORANDUM

March 8, 2013

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz
Hon. Willie Adams

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of the Term Sheet and the Second Amendment to the Exclusive Negotiation Agreement between the Port and Seawall Lot 337 Associates, LLC for the mixed-use development of Seawall Lot 337 and Pier 48 bounded by China Basin Channel, Third Street, Mission Rock Street, and San Francisco Bay and adjacent to AT&T Park

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

EXECUTIVE SUMMARY

Since executing an Exclusive Negotiation Agreement ("ENA") in September 2010 for the mixed use development of Seawall Lot (SWL) 337 and the adjacent Pier 48 (together the "Site", shown on Exhibit A), Seawall Lot 337 Associates, LLC ("Developer"), Port and City staff have negotiated a non-binding term sheet (the "Term Sheet") with the proposed financial terms for the lease and development of the Site (the "Project") discussed in this memorandum, which terms are set forth in the Term Sheet attached to this staff report as Exhibit B.

On October 9, 2012, the Port Commission approved amending the ENA to extend Phase 1 from September 15, 2012 to March 15, 2013 to provide additional time to negotiate and incorporate financing tools into the Project Term Sheet. Should the Port Commission endorse the Term Sheet, it will then be forwarded to the Board of Supervisors for consideration. As currently adopted, Phase 1 of the ENA concludes March 15, 2013. Included in Phase 1 is approval of the Term Sheet by the Board of Supervisors. Staff requests a Second Amendment to the ENA to further extend Phase 1 to August 15, 2013 to accommodate the Board's scheduling procedures. In addition, as set forth below and summarized in Exhibit C attached to this staff report, the Second Amendment would also provide an added requirement to allow for Port oversight of Developer's financial and professional capacity, Developer's composition and the minor expansion of the Site.

THIS PRINT COVERS CALENDAR ITEM NO. 10C

Port staff has amended the February 22, 2013 staff report to address Port Commission and public comments from the February 26, 2013 Port Commission meeting. Such amendments can be found below under the headings:

- Project Phasing
- Port Revenue
- Fiscal Feasibility
- City Benefits Summary
- Fiscal Benefits to the City and the Port
- Economic Benefits to the City
- Direct Benefits to the City
- Cost of Construction
- Available Funding for the Project
- Long Term Operating and Maintenance Costs
- Debt Load to be Carried by the City or the Port
- Contract Monitoring Division (formerly Human Rights Commission)
- Summary
- 2nd Amendment to Exclusive Negotiation Agreement
- Next Steps
- Recommendation

PROJECT UPDATES SINCE FEBRUARY 26, 2013 PRESENTATION

At the February 26, 2013 Port Commission meeting, Port and City staff gave an informational presentation of the draft Term Sheet provisions. In response to Port Commission comments received during that meeting, staff has provided the following additional information on the Project.

Project Phasing
The Project's attached illustrative phasing plan, an attachment to the Term Sheet, is based on the first development parcels being situated along the Site's western edge, taking advantage of existing utility infrastructure in 3rd Street. The proximate location of these utilities equates to lower utility connection costs for these parcels compared to the other parcels located a greater distance from 3rd Street's robust utility lines. However, regardless of which development parcels are built first, current absorption projections indicate that the start of phase 1 and the start of phase 2 would be separated by approximately 12 months which could shorten based on demand for the new parcels.

Recognizing the aesthetic, marketing, financial and civic importance of developing new parks and open space early in the Project, the Port and the Developer are committed to conducting all appropriate due diligence to bring such public benefits on-line as soon as practical. To that end, the Term Sheet includes the potential issuance of a general obligation bond ("GO Bond") targeted towards the construction of waterfront parks including the Project's primary open space, China Basin Park. Modeled on recent Port success utilizing GO Bonds issued jointly with the City's Recreation and Park Department, a fully vetted GO Bond for waterfront parks would directly benefit the Project by reducing required Developer equity and allow Project-generated tax increment to fund Port projects elsewhere on the waterfront.

Port Revenue
Based on the financial analysis performed by Developer and reviewed by Port staff and its consultants, it is expected that at full buildout (expected in 2022) Port would receive $4.5 million in annual guaranteed base rent from SWL 337 parcel leases and $1.5 million in annual net base rent from Pier 48. Currently the Port earns approximately $3 million from SWL 337 and $1.7 million from Pier 48 (including ballgame parking in Shed A).

Based on the pro forma analysis, as summarized in the table below, Port rent is expected to be $1.56 billion (undiscounted) over the term of the Project. Anticipated capital event participation[1] revenue increases total Port revenue to $1.68 billion with a net present value of $140.2 million (2013 dollars). An annual cash flow analysis is attached as Exhibit D. Continued interim leasing of the Site is estimated to generate $1.16 billion in the same time period – without any allowance for repair expenditures that will be needed at Pier 48.

Port Revenue Summary

	Project total	**NPV**
Interim Rent	$27.1	$22.2
SWL 337 Development Parcel Base Rent	$866.2	$71.1
Pier 48 Rent (Anchor)	$385.2	$26.0
Development Parcel Participation Rent	$298.7	$14.4
Capital Event Participation	$98.1	$6.5
Total	**$1,675.3**	**$140.2**

(all dollars in millions)

Fiscal Feasibility
If the Port Commission endorses the Term Sheet, the next step in review of the SWL 337 Project is to request that the Board of Supervisors also endorse the Term Sheet and authorize environmental review of the Project by finding that the Project is fiscally feasible as required under Administrative Code Chapter 29.

Fiscal feasibility review is an assessment of the public tax revenues generated and public capital funds to be invested for a proposed Project. It provides policymakers the opportunity to assess whether the benefits of a major project[2] warrant the public investment in it prior to the City expending the resources needed to undertake environmental review. This analysis focuses on the General Fund impacts of the Project.

1 Defined as sale or capital refinance of a parcel lease; Under the Term Sheet, the Port receives 1.5% of net proceeds from these events.
2 Defined as projects greater than $25 million with over $1 million of public monies.

City Benefits Summary

	Annual ($m)
Property Taxes to IFD or City	$8.5
Other Taxes to the City General Fund	$10.7
Other Restricted City Tax Revenues Fund	$2.3
Total Fiscal Benefits	**$21.5**
One-time Development Impact Fees	$60.2
Construction Jobs	9,600
Permanent Jobs at buildout	11,100

(all dollars in millions, constant 2013 dollars)

Fiscal Benefits to the City and Port. Attached as Exhibit E is a fiscal feasibility analysis of the Project prepared by Economic & Planning Systems, Inc. (EPS). This report analyzes ongoing revenues to the City including new receipts from Property, Possessory, Sales, Parking, Hotel, and Gross Receipts taxes. Based on the land use program proposed in the Term Sheet, the Project will create space for businesses and residents and those residents, businesses and their workers will generate on-going revenues to the City estimated at $21.5 million a year when fully occupied. A portion of the property tax revenues will be allocated to construction of public facilities and infrastructure on the Project Site through the use of financing districts.

In concert with the development of the Project the City will also receive one-time benefits from Development Impact Fees (Jobs Housing Linkage, Child Care, Transportation Impact Development Fee), as well as revenue associated with construction of the Project. These one-time revenues are estimated to be $60.2 million.

Economic Benefits to the City. The Project will have economic impacts that benefit the City's overall economy. New direct, indirect, and induced economic activity created by the construction of the Project is projected to create approximately 9,600 annual full time job equivalents[3]. At full build-out, the Project itself is projected to support 11,100 permanent jobs in San Francisco.

Direct Benefits to the City. The proposed Project will include a number of public benefits, including over eight acres of new publicly accessible parks and open spaces; landscaped pedestrian facilities including waterfront pathways and pedestrian-only street segments; bicycle networks for both commuters and recreational riders; the rehabilitation of Pier 48, with restored public access to its apron; a new personal watercraft entry point; and a ground-level retail environment thoughtfully designed to both serve locals and attract visitors.

Cost of Construction. The Project as currently proposed will cost approximately $1.5 billion to construct. This cost estimate includes $1.3 billion for vertical building construction, and $125 million for new infrastructure and public facilities as described in the infrastructure section below.

[3] Construction jobs represent development period only.

Available Funding for the Project. Predevelopment and infrastructure costs initially will be privately financed by the Master Developer. The Master Developer will be reimbursed and the infrastructure funding augmented by several sources, including the up-front sale of Development Rights to vertical developers, proceeds of community financing district ("CFD") debt issuance, and proceeds of infrastructure facilities district ("IFD") property tax increment and debt issuance. Private funds will be used for construction of all residential and commercial uses, including costs for building design and construction, City impact fees, and other agency fees.

Long-Term Operating and Maintenance Costs. The Developer (or other subtenants) will be responsible for operations and maintenance on Pier 48 and SWL 337, including all public improvements and open space for the term of the ground lease. City departments, including the San Francisco police and fire departments, Municipal Transportation Agency ("SFMTA"), and the Department of Public Works ("DPW"), will have increased service responsibilities associated with the anticipated population and employment increase within the Project Site. The fiscal feasibility report provides additional information about the anticipated additional demands for services and cost estimates, where available. The cost estimates associated with these services will be further refined through the course of the California Environmental Quality Act ("CEQA") review of the Project.

Debt Load to be Carried by the City or the Port. As described in further detail in the Term Sheet, the Developer proposes to use proceeds of an IFD and a CFD for construction of public facilities and infrastructure. The debt obligations will be secured by special taxes and possessory interest taxes paid by the Project lessees and property owners and will not obligate the City's General Fund or the Port's Harbor Fund. The IFD property tax increment may be used to pay for infrastructure directly, repay IFD bonds, or to pay debt service on CFD bonds, as described below.

Contract Monitoring Division

The Developer and Port have met with the City's Contract Monitoring Division ("CMD", formerly Human Rights Commission or "HRC") on several occasions to discuss appropriate goals for the Project. One outcome of these discussions was the delivery of a Third Party Side Agreement ("TPSA") from CMD's Executive Director to Developer, dated December 8, 2011. The TPSA outlines an agreement on the framework for implementing an equal opportunity program for local disadvantaged business enterprises ("LBE's"). The TPSA states in part, "Based on the information the [Developer] has provided to CMD as well as an assessment of LBEs currently in our directory, the recommended overall LBE goal is 20% with an intermediate goal of 13% during the entitlement phase. The [Developer] agrees to work in good faith with CMD to meet/exceed the recommended LBE goal." The TPSA represents CMD's preliminary agreement with the Developer and serves to create the foundation for working collaboratively towards the Project's Equal Opportunity Program that will ultimately be memorialized in the Disposition and Development Agreement ("DDA") between the Developer and the Port.

SUMMARY

The Seawall Lot 337 and Pier 48 development represents a valuable opportunity to the Port and City to provide public benefits in the form of on and off-site historic preservation, shoreline access and public parks. It is also an opportunity to extend the fabric of the City, add vitality to Mission Bay and provide revenue to the Port. In order to realize the value of the Port's asset, the Port has secured a private partner to 1) provided leadership in design and entitlement of the Site; 2) provide capital for pre-entitlement expenditures; and 3) provide the initial investment for infrastructure design and construction.

Beginning with the 2007 Request for Qualifications/Proposals, the Port, working with the City, regulatory agencies and numerous stakeholders, has diligently, patiently and deliberately shepherded the development of Seawall Lot 337 and Pier 48. With an unparalleled location at the gateway to the Port's working southern waterfront, the Site is of vital importance to the Port and to the City. The Project team's ongoing dialogue with the Port Commission and the public assure that excellence and integrity of design, construction and management are appropriate for this highly visible, valuable location. Through the provision of market rate and affordable housing, new parks and expanded open space, vibrant retail and an appropriate amount of off street parking, the Project complements the nearly built-out Mission Bay while expanding public access to the waterfront and preserving valuable maritime activity.

The Project team strives to create a new mixed-use neighborhood on an underutilized site, preserve historic assets and maritime berths at Pier 48, create new parks and shoreline access, improve Port land and increase guaranteed base rent from the Site. The Project provides a unique opportunity for the Port to participate in the success of up to 10 new development parcels and rehabilitation of Pier 48 that would support the long term welfare of Port infrastructure and both benefit from and enhance the tremendous success of nearby Port investments including AT&T Park.

2nd AMENDMENT TO EXCLUSIVE NEGOTIATION AGREEMENT

When the Port and the Developer executed the ENA in September 2010, the Developer had two members, Giants Development Services, LLC ("GDS") and TCC Lot 337 Investors, LLC ("Cordish").

On October 5, 2012, the Developer informally notified the Port that Cordish withdrew from the Developer on September 15, 2012, in accordance with the terms of the Developer's operating agreement. By letter dated January 17, 2013, the Developer provided the Port formal notice confirming that pursuant to Section 2.3.1.2(C) of its operating agreement, Cordish withdrew from the Developer on September 15, 2012.

On October 9, 2012, the Port Commission approved a First Amendment to the ENA extending Phase 1 from September 15, 2012 to March 15, 2013 to provide additional time to negotiate and incorporate financing tools into the Project Term Sheet.

Phase 1 Extension
The First Amendment of the ENA extended Phase 1 to March 15, 2013. As described elsewhere in this staff report, Port and Developer have negotiated a Term Sheet for the Port Commission's consideration. Should the Port Commission endorse the Term Sheet, it would then be forwarded to the Board of Supervisors for its consideration. Because Phase 1 concludes March 15, 2013, staff requests an additional extension of Phase 1 to August 15, 2013 to accommodate the Board's scheduling procedures. Additionally the Developer will have two options to extend the ENA for six months each, upon payment of a $50,000 extension fee.

Oversight of Developer Financial and Professional Capacity
Staff also requests the ENA be revised to provide for ongoing Port oversight of predevelopment expenditures and any changes in Developer technical staff capacity. This would include appropriate Port review and approval rights for the admission of any new member to the Developer entity that would result in such new member or partner being accountable for any material portion of the Developer's responsibility as to funding or devoting appropriate skill and expertise to the development of the Project.

Before commencement of Phase 2 of the ENA, the parties will agree on a proposed budget for all eligible predevelopment costs. The Developer has provided a current Phase 1 and 2 budget estimate of $20 million including (Phase 1) costs plus contingency to date. The ENA amendment will require Developer to submit quarterly expenditure reports to the Port showing expenses incurred in the reporting quarter and to date as against agreed budget. Developer will provide, whenever possible, advance notice when a budgeted item will exceed budget. If budgets are exceeded parties will address how to treat these expenditures in the DDA.

Expansion of Project Site
The Developer's proposal includes small areas that were not included in the Port's offering documents, but which are significant for the overall Project. These areas are:

1. Parcel P20, an approximately 20 foot wide strip along the southern edge of SWL 337, between Terry Francois Boulevard and 3rd Street. This area benefits the Project by allowing the proposed new parking structure on Parcel D and new building on Parcel H to front directly on Mission Rock Street, maximizing the Port's land value by focusing open space and park development towards the Site's interior and along the waterfront. Additionally, adding this area allows an important Project arterial, Bridgeview Street, to directly connect with Mission Rock Street, increasing access to the Site and aiding the quick dispersal of vehicles from the parking structure. Parcel P20 currently does not have relief from the trust use restrictions in SB 815 and adding it to the Site is subject to the Successor Agency to the former San Francisco Redevelopment Agency, State Lands Commission and State Legislature approval.

2. Channel Plaza, an approximately 0.58 acre marginal wharf area to the east of Terry Francois Boulevard between Pier 48 and Pier 50, added as the terminus of the Channel Street view corridor. The Developer proposes practical hardscape improvements for this area compatible with the wharf's current maritime operations allowing the public to safely experience the working waterfront.

Below, with the exception of the Next Steps and Recommendation sections, we have included the text of the February 22, 2013 staff report with only minor changes.

BACKGROUND

In October 2007, the San Francisco Port Commission initiated a two-phase developer solicitation process for SWL 337, a 16 acre Port waterfront site located along the south side of China Basin Channel, generally bounded by Third and Mission Rock Streets, and Terry Francois Boulevard, with an option to include Pier 48, a 212,500 square foot warehouse complex adjacent to SWL 337. Currently SWL 337 is used as a surface parking lot under lease to China Basin Ballpark Company LLC (CBBC), a San Francisco Giants affiliate. As for Pier 48, a portion is leased to CBBC and a portion is leased to the City Department of Elections. Pier 48 uses include, among other things, ballpark overflow parking in the northern shed and storage for the Department of Elections in the southern shed. All of these current tenants are on short term leases in anticipation of development.

On May 12, 2009, the Port Commission awarded the SWL 337 development opportunity to Developer and authorized exclusive negotiations for a mixed used development project at SWL 337 and Pier 48. As agreed, the ENA outlines a 2 phase approach to Developer's pre-entitlement efforts. Phase 1 allocates 24 – 30 months for the parties to reach agreement on a Project plan and financial terms culminating in Term Sheet endorsement by the Port and the Board of Supervisors. Phase 2 allocates 3 years to complete the entitlement and permitting process for the Project.

On March 15, 2012, Developer submitted a revised proposal describing a mixed-use program that balances residential, office, retail, exhibition and parking uses distributed over a network of newly constructed fine-grained city blocks. The combination of uses will evolve as this Project moves forward to meet market demands and reflect community and regulatory concerns.

On October 5, 2012, the Developer notified the Port that one of its two members, TCC Lot 337 Investors, LLC ("Cordish") had withdrawn from the Developer on September 15, 2012, in accordance with the terms of the Developer's operating agreement and that it remained in discussions with Cordish concerning a possible future role in the Project. By letter dated January 17, 2013, the Developer provided the Port formal notice confirming that pursuant to Section 2.3.1.2(C) of its operating agreement, Cordish withdrew from the Developer on September 15, 2012.

On October 9, 2012, the Port Commission approved amending the ENA to extend Phase 1 from September 15, 2012 to March 15, 2013 to provide additional time to negotiate and incorporate financing tools into the Project Term Sheet. The amended ENA includes an additional Performance Benchmark requiring Developer, at Port's sole discretion, to confirm its financial capacity to entitle the Project and build early infrastructure. See Developer Financial Capacity, below.

SB 815
Under SB 815, adopted by the legislature in October 2007, the Port is authorized to lease all or a portion of SWL 337 free from the use restrictions of the public trust and the Burton Act. The lease term is not to exceed 75 years or not to extend later than January 1, 2094. Revenues generated from the lease in excess of the base year revenues will be utilized in support of the preservation of the Port's historic piers and other historic structures, the construction and maintenance of waterfront plazas and open space, and the remediation of the Port's environmental conditions on Port land.

SWL 337 will otherwise continue to be held by the Port subject to the terms and conditions of the public trust, the Burton Act Trust, and the Burton Act Transfer Agreement. SB 815 represents a unique opportunity for the Port to realize value from its property and to address its own capital program needs. Staff has worked accordingly to structure a transaction that maximizes the potential benefits from SWL 337 while managing risks appropriately.

DEVELOPER EXPERIENCE

As noted above, Developer is a single-purpose limited liability company whose sole member, as of September 15, 2012, is Giants Development Services LLC (GDS), a wholly-owned subsidiary of San Francisco Baseball Associates, LLC (SFBA). Port staff has reviewed the development expertise of Developer as currently composed and finds that its staff has the skill and experience to execute the mixed-use development contemplated under the Project, including expertise in the unique real estate market in the vicinity of the Site. While recent comment has focused on the departure of prior members of Developer it should be noted that key staff expertise from those departing members has been retained by Developer in its current form. Port staff further notes that this expertise combined with the relationship between Developer and the San Francisco Giants buttress a key objective of the proposed transaction: to create a new neighborhood on the waterfront that enhances and complements the success of AT&T Park across China Basin Channel. See Exhibit F for further background on Developer experience and financial capacity.

DEVELOPER FINANCIAL CAPACITY

Port financial staff have reviewed and confirmed the Developer's financial capacity in amounts sufficient to satisfy its obligations under the ENA. SFBA owns the San Francisco Giants Major League Baseball franchise. As mentioned above, GDS is the wholly-owned subsidiary of SFBA formed for development opportunities such as the proposed SWL 337 development. In January 2013 Port finance staff reviewed the financial statements and other financial materials of SFBA to form an opinion regarding its financial ability to provide the requisite $15 - $20 million in equity financing over the next 2 years as the costs estimated by both Developer and Port to complete the entitlement process for the Project. In the opinion of Port Finance staff, SFBA has the financial capacity to provide up to $20 million to fund the entitlement phase of the SWL 337 development Project.

Port staff has confirmed SFBA's written agreement to fund GDS' obligation under the Developer's operating agreement through Project entitlement. Staff has also confirmed that GDS' budget for these costs has been approved by SFBA in the amount of approximately $14.7 million going forward from December 2012. The Developer has also agreed to an ongoing process by which the Port will oversee the predevelopment expenditure budget and obtain updated information as to Developer's financial capability and development expertise to perform its obligations under the ENA if the predevelopment budget increases or its staffing materially changes. The ENA amendment will also include appropriate review and approval rights for the admission of any new member to the Developer entity that would result in such new member or partner being accountable for any material portion of the Developer's responsibility as to funding or devoting appropriate skill and expertise to the development of the Project.

Public Outreach

The Port, City and the Developer have visited the following community groups with detailed Project briefings:

Advisory/Regulatory Bodies

- Maritime Commerce Advisory Committee
- Central Waterfront Advisory Group
- Mission Bay Community Advisory Group
- Southeast Waterfront Advisory Council
- Bay Conservation and Development Commission (staff)
- State Lands Commission (staff)

City Groups

- Chamber of Commerce
- Bayview Builders
- Rincon/South Beach Neighborhood Group
- Potrero Boosters
- SF Housing Action Coalition Endorsement Committee
- SF Bike Coalition (informal)
- SPUR (informal)
- San Francisco Parks Alliance
- Individual neighbors and business owners
- SPUR formal lunchtime session as part of Port portfolio series
- SPUR Project Review Committee

In addition to these presentations and meetings, the Project team held a well-attended public design workshop and multiple open house meetings with members of the community to discuss proposed land use including review of several bulk and site massing alternatives. This outreach effort is a productive, ongoing process that has helped shape the Project over time.

DEAL STRUCTURE

Overview

The Term Sheet discussions between the Port and Developer have yielded a financial structure where the Developer is responsible for funding entitlement and infrastructure (generally, underground utilities, site preparation, streets and sidewalks, parks and open spaces). The Developer is reimbursed by Port for its entitlement and infrastructure costs from a combination of payments received in connection with the execution of parcel leases or sales and public financing. In return, Developer receives a market-based return on its investment in entitlement and infrastructure for the Site and a share in ongoing economic benefits from developed parcels. The Port receives fair market value for its improved parcels through ground rent under long term leases or sales proceeds and a share of increases in land value through various forms of participation. The overall financial structure is discussed below.

Parcelization Strategy

The parties' fundamental strategy for the Project is to treat the development plan as a series of individual development parcel leases. Each parcel lease will be entered into by the Port in consideration for a set of up-front and ongoing payments reflective of fair market value for the parcel. The term sheet is structured to provide Developer with the option to obtain each parcel lease itself or through affiliates as the vertical developer, subject to certain exceptions. In those exceptional circumstances, or in instances when the Developer declines its option for a parcel lease, the Port will be able to select a tenant to develop a parcel through a competitive process for these parcel leases. In all instances the payments under the lease will be verified as fair market value through an appraisal process prior to lease execution.

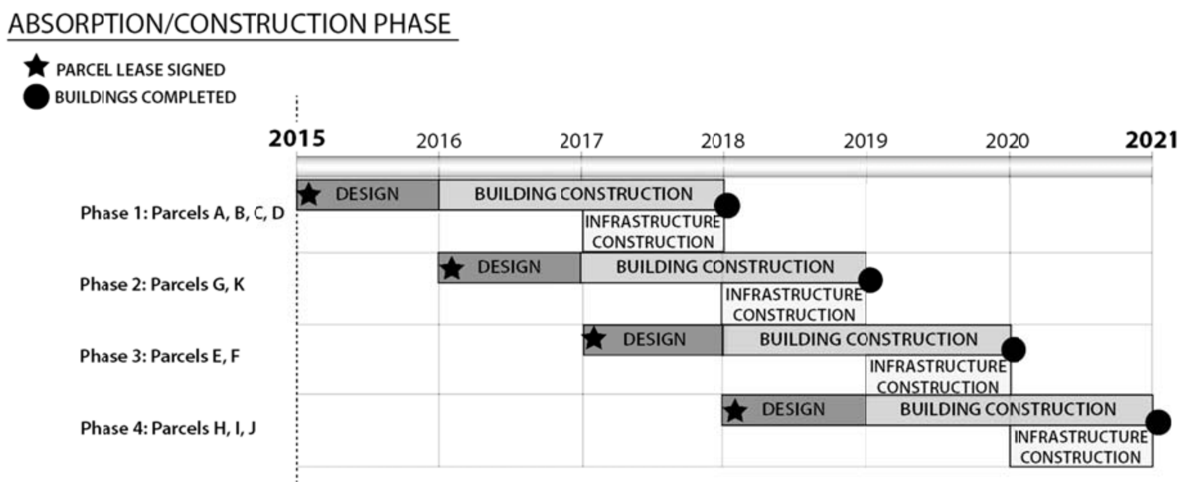
The Term Sheet also contemplates the possibility that the Port may seek approvals to remove up to two parcels from the public trust. In such a situation the Port will sell the parcels instead of entering into a 75-year ground lease. Developer will have the first option to purchase such parcel(s), subject to potential exceptions, but only after payment of an appropriate premium above the appraised value.

Phased Development and Related Infrastructure

Each parcel will have its own infrastructure needs in order to function after buildout, so the Term Sheet calls for the Developer and Port to meet and agree at each stage how best to bundle development of 2-4 parcels and their related infrastructure into a development "phase" when market conditions support the proposed level of investment. The Term Sheet aligns the parties' interests in moving quickly to complete a phase when the fair market values of the individual parcels are sufficient to provide the Port with:(i) lump-sum payment (prepaid rent or sales proceeds) sufficient to reimburse the Developer for its investment in entitlement and infrastructure and (ii) for most parcels, ongoing monthly rent payments to the Port. Upon completion of each phase the process starts anew with the next bundle of 2-4 parcels and their associated infrastructure.

Due to its size, buildout of the Site is projected to extend beyond the length of a single typical market cycle. The parties agree that this parcelization and phased development strategy combined with the infrastructure financing plan and flexible zoning approach described below provide the greatest opportunity for the efficient and successful buildout of the Site. In addition, parcel transfers through leases will be timed to lock in the benefits of a stable or growing real estate market through a combination of base rent, proceeds from the sale of development rights, and ongoing Port participation in lease revenues and future sales provide the Port with a cushion against a weakened market and a path to recover lost value if a given parcel transfer takes place in a weaker market.

For each phase, upon execution of the vertical lease(s) for parcels included in the phase, the individual parcel developer (vertical developer) (which may or may not be affiliated with the Developer) will commence construction. Developer will commence construction of the public improvements required for that phase after vertical construction has commenced but before it is completed. This timing will be managed in a manner designed to allow for the completion of such infrastructure "just in time" to support the occupancy of the completed building but not too far in advance of the CFD special tax payments and the collection of tax increment that together are intended to reimburse Developer for its investment. This "just in time" scheduling concept is graphically represented below:



Public improvements include the installation of streets, sidewalks, parks / open space, public access areas, water, sewer and electrical utilities, and other infrastructure referred to as “horizontal development”. Developer will bear the cost of the horizontal development, which is currently estimated to be in the range of $126 million for the entirety of SWL 337 as shown in the table below. In accordance with the Project plan of finance the amounts reflected in the table include the cost of preparing and stabilizing the land over which public infrastructure is built, but do not include the costs of piles and supports under the parcels to be privately-leased for above ground development, referred to as “vertical development”. This table represents the currently anticipated timing of each project area infrastructure investment. Timing is subject to change.

PHASE	COMPONENT	UNINFLATED COSTS	INFLATED COSTS (3%)	START YEAR
Entitlements	Entitlements	$20,000,000	$20,000,000	2012
Phase 1	Parcels A, B & C	$18,390,613	$21,523,162	2017
Phase 1a	Parcel D Garage	$ 5,216,622	$6,164,578	2017
Phase 2	Parcels G & K	$31,832,900	$38,227,462	2018
Phase 3	Parcels E & F	$17,362,012	$21,364,776	2019
Phase 4	Parcels H, I & J	$14,687,489	$18,441,259	2020
Total		$107,489,636	$125,721,237	

Phase 4 also includes projected costs for Pier 48 of $22,050,000 ($28,428,311 inflated to 2021/2022), which will be paid for through a combination of Pier 48 tenant-funded capital improvements and IFD proceeds from Pier 48 and SWL 337.

Developer Responsibilities and Return

In order to realize the value of the Port’s asset, the Port has secured Developer as a private partner to 1) provide leadership in design and entitlement of the Site; 2) provide capital for pre-entitlement expenditures; and 3) provide the initial investment for infrastructure design and construction.

As reflected in the ENA, the Developer's responsibility is to procure all Project entitlements and pay related costs, as well as to construct all horizontal infrastructure as described below. The Developer will be reimbursed for its expenditures plus an agreed upon market-based rate of return as more fully described below. As a general matter the Developer's return is calculated as the greater of (i) the equivalent of 20% of Developer's eligible costs compounded annually or (ii) Developer's equity multiplied by a factor of 1.5. For example if the Developer invests $10 million in equity capital they would be entitled to $10 million return of equity and $5 million return on their equity investment even if the rate of return exceeds 20%. As a practical matter 20% returns exceed this 1.5x multiple within 2 ½ years of investment. The Project pro forma analysis show Developer's equity investment in a given phase repaid within 2 to 4 years so returns attributable to the 1.5x multiple are low. These two standards for Developer's return measure the rate of return and the total amount of return dollars to Developer and have been verified by staff as representative of the current financing market relative to the unique risks of this Site[4].

In addition, the parties have negotiated a right for the Developer to participate in 20% of the total Port Site-wide rent amounts above $4.5 million for 45 years. This participation right is intended to align the parties' interests in expeditiously securing the full completion of the Site, which ultimately is the means for the Port to maximize its rent revenues from the Project. Additional risk-sharing provisions relating to the Developer's return are described in "Description of Project Stages" below and motivate the Developer to continue to invest in Site in out years to support ongoing growth in Project revenues.

DESCRIPTION OF PROJECT STAGES

The structure described generally above creates a framework for the overall transaction. In addition, the parties' negotiations have identified additional considerations and mechanisms at each stage of the Project, from predevelopment through the completion of Phase 4, that are meant to align incentives and share risks where appropriate. These considerations and provisions are described in more detail below.

Entitlement

The Developer will pay all entitlement costs including planning, environmental review, and land use approvals. The Developer's investment in such eligible costs, plus its return as described above, will be repaid from the payments associated with each parcel transfer. After entitlement and execution of a Disposition and Development Agreement ("DDA"), the Developer will enter into an interim master lease for SWL 337, with rent terms based on the current parking lease between the Port and China Basin Ballpark Company, LLC and base rent allocated among development parcels. The interim lease will provide that as parking activities are removed from development

[4] See also discussion below titled, "Development Risk".

parcels that are leased and prepared for construction the interim rent terms will be reduced pro rata in reflection of the decrease in parking spaces.

Phase 1

Phase 1 will commence upon execution of a DDA at conclusion of the entitlement process. The Port will sell development rights to the Developer concurrent with Project approvals through prepaid 75-year leases (for two parcels or, in circumstances where the Port has been successful in lifting trust restrictions on such parcel(s), fee interests) at fair market value. The Developer may choose to develop these parcels itself or through an affiliate or sell development rights to these parcel leases to a qualified third party acceptable to the Port. Net proceeds from these sales will be applied to reimburse Developer for predevelopment costs and pay accrued return, if any. In the event of a market downturn where fair market value of Phase 1 parcels is not sufficient to reimburse Developer's predevelopment costs and pay all accrued return, Developer has agreed to risk-sharing measures on its outstanding equity.

The Developer will finance all costs to install infrastructure and public benefits for Phase 1 – utilities, streets, sidewalks, etc. The Port or the City will have the right to use any available alternative source of public funds (at its sole option).

To reimburse such Developer expenditures plus accrued return, the Term Sheet calls for the Port (at its discretion) to work with the City to issue Mello-Roos community facilities district ("CFD") bonds. These CFD bond proceeds will be used to reimburse Developer's eligible infrastructure costs for Phase 1 and pay accrued return to the extent it is legally payable from such source. The bonds will be secured by a pledge of special taxes and the City will levy such special taxes as needed to pay debt service. As Phase 1 parcels are constructed and placed on the City's tax roll, the related tax increment will supplement the special taxes in servicing the CFD bonds.

Phases 2 - 4

Each subsequent phase commences at the point in time that the Port and the Developer agree that market conditions will support the next phase of development. The Developer and the Port will enter into 75-year leases with vertical developers for parcels after completing an appraisal process. The Port and Developer will confer and agree on the sources and uses of funds to be budgeted for the current phase, which will include a projection of the costs and timing of building needed infrastructure. The total budget will be based on the estimate of the amount needed to pay off (i) the Developer's outstanding prior phase costs, if any, (ii) the current phase costs plus (iii) accrued returns. Such anticipated costs will then be compared to CFD bond proceeds expected to be available to reimburse such costs. If anticipated costs are greater than anticipated CFD bond proceeds, a portion of the rent under each parcel lease will first be applied to retire Developer's outstanding costs and accrued return. Prepaid rents to Developer would reduce the amount of the ongoing rental stream to the parties, so it will be in the Port's financial interest to maximize the amounts available from the public finance strategy and minimize the need to fund Developer reimbursements through the parcel leases.

The Port will work with the City to issue CFD bonds in amounts and at the time of Port's choosing. The current Project underwriting contemplates that the CFD bonds would be issued concurrently with the Port's issuance of certificates of occupancy for the buildings on the subject parcel. At Port and City's election, these bonds could be issued earlier if the benefits of increased property values outweigh issuance risks. CFD bond proceeds will reimburse Developer's infrastructure costs and, to the extent eligible, pay Developer return. As tax increment flow is stabilized, Port will use net available tax increment flowing from the Site as an additional source to pay CFD debt, reducing special tax levies

If IFD proceeds are available in Phases 3-4, the Term Sheet provides for the use of IFD proceeds to fund the costs of piles to support foundations for vertical development at SWL 337 (projected pile depths are in the range of 250-290 feet), subject to corresponding increases to base rent for vertical parcels that receive IFD proceeds for this purpose.

The Developer's base rent obligation under the master interim lease will reduce proportionately as parking spaces are removed from the master lease through the execution of new development parcel leases and development of buildings. At the same time, rental revenues from those development parcels will begin to flow and will replace (and eventually exceed) the prior parking revenues.

The overall Project will proceed as market conditions allow, though both parties are incentivized to complete full buildout as quickly as possible. The Term Sheet and associated financial analysis currently project completion of all four Phases by 2022.

LAND USE PROGRAM SUMMARY

Developer will create a new mixed-use neighborhood, linking Mission Bay to the urban fabric of the City. Though subject to flexible zoning that could change the uses or intensities of various parcels, for purposes of analysis the Site is projected to include the land use program shown below. The parties anticipate that the Project will continue to evolve through modifications made through the CEQA, the public review processes and, with regard to the final mix of commercial and residential uses, to market demands.

Parcel	Land Use	Program Area [Gross Sq. Ft.]							Maximum Height [feet]	Total GSF Building
		Commercial	Residential	Residential [Units]	Retail	Parking	Parking [Spaces]	Pier Use		
A	Residential	0	296,000	304	25,000	80,500	163		320	**401,500**
B	Office	230,000	0	0	25,000	60,000	128		160	**315,000**
C	Office	260,000	0	0	20,000	60,000	128		280	**340,000**
D	Parking/Office	50,000	0	0	7,500	850,000	2,297		100	**907,500**
E	Office	140,000	0	0	10,000	0	0		120	**150,000**
F	Residential	0	344,000	353	12,400	0	0		380	**356,400**
G	Office	175,000	0	0	17,500	47,000	100		160	**239,500**
H	Office	243,000	0	0	12,000	0	0		160	**255,000**
I	Office	185,000	0	0	12,000	0	0		190	**197,000**
J	Residential	0	180,000	185	10,000	0	0		190	**190,000**
K	Residential	0	100,000	103	10,000	0	0		160	**110,000**
Pier 48	Mixed							212,500	38	**212,500**
TOTAL		**1,283,000**	**920,000**	**944**	**161,400**	**1,097,500**	**2,816**	**212,500**		**3,674,400**

Developer proposes dividing SWL 337 into 11 buildable parcels (Parcels A – K) 10 of which would be developed as a mix of commercial/office, retail, and residential uses. The 11th parcel would hold structured parking to serve new development and other nearby uses, including games and other events at AT&T Park. As discussed below, Pier 48 would be leased to Anchor Brewing Company for the expansion of their production capacity (which would be the 12th parcel). As noted in the description of Phase 1 above, Developer will obtain rights to the first two parcels (likely parcels A & B) as part of the reimbursement for its entitlement period equity investment and associated return. Developer will have an option to develop each of the 9 remaining development parcels and Pier 48, subject to exceptions specified in the Term Sheet.

Open Spaces, Parks and Recreation

Developer will create major new open spaces connecting the Site with surrounding neighborhoods and the waterfront, including:

- **China Basin Park**, will be expanded into a 5-acre regional waterfront park located on China Basin across from AT&T Park, with a great lawn open space and special event area, a waterfront café with outdoor seating, a junior baseball field, gardens and picnic areas, and a promenade connection to the marginal wharf between Piers 48 and 50 (see Channel Plaza description below).

- **The Square**, a 1.3 acre park located at the heart of Site. The Square will include a large multi-use lawn, plaza, and café pavilion. The Square will be framed by a mix of residential and commercial uses, including ground-floor retail and a pedestrian connection to Channel Plaza.

- **Channel Plaza**, subject to Port Commission approval to add to the Site, the marginal wharf between Piers 48 and 50 will be converted to a hardscaped one-half acre plaza set upon an active maritime wharf with views of working vessels and other maritime uses.

The development of these parks and open spaces will be distributed among the Project phases to assure completion is concurrent with the completion of adjacent vertical development. Under the illustrative phasing plan shown below, China Basin Park would be included in the second phase and The Square would be provided in the third phase.

Parks and open spaces will be owned by and remain under the jurisdiction of the Port, and will be programmed by Developer subject to Port approval and conditions of the San Francisco Bay Conservation and Development Commission ("BCDC") major permit applicable to the Site. Maintenance of the parks and open spaces is proposed to be funded by Mello-Roos special taxes imposed on privately-owned and occupied land and buildings on the Site.

Parking Garage

The parking garage will be developed on Parcel D as part of an early phase of the Project and is proposed to provide approximately 2,297 spaces for use by the entire development and for ballpark, event, and other public parking. The parties have initiated discussions with the San Francisco Municipal Transportation Agency ("SFMTA") to explore the feasibility of SFMTA financing and operating the parking structure. Should SFMTA conclude that the parking structure is not feasible as an SFMTA project, the parties will continue to explore other sources of financing and other measures needed for the garage, including Developer investment.

Affordable Housing

New rental housing built for the Project will meet City inclusionary housing requirements under Planning Code §§ 415.1-415.11 for on-site inclusionary housing for 15% of the units at 55% of area median income as determined by the U.S. Department of Housing and Urban Development for the San Francisco area. Developer will be required to deliver affordable housing in a balanced manner throughout the phasing of the Project.

Pier 48
Currently the Port and Developer are in negotiations with Anchor Brewing Company to expand its production capacity through a lease for the entirety of Pier 48. The proposed lease terms are consistent with the Port's parameter rent for similar shed structures, subject to possible offset by rent credits for qualifying capital improvement costs that extend the life of the facility. In light of current projections of sea level rise, the maximum initial term would be 30 years. The current financial model anticipates that Pier 48 would be upgraded as part of Phase 4; however the parties agree that such occupancy could be accelerated depending on the specifics of the proposal. The Port's review of any tenant or use will consider its preservation of maritime uses and historic features of Pier 48 as a necessary component to its thoughtful rehabilitation.

Transportation Demand Management Plan
Developer will implement a Transportation Demand Management Plan that provides a comprehensive strategy to manage the transportation demands created by the Project. The mixed-use nature of the Project's land use program, its rich transit options, and proximity to resources and services along San Francisco's waterfront and in downtown areas give rise to an overall strategy of reducing single-occupancy vehicle trips. The transportation strategy at the Project is based on reducing vehicle miles traveled by fostering multiple modes of sustainable transportation, emphasizing pedestrian, bicycle, and public transit options. This strategy will interact with and be informed by the ongoing waterfront transportation assessment currently being led by SFMTA.

Jobs and Equal Opportunity Program
The Developer and the Port anticipate that the build-out of the Project will create thousands of construction and permanent jobs, and that the planning, design, and construction work will provide substantial contracting opportunities for local contractors and professional service firms as well as countless businesses, employers, and organizations. Developer will implement a Jobs and Equal Opportunity Program designed to assure that a portion of the jobs and contracting opportunities generated by the Project be directed, to the extent possible (based on the type of work required and consistent with collective bargaining agreements) to local, small, and economically disadvantaged companies and individuals.

Site Zoning
Developer and the Port will work with the Planning Department to establish the development parameters for the Project through a Special Use District ("SUD"), which will be incorporated into the City's Planning Code after environmental review is complete and the Project has been approved by appropriate Port Commission, Planning Commission, Board of Supervisors, and other regulatory actions. SWL 337 is currently zoned MB-OS (Mission Bay Open Space), and Pier 48 is zoned M-2 (Heavy Industrial).

Flexible Land Use
A key element of the design proposal for the Project is a flexibility to respond to future market demands while still upholding the objective of creating an authentic mix of uses. The proposed SUD would designate certain parcels as residential and certain others commercial. The SUD would provide flexibility for some later determination as to product type within certain types of zoning. Given this flexibility the Developer has

studied various ranges for building heights. Heights of buildings, reflecting the mixed-use nature of their uses, will be diverse. Up to two tall slender signature residential towers are anticipated. The SUD will establish height limits ranging from 90 feet up to 380 feet, allowed density expressed as permissible floor area ratio ("FAR") limits, bulk limits, and other controls on development. In cooperation with the Planning Department, the Port and Developer are currently studying a range of possible height schemes. Community design engagement is ongoing and will further assist in defining the heights, which will likely be represented in the SUD as ranges for uses and parcels.

Retail Programming and Ground Level Operations

While zoning will allow a certain amount of flexibility, Developer will retain control over ground floor design, tenant mix, and, through a maintenance agreement with the Port, park operations and maintenance. Comprehensive planning and programming of ground floor spaces will address both the design and the nature of the Project's retail uses, defining the public realm and neighborhood identity. A dynamic range of restaurants, cafés, boutique stores, grocery stores, bookstores, and other shops will only be possible through careful programming of the entire Site. In consultation with the Port and community, Developer will create a blueprint for locations and tenant types for each vertical development. This comprehensive programming will address not only types of stores, but also the appropriate mix of local, regional, and national retailers. Minimum threshold requirements for local and regional operators will reduce the threat of homogeneity that otherwise might adversely affect the Project's retail success. This building-to-building variety will strengthen the pedestrian environment and establish an authentic, sustainable neighborhood for San Franciscans to enjoy.

Sustainability

Developer will implement a Sustainability Plan that will provide a comprehensive strategy to achieve the Project goal of becoming a model of sustainability by exhibiting the concepts and practices of sustainable community development throughout the development process. Developer will collaborate with the City and the Port, specifically, the Department of the Environment, the Planning Department, and the Port Planning Division, to develop the Sustainability Plan.

Developer and the City will develop an integrated plan that identifies measurable goals, standards, and performance metrics. This Sustainability Plan will be included in the DDA. Multiple sustainable Site strategies will be considered from the outset of horizontal development to enable vertical development design proposals to exceed compliance with Port Building Code requirements and achieve Project goals for integrated sustainable design and a low carbon community.

The Project has been identified by City Planning as a Type 1 Eco-District which works with the opportunities horizontal infrastructure development can provide to optimize Eco-District goals. Port and City staff are committed to working with the Developer to help the City meet its environmental goals through horizontal infrastructure and vertical development, as identified in the Term Sheet.

Statutory, Regulatory and Plan Amendments

BCDC
The proposed Project will require approvals by state bodies, including amending the Bay Area Seaport Plan sponsored by BCDC and the San Francisco Bay Area Metropolitan Transportation Commission, which designates Pier 48 as a future site for neobulk cargo shipping and the eastern six acres of SWL 337 adjacent to Pier 48 and Pier 50 as a "port priority" area to provide backland area for potential cargo operations. Amendments to the Seaport Plan may trigger a need to amend BCDC's San Francisco Waterfront Special Area Plan. In addition, all development within 100 feet of the shoreline will be subject to BCDC approval.

State Lands Commission
The Port must obtain the State Lands Commission's ("State Lands") prior approval of (a) the conclusions of a Port study on the retention of trust uses (including public parks and walkways, restaurants, hotels, maritime training, sales, and rentals, and waterfront visitor-serving retail services) at SWL 337, (b) the location of trust uses at SWL 337 and Pier 48, and (c) the transportation needs of the ballpark and trust uses on nearby Port property.

State Lands must find that all nontrust leases are executed at fair market value, consistent with the trust (other than land use restrictions), and otherwise in the best interests of the State. In addition, staff will work with State Lands to obtain legislation for a technical amendment to SB 815 to add an approximately 20 foot wide strip along the southern edge of SWL 337. This area currently does not have relief from the trust use restrictions in SB 815. To the extent necessary and after further consultation with staff of the State Lands and Developer, the Port may seek other technical amendments to the Burton Act and other state legislation.

FINANCIAL DEAL TERMS

The key financial provisions of the Term Sheet are as follows:

Section and Title	Basic Terms and Conditions
1. Parties	Port and Seawall Lot 337 Associates, LLC.
2. Site Description	Seawall Lot 337, an approximately 16-acre parcel located south of Mission Creek/China Basin Channel, bordered by Third Street on the west, Mission Rock Street on the south, and Terry Francois Boulevard on the east; Pier 48, a 212,500 square-foot facility, with two main pier sheds.
3. Project Description	Mission Rock will create a new mixed-use neighborhood, linking Mission Bay to the urban fabric of the City as described in the Land Use Summary section above.
4. Transaction Documents	The parties anticipate the following primary Transaction Documents: • Disposition and Development Agreement between the Port and Developer (the "DDA") for horizontal and vertical development of the Site. • Master Ground Lease ("Master Lease"): the Port and Developer will enter into a

	new ground lease covering all development parcels at SWL 337 except the two lead parcels as described below. Rent and other key terms will be generally consistent with those in the existing parking lease with a term ending after final parcel development. • Form of Parcel Ground Lease: The form of Parcel Ground Lease to be used for development parcels at SWL 337 will be attached as an exhibit to the DDA. • Pier 48 Lease(s) between the user(s) identified by Developer and the Port as further described below.
5. Phasing	The parties anticipate that the Project Site will be developed in four Phases. • Each Phase will consist of one or more development parcels and associated areas for streets and open spaces. • Public benefits, including development of parks and the Parking Structure, will be distributed among the Phases, assuring that these benefits are completed concurrent with the completion of vertical development and associated infrastructure of each Phase.
6. Statutory, Regulatory, and Plan Amendments	The Project will require approvals by State bodies, including BCDC and State Lands Commission. To the extent necessary and after consultation with staff of the State Lands and Developer, the Port may seek technical amendments to the Burton Act and other state legislation.
7. Zoning	• SWL 337 is currently zoned MB-OS, and Pier 48 is zoned M-2. Developer will seek approval of a new Special Use District ("SUD") for the Mission Rock area. The SUD will, among other things, establish new height and bulk limits for the Site. • The Waterfront Land Use Plan will be amended to incorporate Development Controls for Mission Rock and will incorporate SUD limitations and other development requirements, such as the role of the Waterfront Design Advisory Committee in the design review process.
8. Master Lease Terms	Base Rent under Master Lease: The rent structure under the interim master lease will be equivalent to the existing parking lot lease with China Basin Ballpark Company, LLC: $2.4 million base rent and percentage rent of 66% of gross revenues after allowed expenses. As phased development of the Site occurs over time, the parcels will be removed from master lease and base rent will be reduced on a pro rata basis as the Port enters into each Parcel Ground Lease. Base Rent under Parcel Ground Leases: Based on the program described in the Term Sheet, the Port has established a minimum of $3.5 million (the "Reserve Rent") in annual rent in the aggregate for eight of the ten development parcels, (excluding the two "lead" parcels, the parking structure, and Pier 48). • The Reserve Rent will be allocated among each of these eight development parcels, setting a floor for the total annual rent anticipated for each parcel ground lease, exclusive of any upfront prepaid rent payments. Initial rent for each development parcel will be set by valuation procedures to be undertaken as each parcel is offered for vertical development. • The lead parcels will be transferred to Developer affiliates by parcel ground leases under which fair market rent, as established by appraisal, will be fully prepaid. The intent of the prepaid leases , which are anticipated to be the two parcels most likely

	to meet market conditions, is to generate proceeds which can then be used to reimburse Developer's entitlement costs, including developer return accrued thereon. As described in the Term Sheet, the DDA will provide specific rules for how such proceeds are applied. • Base rent under each parcel ground lease (excluding lead parcels because these are fully prepaid) will escalate as follows: In every 10th lease year, annual base rent will be increased to 85% of the average of the sum of annual base rent plus percentage rent ("total rent") paid to the Port pursuant to such parcel lease over the immediately preceding three years.
9. Rent Under Parcel Leases	Each parcel ground lease (except for lead parcels) will include percentage rent in a form dictated by use, as described in the Term Sheet. Vertical developers will be required to pay the Port the greater of percentage rent or base rent, as documented in periodic reports to the Port in a manner similar to that required in other comparable Port development leases.
10. Port Participation in Capital Events	• When the capital event is a sale to a third party of a vertical developer's lease or fee interest and the sale occurs after vertical development is complete, the vertical developer will pay to the Port 1.5% of the net proceeds of the sale; provided that if the parcel is a lead parcel and the sale occurs within 10 years after the date that construction of the lead parcel is complete, no such payment will be required on the first such capital event. Payments will be required on all subsequent events. • When the capital event is a sale to a third party of an affiliated vertical developer's lease or fee interest in a lead parcel and the sale occurs within 36 months following transfer by the Port of the lead parcel, the affiliated vertical developer will pay to the Port 50% of the net proceeds; provided that if the parcel is a lead parcel acquired through an upset transfer, as defined in the Term Sheet, no such payment will be required. • Trust swap parcels that are sold to a vertical developer will be subject to a deed restriction providing for a contractual transfer fee (not a tax) on each sale after the initial sale of the parcel or, where the parcel has been subdivided, a residential or commercial condominium. The transfer fee will be (i) 1% of the sales price of a residential condominium sale, and (ii) 1.5% of the Net Proceeds of any other sale to a third party of an Affiliated Vertical Developer's lease or fee interest in a lead parcel, including commercial condominiums and multi-family rental buildings. • When the capital event is a refinancing, the DDA will provide that the Port will be entitled to a transfer fee of 1.5% of the net proceeds of the refinancing. In the case of a refinancing, loan proceeds that are to be invested back into the developed parcel will be excluded from net proceeds.
11. Horizontal Development Costs	The Port and Developer anticipate using public financing mechanisms funded by revenues generated by the Project to meet the Port's obligation to pay directly for or reimburse Developer's eligible horizontal development costs with the goals of reducing Project risks, accelerating Project benefits, and increasing Port participation payments and other benefits to the parties, vertical developers, and the public. A Project financing plan that will be a part of the DDA will set forth all financing mechanisms that the parties anticipate using for the Project.
12. Developer Return	Generally, the Developer's return on investment ("Developer Return") will be calculated separately as to each Phase (with entitlement costs considered separately) and will be the greater of (i) the amount that is equivalent to 20% cumulative annual return on unreimbursed horizontal development costs for such Phase outstanding from time to time; and (ii) the amount equal to 1.5 times the Developer's highest balance outstanding for such

	Phase. • The Term Sheet provides detailed guidelines for how the Developer Return is treated in the “upset” case, in which the amount of funds available from Development Rights Payments and other sources falls short of the amount necessary to fully reimburse the Developer’s entitlement costs including Developer Return. • When Port total annual revenue exceeds $4.5 million from base and percentage rents from the parcel leases, the Developer will share in a portion of this revenue stream representing 20% of the rents above $4.5 million for a term of up to 45 years.
13. Public Financing Mechanisms	The primary financing mechanisms currently contemplated are: • Community Facilities District (CFD): The City would form a CFD, with improved areas annexed to the CFD at each Phase. Special taxes will be levied against leasehold and fee interests in taxable parcels. The parties anticipate that CFD debt will be issued in accordance with each Phase Finance Plan. • Infrastructure Financing District (IFD) Project Areas: Consistent with the Port IFD Guidelines the City would form a single IFD consisting of all Port property (“waterfront district”). Following CEQA review for waterfront development projects, the City would then consider formation of a Project-specific project area and adoption of project-specific infrastructure financing plans for the Site (“IFD financing plan”) allocating tax increment from the project area to the waterfront district to finance public facilities specified in the adopted IFD financing plan. • Bonds. CFD (or IFD) bonds will be issued at the City’s sole discretion consistent with the DDA and Project Financing Plan. Any bonds issued will be consistent with the Port’s reimbursement obligations under the DDA, a phase budget, applicable federal tax law and regulations, other applicable law, and any Acquisition Agreement executed by the Port and Master Developer. • Maintenance Districts: The Parties will create a maintenance CFD over the entire Site. Maintenance special taxes levied against each taxable development parcel would provide pay-as-you-go funds for operating and maintenance costs of certain public facilities to be specified in the DDA.
14. Development Rights Payments	Prepaid rent payable by vertical developers upon execution of parcel ground leases ("Development Rights Payments") will provide a source of funds from which Port will reimburse Developer’s horizontal development costs (in conjunction with public finance sources) and pay Developer Return. The amount of the required Development Rights Payment for each Phase will be calculated for each phase.
15. Open Spaces, Parks, and Recreation	Developer will develop major new open spaces connecting Mission Rock with surrounding neighborhoods and the waterfront. The development of these parks and open spaces will be distributed among the Phases. • Parks and open spaces will be owned by the Port, and managed and programmed by Developer, subject to Port approval and conditions of the BCDC major permit. Maintenance of the parks and open spaces will be funded by special taxes imposed on vertical developers through the maintenance CFD.
16. Parking	The Project will include a parking structure, developed in an early phase, of approximately 2,297 spaces that will support new development and maximize shared parking for the ballpark. The parties have initiated discussions with the San Francisco Municipal

Structure	Transportation Agency ("SFMTA") to explore the feasibility of SFMTA financing and operating the Parking Structure. • Should the City conclude that the parking structure is not feasible as an SFMTA project, the parties will continue to explore other potential sources of financing and other measures needed to make the parking structure financially feasible. • The Port is not expected to provide any public financing for the parking structure except CFD bond financing that can be serviced by special taxes levied on the taxable parcels at the Site or taxable parcels off-site that will benefit from the Parking Structure.
17. Master Developer's Option Rights	Developer will have the right to lease each of the development parcels at its fair market value through an option process. • The parties must approve a phase budget that sets upfront lease payments based on expected infrastructure costs, net bond proceeds and timing and other costs and revenues related to the phase. • The parties will agree on the fair market rental value of the parcel, verified by appraisals. • If the Port determines that market conditions support development of a particular development parcel, the Port will have the right to require Developer to either exercise its option or allow the Port to offer the parcel to the market through a parcel Request for Proposals ("RFP").
18. Public Offerings	A parcel RFP will be used if Developer fails to exercise its option or if Developer fails to timely close escrow on a parcel after exercising its option on such parcel. Trust Swap Parcels will be publicly offered unless the Developer agrees to pay a premium above fair market value for an option.
19. Pier 48	Currently the Port and Developer are in negotiations with Anchor Brewing Company to expand its production capacity through a lease for the entirety of Pier 48. The Port will prepare detailed terms for a direct lease to Anchor Brewing Company for Pier 48 after receiving more information about the proposed improvements to the facility, but anticipates leasing the facility at the Port's parameter rent for similar shed structures. In light of current projections of sea level rise, the Port will limit the maximum initial term to 30 years. Options to extend the term to a total of 66 years may be exercised only after the City and the Port have established policies and procedures to address sea level rise, and the Port and the tenant agree on measures necessary to mitigate the risks associated with sea level rise that will be implemented at Pier 48 and their respective obligations with respect to those measures. The Port's review of any tenant or use will consider its preservation of maritime uses and historic features of Pier 48 as a necessary component to its thoughtful rehabilitation.

FINANCIAL AND POLICY ANALYSIS

The Term Sheet presents a roadmap for development including terms regarding required returns on Developer investment, rules governing distribution of revenue and the sources of finance for the Project. To analyze the financial outcomes of the Term Sheet, Developer created a financial pro forma analysis that makes certain assumptions regarding: 1) likely land use mix and phasing resulting from the flexible zoning; 2) the cost and phasing of infrastructure; 3) payments and rent that building developers could be expected to pay based on pro forma analysis of commercial and residential development on Site parcels; and 4) special tax and public finance timing, costs, interest rates and structure. This pro forma analysis was reviewed by Port staff, assisted by technical financial and economic feasibility analysis conducted by the Port's consultants, Seifel Consulting Inc. and Conley Consulting Group. The expected financial results are outlined below. A broader discussion of the fiscal benefits of the Project will be presented in the Fiscal Feasibility Report that will be prepared for the Board of Supervisors and presented to the Port Commission the meeting.

Paying for Infrastructure
In order to realize the value of the Site there are significant design, entitlement and infrastructure expenditures that must be made for parcels to reach their full value and be readied for development. The primary sources to pay these expenses are: 1) Developer equity, 2) upfront payments due at the beginning of parcel leases (up to the full rental value of prepaid rent), 3) CFD bond proceeds that can be repaid by special taxes levied on the taxable parcels or tax increment from the parcel's property tax proceeds available through the Port IFD, and 4) Site tax increment not needed to service CFD bonds. The challenge of funding these expenditures is amplified because most of these funding sources only start to flow after development of the Site has commenced. The funding of the predevelopment and early infrastructure is primarily through Developer equity. Once the Site is entitled, Port land value (in the form of pre-paid leases) is expected to pay down Developer equity and accumulated returns. As development commences CFD bonds, ultimately serviced by tax increment, become the primary source of funding Site infrastructure and public amenities. To pay the costs associated with entitlement and development the financial analysis estimates the following sources of funding:

Sources	**Amount**
Developer Equity	$100 million
Upfront Lease Payments	51 million
CFD Bond Proceeds	140 million
IFD Pay-as-you-go	9 million
Total	**$300 million**

Uses	**Amount**
Project Infrastructure	$154 million
Return of Developer Equity	$100 million
Return on Developer Equity	46 million
Total	**$300 million**

Public Finance

The Term Sheet proposes the use of CFD bonds as a primary form of funding Site infrastructure and other public improvements. The Term Sheet would create a special tax district on the Site that would impose special taxes on all taxable leasehold and fee interests. Additionally, the Port would establish an IFD project area on the Site to collect property tax increment from this new development which would also be available to pay directly for public improvements and pay the debt service on these CFD bonds, reducing the amount of special taxes. This mechanism allows the development to generate bond proceeds to fund needed infrastructure and public benefits without encumbering the Port balance sheet. CFD special taxes and bonds can be structured to maximize the flexibility of issuing debt while reducing risk to the Port and City for its repayment. This use of public financing is consistent with the Port's current Capital Plan strategy. On December 17, 2012, the City's Capital Planning Committee reviewed the Port's IFD policy[5] and recommended the policy to the Board of Supervisors.

CFD bonds are issued by a special district established by the City and backed exclusively by the special taxes from the district. Tax increment would also be used later to pay debt service. . These bonds present a special risk profile not directly implicating the Port Harbor Fund or the City in the event of a default on the bonds, but nevertheless there are certain risks to the City and Port in association with establishing the CFD and authorizing bonding. The Site is uniquely situated to maximize the benefits of this financing mechanism allowing the Port to leverage the significant investments of the Developer and the vertical developers of each individual parcel in constructing infrastructure and buildings and capturing this tax increment for public purposes (i.e., infrastructure and public amenities such as parks). Because nontrust uses will be allowed pursuant to SB815, this leverage enhances the realizable value of the Port's land and allows the Port to utilize the increase in Port rent as a source to fund the Port's 10-year Capital Plan.

Additionally the IFD allows tax increment, after funding Site investments, to flow back to the City's General Fund. The pro forma estimates that $356 million in tax increment will support CFD bonds, $9 million will directly reimburse Site costs, and over the 75-year term of the Project almost $1.3 billion of tax increment will flow to the City.

Port Revenue

Based on the financial analysis performed by Developer and reviewed by Port staff and its consultants, it is expected that at full buildout (expected in 2022) Port would receive $4.5 million in annual guaranteed base rent from SWL 337 parcel leases and $1.5 million in annual net base rent from Pier 48. The pro forma analysis current projection for SWL 337 is above the $3.5 million minimum reserve rent referenced in the Term Sheet.

Eight SWL 337 parcel leases (all except the 2 pre-paid "lead parcels" and the parking structure parcel) would generate percentage rents that would result in aggregate rent of $4.5 million growing in pace with inflation. These percentage rents are not guaranteed but would allow Port rent revenue to increase with the underlying revenues of the built

[5] See http://onesanfrancisco.org/cpc-meeting-agenda-december-17-2012/

parcels. Over the term of these parcel leases Port rent is projected at $1.56 billion with a net present value of $133 million.

For each lease, every 10 years base rent would reset to 85% of the average of all rent (base and percentage rents) received for that parcel over the prior 3 years, resulting in increased guaranteed minimum rent within the existing Project economics. Additionally, each parcel would include provisions for the Port to participate in net proceeds from the sale or capital refinance of these parcels. Though these revenues are difficult to project due to the varying assumptions as to how long the lease would be held by a specific parcel tenant, as a general matter this lease provision would allow the Port to participate in situations where the appreciation of the lease reflects an increase in the value the parcel tenant receives from Port land. Pro forma analysis of individual parcel development and sale indicate that the Port's participation in capital events could yield over $1 million per sale depending on various factors such as building type, timing, and market.

When Port total annual revenue exceeds $4.5 million from base and percentage rents from the parcel leases, the Developer will share a 20% portion of this rental revenue stream above $4.5 million for a term of up to 45 years. Based on the Project pro forma analysis this revenue is equivalent to approximately $30 million over the 45 year period. By creating this sharing mechanism, the Developer is aligned with the Port's major financial objective, creating an ongoing program of escalating rent streams.

Currently the Site is used for parking, generating $2.4 million of base rent and approximately $3.5 million total rent annually. From 2012 through the 75 year lease terms the net present value of the current use is approximately $106 million[6]. The Term Sheet is expected to generate significantly more guaranteed rent than the current use and create an opportunity for the Port to collect percentage rents, participate in capital events and generate significant amounts of tax increment.

Development Risks

Though the Site is publicly owned, the public-private partnership between the Developer and the Port is subject to all the standard risks associated with development. Typical categories of development risk are analyzed below.

Entitlement Risk

All developments that seek entitlements assume the risk that the process is longer and more expensive than expected and bear the risk of failing to gain public support and regulatory approval to build the proposed Project. This entitlement risk is compounded on a site as high profile as the Site, especially given the high level of public scrutiny of this waterfront location. The level of entitlement risk presented by the Project is linked to the level of blended pre-entitlement (with higher risk) and infrastructure returns agreed to in the Term Sheet. The parties have agreed that the 20% developer returns with a 1.5x multiple represent a fair market return commensurate with the perceived Project risks.

[6] Assumes initial rent $3.5 million per year, a 6% discount rate and 3% per annum increases.

Additionally it should be noted that the financial terms above reflect the level of investment balanced against the value created by the Project's 3.7 million square feet of development. The Port can only expect to receive this level of revenue from the Project's proposed density. If ultimately a lower density is approved for the Site, it is likely that infrastructure costs will only go down incrementally (and they could go up if the public amenities are more extensive or costly) but the Port's residual revenues after development would bear the majority of the decrease in value resulting from lower density. In this situation, new financial terms would need to be negotiated and approved by the Port Commission.

Financing Risk

The availability and cost of funding is a major development risk for any development. The proposed sources of funding for the Project represent diverse funding streams that are largely within public control. By utilizing these public sources, specifically Site value (in the form of pre-paid ground rent and sales proceeds), tax increment and CFD bonds, the Port and City retain control of many of the financing sources. The Term Sheet structure removes some of the typical financing risk of development, but CFD bonds are ultimately subject to risk-based pricing from the bond markets to set price and availability.

Cost Risk

The parties are subject to uncertainty regarding the costs of entitlement and infrastructure. The just-in-time infrastructure phasing and the use of guaranteed maximum price ("GMP") construction contracts (to the maximum extent feasible) will partially offset this risk. As noted above additional costs from the entitlement of the Project are also a risk to be managed by the parties.

Market Risk

The structure of the Term Sheet exposes the Port to market cycle risks. Today the San Francisco market is one the strongest in recent history, supporting historically high land prices and sales prices for finished buildings. It is not reasonable to assume that current strong market conditions will exist over the span of the development period. Though the pro forma analysis underwrites market conditions below today's historic highs, the Port is at risk that future development phases could support lower land rental income than is currently indicated in the Project's pro forma analysis.

As with entitlement risk, the Port's land value is most at risk from fluctuations in land market values. The Term Sheet balances the market risk of the parties by capping the Developer's return on equity while providing a guaranteed 20% return. In exchange, the Port receives the vast majority of all residual value above this return level. Typically a developer would receive most of the potential upside created from development, negotiating a land price in advance of entitlement. For this Project, the Port participates in market risk, valuing the parcels after entitlement as served by infrastructure, but also receives most of the upside value of the entitled land.

Counterparty Risk

In public-private partnerships where there is a long-term partnership between parties, development risks can be addressed in part by reliance on the expertise and reliability of one’s partner (and conversely can be exacerbated when those qualities are absent). The Developer, through the RFQ/P process, collaborative land-use discussions and Term Sheet negotiations, has consistently shown the highest commitment to the public-private partnership and exhibited great expertise in structuring this complex master development leasing deal.

Operating Risk
The Port’s percentage rent income is dependent on the operating skills of the future vertical developers. The Port’s rents are subject to the vertical developer’s future capability to maintain high occupancy levels and rental income streams, to maintain and re-invest in the property to continue to capture high rents over time, and to seek new investment to maintain the buildings’ competitive position in the market place.

NEXT STEPS
If the Port Commission endorses the Term Sheet, it will be submitted to the Board of Supervisors (“Board”) for endorsement and finding that the Project is fiscally feasible and that it is prudent to commence environmental review as required under Administrative Code Chapter 29. The Board action will include public hearings and opportunities for public comment. The Board review of the Term Sheet is consistent with the recommendations of the 2004 Management Audit of the Port by the Board of Supervisor’s Budget Analyst as a means of providing the Board with an “early read” on Port development projects.

If the Port Commission and the Board endorse the Term Sheet, Port staff will move forward with Project entitlement and initiate the negotiation of Project transaction documents and an Environmental Impact Report pursuant to the California Environmental Quality Act.

RECOMMENDATION
Port staff recommends that the Port Commission approve the attached resolution endorsing the Term Sheet and approving the Second Amendment to the ENA as described in this staff report and further detailed in Exhibit C attached hereto.

Prepared by: Phil Williamson, Port Project Manager
James Hurley, Port Feasibility Analyst
Jonathan Stern, Port Assistant Deputy Director, Waterfront Development
Brad Benson, Port Special Projects Manager
Michael Martin, Office of Economic and Workforce Development, Development Project Manager

For: Byron Rhett, Port Deputy Director
Planning & Development
Jennifer Entine Matz, Office of Economic and Workforce Development, Director of Waterfront Development

Exhibits

Exhibit A – Site Map
Exhibit B – Term Sheet
Exhibit C – ENA Amendment Summary
Exhibit D – Projected Port Revenues from Project
Exhibit E – Fiscal Feasibility Report
Exhibit F – Developer Experience and Financial Capacity

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 13-10

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, The Port owns approximately 16 acres at Seawall Lot 337 ("SWL 337") and Pier 48, bounded generally by China Basin, the San Francisco Bay, Mission Rock Street and Third Street, including China Basin Park and a portion of the existing Terry Francois, Jr. Blvd. (the "Site"); and

WHEREAS, The Port Commission previously awarded to Seawall Lot 337 Associates, LLC ("Developer") the opportunity to negotiate for the development of SWL 337 and Pier 48 as a mixed-use development project (the "Project"), authorized Port staff to negotiate an Exclusive Negotiation Agreement (the "ENA") for development of the Site, and authorized the Executive Director or her designee to execute the ENA and amendments all as set forth in Resolution Nos. 08-25, 08-26, 09-26, 10-32, and 12-77, which are incorporated by this reference; and

WHEREAS, Developer and Port staff have negotiated the Term Sheet attached as Exhibit B to the staff report accompanying this resolution (the "Term Sheet"), which sets forth the essential terms upon which the Port and Developer will negotiate in good faith to reach agreement on the final development agreement, lease, and related documents ("Transaction Documents") and is incorporated by this reference; and

WHEREAS, The parties acknowledge that the Term Sheet is not itself a binding agreement that commits the Port or Developer to proceed with the approval or implementation of the Project and that the Project will first undergo environmental review under the California Environmental Quality Act ("CEQA") and will be subject to public review in accordance with the processes of the Port Commission, other City departments and offices, and other government agencies with approval over the proposed Project before any entitlements and other regulatory approvals required for the Project will be considered; and

WHEREAS, Developer and Port staff have agreed on the Term Sheet; however, as the Phase 1 ENA performance benchmarks require Developer to obtain Term Sheet endorsements by the Port Commission and the Board of Supervisors by the end of Phase 1, which ends on March 15, 2013, Developer has requested an ENA amendment extending Phase 1 further to August 15, 2013 to accommodate the Board of Supervisors' procedural processes; and

WHEREAS, Giants Development Services, LLC (“GDS”), the sole remaining member of Developer, is a wholly-owned subsidiary of San Francisco Baseball Associates, LLC (“SFBA”), the Major League Baseball franchise holder of the San Francisco Giants. Under Developer’s operating agreement, GDS is responsible for its proportionate share (now 100%) of Developer’s operating expenses. SFBA has entered into an agreement with GDS affirming SFBA’s obligation to fund GDS’s activities for the Project from December 2012 through Phase 1 and Phase 2 of the ENA (for the years 2012 through 2014) to the extent of its approved budget of $14,694,589, and Port financial staff have reviewed and confirmed SFBA’s financial capacity in amounts sufficient to satisfy its obligation to fund, through GDS, Developer’s remaining obligations under Phase 1 and 2 of the ENA; and

WHEREAS, Port staff has reviewed the development experience of the real estate professionals responsible for Developer’s day-to-day operations and believe that Developer’s staff is capable of successfully shepherding the Project through Phase 1 and 2 of the ENA; now, therefore be it

RESOLVED, That the Port Commission hereby endorses the Term Sheet and authorizes and directs the Executive Director of the Port, or her designee, to execute the Term Sheet following its presentation to and endorsement by the Board of Supervisors and a finding by the Board of Supervisors that the Project is fiscally feasible and responsible under San Francisco Administrative Code Chapter 29 (the “Fiscal Feasibility Finding”), and if the Board of Supervisors fails to make a Fiscal Feasibility Finding for the Project or endorse the Term Sheet, to either terminate the ENA or negotiate revisions to the Term Sheet consistent with the Board of Supervisors resolution; and be it further

RESOLVED, That if the Board of Supervisors endorses the Term Sheet and makes a Fiscal Feasibility Finding for the Project, the Port Commission directs the Executive Director of the Port, or her designee, to work with the Planning Department and Developer to undertake review of the Project under CEQA and negotiate the terms and conditions of the final Transaction Documents, with the understanding that the final terms and conditions of the Transaction Documents negotiated between Port staff and Developer during the exclusive negotiation period will be subject to the approval of the Port Commission and as applicable, the Board of Supervisors and the Mayor; and be it further

RESOLVED, That the Port Commission authorizes amending the ENA as described in Exhibit C to the staff report accompanying this resolution and incorporated by this reference, including the following: (1) to extend the Phase 1 term and the corresponding Performance Benchmark dates to August 15, 2013 to provide additional time for Developer to obtain endorsement of the Term Sheet by the Board of Supervisors; (2) to require that the parties agree on a Phase 2 ENA budget and for

Developer to provide quarterly and annual budget reports to the Port in form and substance reasonably satisfactory to Port staff; (3) if predevelopment costs are projected to exceed the approved budget, to provide for Developer to produce evidence satisfactory to the Port, in its reasonable discretion, of Developer's financial capacity and, should Developer's staffing materially change, its professional capacity; (4) to provide for Port Commission review and approval, in its sole discretion, of the qualifications of any person or entity that Developer proposes to admit as a new member, if the new member will be obligated for any material portion of Developer funds, skill, or expertise for the Project during the term of the ENA; (5) to expand the Site to include P20, subject to approval to the extent required by the Successor Agency to the San Francisco Redevelopment Agency, the State Lands Commission, and the California State Legislature, and the approximately 0.58-acre marginal wharf between Pier 48 and Pier 50; and (6) to extend the time under Section 4.3 under and on certain conditions; and the Port Commission further authorizes the Executive Director to enter into any subsequent modifications (including the exhibits or related documents) to the ENA that the Executive Director, in consultation with the City Attorney determines are in the best interests of the Port and otherwise do not materially increase the obligations or liabilities of the Port or materially decrease the public benefits accruing to the Port or the City, and are necessary or advisable to implement the intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the revised ENA; and be it further

RESOLVED, That the Port Commission reserves the right, if exclusive negotiations with Developer are unsuccessful and do not lead to approval of Transaction Documents, to undertake other efforts such as issuing a new request for proposals, at the Port Commission's sole discretion; and be it further

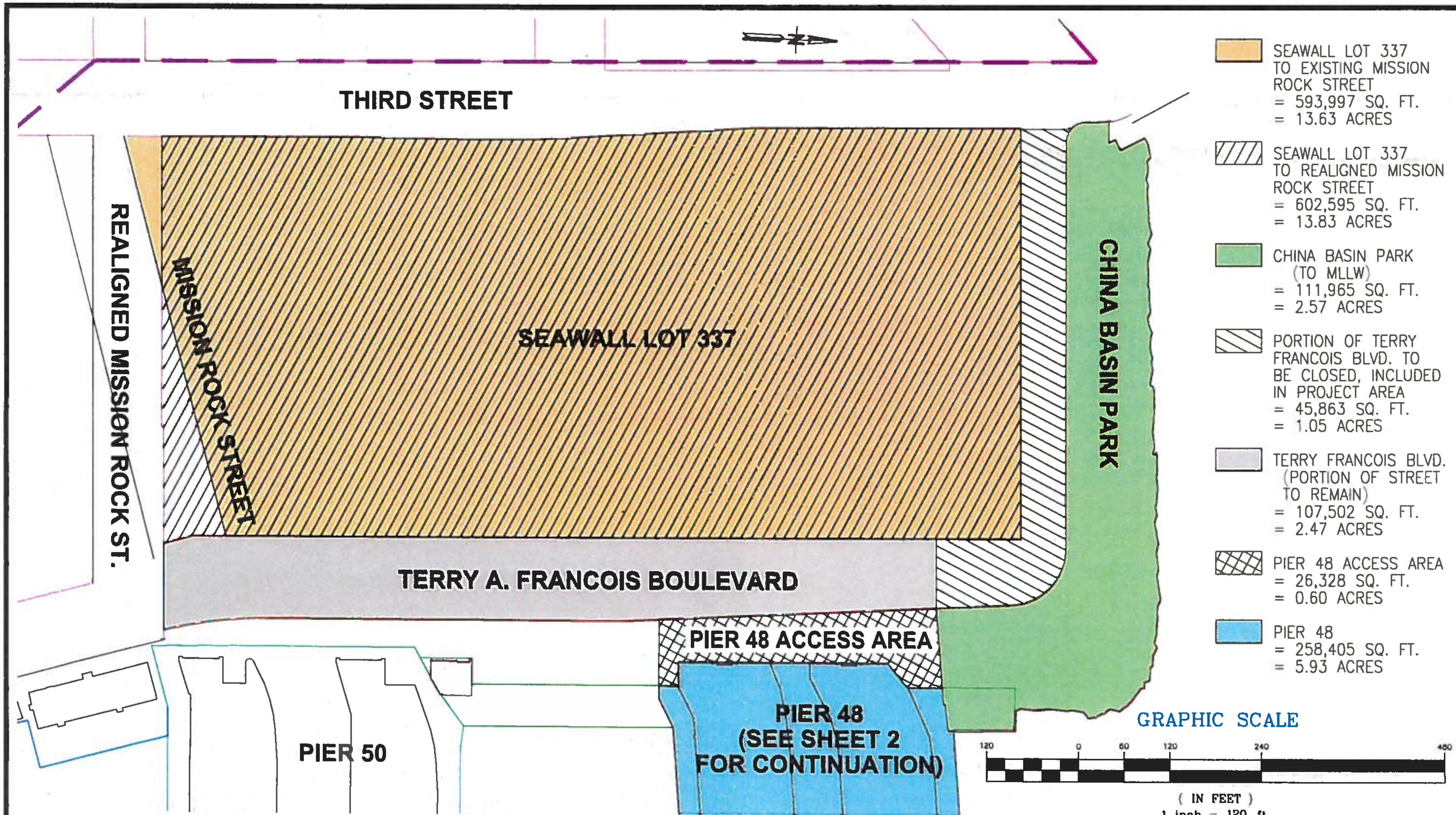
RESOLVED, That the Port Commission's endorsement of the Term Sheet, approval of the ENA amendment, and direction to Port staff does not commit the Port Commission or the City to approval of final Transaction Documents or implementation of the Project or grant any entitlements to Developer, nor does endorsement of the Term Sheet foreclose the possibility of considering alternatives to the proposal, mitigation measures or deciding not to grant entitlement or approve or implement the Project, after conducting and completing appropriate environmental review under CEQA, and while the Term Sheet identifies certain essential terms of a proposed transaction with the Port, it does not set forth all of the material terms and conditions of any final Transaction Documents; and be it further

RESOLVED, That the Port Commission will not take any discretionary actions committing the Port to implement the Project, and the provisions of the Term Sheet are not intended and will not become contractually binding on the Port unless and until the Port Commission and the Planning Commission have reviewed and considered environmental documentation prepared in compliance with CEQA for the Project and the Project has been approved.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 12, 2013.

____

Secretary



APPROVED BY SAN FRANCISCO PORT COMMISSION DATE ________ ________ CHIEF HARBOR ENGINEER	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	**SEAWALL LOT 337 DEVELOPMENT OPPORTUNITY SITE**	PREPARED BY: AMN DRAWN BY: AMN CONTRACT NO. DRAWING NO. CHECKED BY: D. OSHIMA DATE: MAY 19, 2008 SCALE: 1" = 120' SHEET NO. 1 OF 2 SHEETS

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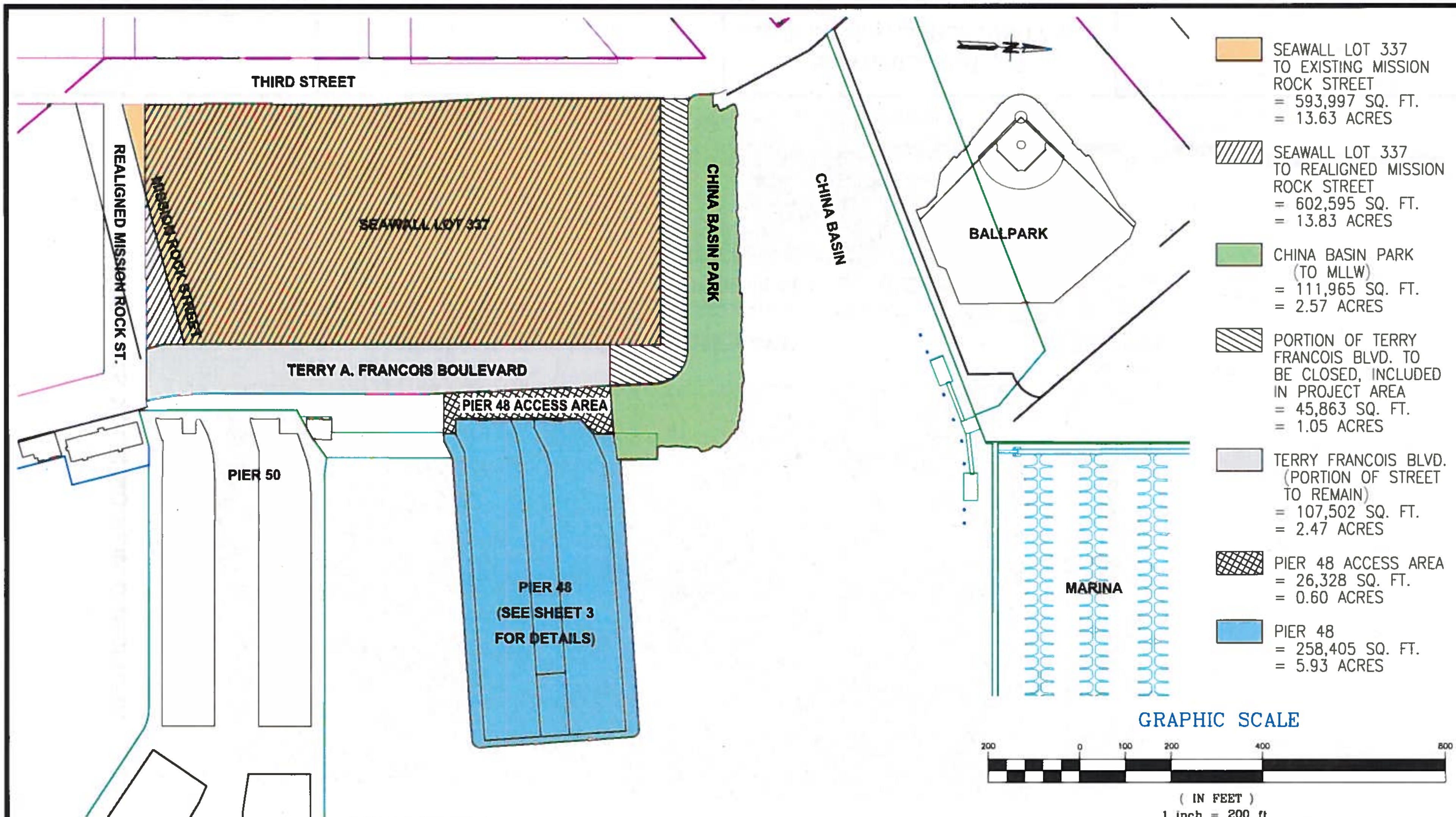
EXHIBIT A



APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE ________

CHIEF HARBOR ENGINEER

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

SEAWALL LOT 337
DEVELOPMENT OPPORTUNITY SITE

PREPARED BY: AMN	CHECKED BY: D. OSHIMA
DRAWN BY: AMN	DATE: MAY 19, 2008
CONTRACT NO.	SCALE: 1" = 200'
DRAWING NO.	SHEET NO. 2 OF 2 SHEETS

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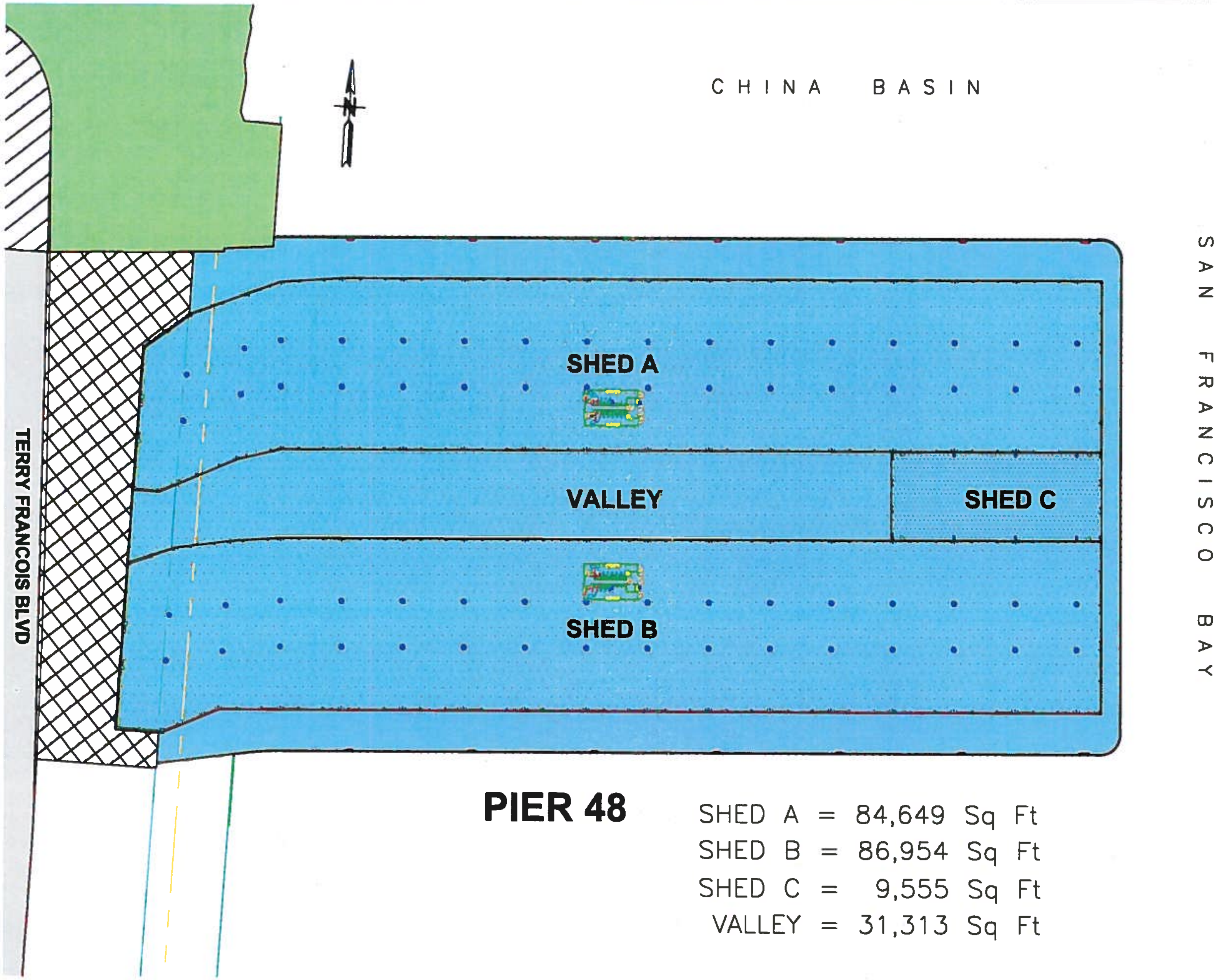
EXHIBIT A



PIER 48

SHED A = 84,649 Sq Ft
SHED B = 86,954 Sq Ft
SHED C = 9,555 Sq Ft
VALLEY = 31,313 Sq Ft

APPROVED BY SAN FRANCISCO PORT COMMISSION DATE CHIEF HARBOR ENGINEER	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	**SEAWALL LOT 337** **DEVELOPMENT OPPORTUNITY SITE** **PIER 48 DETAILS**	DRAWN BY: ECC CHECKED BY: D. OSHIMA PLACE CODE NO. 1480-00	DATE: MAY 19, 2008 SCALE: 1" = 100' SHEET NO. 3 OF 3 SHEETS

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EXHIBIT A

Lodged with Port Commission Secretary
February 22, 2013

CITY AND COUNTY OF SAN FRANCISCO
EDWIN LEE, MAYOR

TERM SHEET

BETWEEN

THE CITY AND COUNTY OF SAN FRANCISCO,
ACTING BY AND THROUGH THE SAN FRANCISCO PORT COMMISSION

AND

SEAWALL LOT 337 ASSOCIATES, LLC

MONIQUE MOYER, EXECUTIVE DIRECTOR

SAN FRANCISCO PORT COMMISSION

DOREEN WOO HO, PRESIDENT
KIMBERLY BRANDON, VICE PRESIDENT
WILLIE ADAMS, COMMISSIONER
LESLIE KATZ, COMMISSIONER

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TABLE OF CONTENTS

Exhibits and Appendix

TERM SHEET FOR PROPOSED MISSION ROCK PROJECT AT SEAWALL LOT 337 AND PIER 48

This Term Sheet (including all attachments), dated for reference purposes only as of __________, 2013, is the "Term Sheet" referred to in the Performance Benchmarks in the Exclusive Negotiation Agreement dated as of May 25, 2010, between the City and County of San Francisco (the "City"), acting by and through its Port Commission (the "Port"), and SWL 337 Associates, LLC ("Master Developer"), as amended by the First Amendment to Exclusive Negotiation Agreement dated as of October 9, 2012 (as amended, the "ENA"), and sets forth the basic terms on which the Port and Master Developer will negotiate further agreements for the development of Seawall Lot 337 ("SWL 337"), Pier 48, and a portion of Terry Francois Boulevard and other properties (together, the "Site") as further described in **Section 2** (Site Description) as a mixed-use project called Mission Rock (the "Project"). The terms in this Term Sheet are intended to provide for development that will be consistent with the Port's obligations under the Burton Act (stats. 1968, ch. 1333), as amended including amendments effected by Senate Bill 815 (stats. 2007, ch. 660) ("SB 815"), and the public trust for commerce, navigation, and fisheries (collectively, the "public trust").

This Term Sheet: (1) expands upon the Financial and Negotiating Principles incorporated into the ENA; (2) summarizes negotiations regarding the Project, including financial projections in **Exhibit E** (Summary Pro Forma); (3) has been informed by the ongoing public review process for the Project; (4) is subject to endorsement by the Port Commission and the Board of Supervisors (the "Board"), each in its respective sole discretion; and (5) is intended to satisfy the requirements of Sections 4.1 and 4.3 of the ENA. After Port Commission and Board endorsement, the parties will further negotiate and amplify the terms in the Term Sheet and incorporate them into a Disposition and Development Agreement (the "DDA") and related transaction documents between the Port and Master Developer (collectively, the "Transaction Documents"). The Project is subject to completion of environmental review under the California Environmental Quality Act ("CEQA") and certification of the final environmental impact report for the Project, adoption of a mitigation monitoring and reporting plan if necessary and approval of the Project and the Transaction Documents, (collectively, the "Project Approval"). Along with any attached or underlying documents, this Term Sheet outlines certain basic terms contemplated for the Transaction Documents but is not intended to be, and will not become, contractually binding on any party except to the extent the City, including its Port, and Master Developer execute and deliver the DDA and other Transaction Documents incorporating the Term Sheet provisions and any other conditions to Project Approval.

OVERVIEW

The Site and the Port's Objectives for Development

The major parcel in the Site is SWL 337, an approximately 16-acre site located south of Mission Creek/China Basin Channel in the Mission Bay community. SWL 337 is currently improved with China Basin Park at the north end and an asphalt parking lot that is leased to China Basin Ballpark Company, LLC, an affiliate of Master Developer, for ballgame and non-ballgame parking and special events.

Like the majority of Port properties, SWL 337 was historically composed of tide and submerged lands owned by the State of California (the "State") and subject to the common law public trust doctrine. Public trust lands are held on behalf of the people of the State for purposes of commerce, navigation, and fisheries. Tidal and submerged lands remain subject to the public trust even after they have been filled, unless the public trust is terminated by the California Legislature. The State transferred SWL 337 and other State sovereign lands to the City in 1969 under the Burton Act, which imposed a statutory trust and other requirements on the granted lands. The public trust generally prohibits certain land uses (such as general office, housing, many types of retail, commercial, and non-water-oriented recreational uses) in favor of maritime, open space, environmental restoration, and visitor-oriented activities (including tourist retail and hotels). Based on findings that certain designated Port seawall lots, including SWL 337, have been cut off from the water and are no longer needed, in whole or in part, for public trust purposes, SB 815 authorizes the public trust use restrictions to be lifted from those designated seawall lots until 2094.

Given its size and location, SWL 337 is one of the Port's most desirable development sites. Consistent with the Port's land use policy document, the Waterfront Land Use Plan, the Port engaged in a multi-year public planning process culminating in the following vision statement for development of the parcel:

> *Create a vibrant and unique mixed-use urban neighborhood focused on a major new public open space at the water's edge. This new neighborhood should demonstrate the highest quality of design and architecture, and the best in sustainable development with a mix of public and economic uses that creates a public destination which enlivens the Central Waterfront, celebrates the San Francisco Bay shoreline, and energizes development at Mission Bay. Consistent with enabling state legislation, the development program for the site should generate significant revenues to fund the Port's historic preservation and waterfront open space needs, and maximize public trust uses.*

The Site also includes Pier 48, a pile-supported 212,500 square-foot facility containing about 181,200 square feet of enclosed warehouse space and a 31,300 square-foot valley. Pier 48 is bounded by China Basin on the north, Pier 50 on the south, and Terry Francois Boulevard to the west. Pier 48 was originally constructed in 1928 and is the southernmost pier structure in the Port of San Francisco Embarcadero Waterfront Historic District, which is listed in the National Register of Historic Places.

Through the planning process, the Port identified the following objective for Pier 48, if included in any development proposal for SWL 337:

> *Propose a use program for Pier 48 that is publicly-oriented and water-related to the extent possible, and which complements and enhances the public use and*

enjoyment of the major new open space at China Basin. The Pier 48 use program must be consistent with the public trust, and any improvements must comply with the Secretary of the Interior Standards for Rehabilitation.

Using the Port's vision statement for SWL 337, together with development objectives and criteria for the Site developed in the public planning process, the Port initiated in 2007 a two-step public solicitation process by a Request for Developer Qualifications/Proposals, followed in 2008 by a Request for Proposals, for development of SWL 337, with an option to include Pier 48. After reviewing a community-based evaluation panel's recommendations, including "Financial and Negotiation Principles," and staff evaluation of the economic proposal, the Port Commission in May 2010 selected Master Developer for exclusive negotiations for development of the Site, subject to a requirement to negotiate a term sheet consistent with the offering documents and the Financial and Negotiation Principles. This Term Sheet is a result of the exclusive negotiations process.

General Project Description

Mission Rock will be a new mixed-use neighborhood created on a site now used principally to provide parking for AT&T Park. The Project will complement and link Mission Bay to the urban fabric of the City. At build-out, the Project, including Pier 48, would include approximately 3,600,000 gross square feet of above-grade development and create approximately 8 acres of new and expanded parks and shoreline access.

SWL 337 would be divided into 11 buildable parcels, 10 of which (each, a "Development Parcel") would be developed in phases of one to three Development Parcels (each, a "Phase") as a mix of commercial/office, retail, and market rate and affordable residential uses. The precise combination of uses would be determined in response to market demands as the Project moves forward. The 11th parcel would hold structured parking (the "Parking Structure") to serve the new development and other nearby uses, including games and other events at AT&T Park.

Pier 48 would be rehabilitated in compliance with the Secretary of the Interior's Standards for the Treatment of Historic Properties. Master Developer proposes a mix of uses such as light industrial/manufacturing, barging, general office and storage supporting onsite uses, retail, restaurant, tours, events and event parking, maritime operations including continued operations on the south apron, and public access.

Open Spaces, Parks, and Recreation

The Project would create major new parks and open spaces connecting Mission Rock with surrounding neighborhoods and the waterfront, including:

- China Basin Park, originally built as part of the AT&T Park project, will be expanded into a 5-acre regional waterfront park located on China Basin across from AT&T Park, with a great lawn open space and special event area, a waterfront café with outdoor seating, a junior baseball field, gardens and picnic areas, and a promenade connection to the new Channel Plaza between Piers 48 and 50.

- Mission Rock Square will be a new 1.3-acre park located at the heart of Mission Rock. Mission Rock Square will include a large multi-use lawn, plaza, and café pavilion. It will be framed by a mix of residential and commercial uses, including vibrant ground-floor retail, and will include a pedestrian connection to Channel Plaza.

- Channel Plaza will convert the area between Piers 48 and 50 into a hardscaped ½-acre plaza set upon an active maritime wharf with views of working vessels and other maritime uses, subject to Port Commission approval to add the area to the Site.

The development of these parks and open spaces will be distributed among the Project Phases to assure that they are completed concurrently with the adjacent Development Parcels. As shown in **Exhibit C** (Illustrative Phasing Plan), development of China Basin Park is expected in Phase 2 and Mission Rock Square in Phase 3.

Parks and open spaces will be owned by and remain under the jurisdiction and control of the Port, and will be programmed by Master Developer subject to Port approval and conditions of the San Francisco Bay Conservation and Development Commission ("BCDC") major permit applicable to the Site. Operations and maintenance of the parks and open spaces will be funded by special taxes imposed on privately-owned and occupied land and buildings on the Site under the Mello-Roos Community Facilities Act of 1982.

Flexible Zoning Scheme

A key element of the design proposal is the flexibility to respond to future market demands. Certain parcels will be residential (above ground floor), some parcels will be commercial, and others will be zoned flexibly to allow either product type. See **Exhibit B** (Project Description).

Heights of buildings, reflecting the mixed-use nature of their uses, will be diverse. Up to two tall slender signature residential towers are anticipated, which could be from 320 up to 380 feet in height. Other buildings would range from about 90 up to 280 feet in height.

Design guidelines for Mission Rock will emphasize physical and visual access to the Bay and surrounding landmarks, reinforced by a pattern of development that lays multiple paths through the Project to the water. Project buildings will demonstrate a respect for their waterfront setting through a stepped profile in relation to each other and in relation to the waterfront. Lower floors of buildings will serve to enliven and frame the public realm, while upper floors will retain a form and profile that complements Mission Rock and the cityscape as a whole.

While zoning will allow a certain amount of flexibility, Master Developer will retain control over ground floor design and tenant mix, and will manage park operations and maintenance subject to the Port's control. Comprehensive planning and programming of ground floor spaces will address both the design and the nature of Mission Rock's retail, defining the public realm and neighborhood identity. The Project will feature a dynamic range of restaurants, cafes, boutique stores, grocery stores, and other shops made possible by careful programming of the entire Site. In consultation with the Port and community, Master Developer will create a retail blueprint for locations and tenant types. This comprehensive programming will address not only types of stores, but also the appropriate mix of local, regional, and national retailers. Minimum threshold requirements for local and regional operators will reduce the threat of homogeneity that otherwise might adversely affect the Project's retail success. This building-to-building variety will strengthen the pedestrian environment and establish an authentic neighborhood for San Franciscans to enjoy.

Parking Structure

The Parking Structure will be developed on Parcel D of SWL 337 as part of an early Phase of the Project and will provide approximately 2,300 spaces for use by the entire development and for ballpark, event, and other public and transit-based parking.

Affordable Housing

New rental housing built for the Project will meet City inclusionary housing requirements under Planning Code sections 415.1-415.11 for onsite inclusionary housing, which requires that 15% of the units be available at rents affordable to households at 55% of area median income as determined by the U.S. Department of Housing and Urban Development for the San Francisco area. Master Developer will be required to deliver affordable housing in a balanced manner throughout the phasing of the Project. Although Master Developer may deliver a higher percentage in early Phases and count these units towards overall requirements, it will not be allowed to defer delivery of affordable units to later Phases of the Project, except at the City's direction, in its sole discretion.

Transportation Demand Management Plan

Master Developer will implement a Transportation Demand Management Plan ("TDMP") that provides a comprehensive strategy to manage the transportation demands created by the Mission Rock Project. The mixed-use nature of the Project's land use program, its rich transit options, and proximity to San Francisco's resources and services mandate that single-occupancy vehicle trips be reduced. The transportation strategy at Mission Rock is based on reducing vehicle miles traveled by fostering multiple modes of sustainable transportation, emphasizing pedestrian, bicycle, and public transit options.

The TDMP will incorporate smart and sustainable transportation planning principles to address the transportation needs of the Project, consistent with the City's Transit First, Better Streets, Climate Action, and Transportation Sustainability Plans and Policies.

Sustainability

Master Developer will implement a Sustainability Plan that will provide a comprehensive strategy to achieve the Project goal of becoming a model of sustainability by exhibiting the concepts and practices of sustainable community development throughout the development process. Master Developer will collaborate with the City through the Department of the Environment, the Planning Department, and the Port Planning Division to develop the Sustainability Plan that will be included in the DDA.

Master Developer, the Port, and the City will seek to have the Project designated as a "Type I Eco-District" to help meet environmental goals. A Type 1 Eco-District is characterized by a large amount of undeveloped land typically owned by a single property owner, enabling horizontal infrastructure development to be implemented in advance of vertical development and maximizing efficiency through district-scale systems. The Planning Department has identified Mission Rock as one of three potential Type 1 Eco-Districts in San Francisco.

Master Developer, the Port, and the City will develop an integrated Eco-District Plan that identifies measurable goals, standards, and performance metrics. This Eco-District Plan will be included in the DDA. Multiple sustainable site approaches will be considered from the outset of horizontal development to enable vertical development design proposals to exceed Port Building Code requirements and achieve Project goals for integrated sustainable design and a low carbon community.

Workforce Development

Build-out of the Project will create thousands of construction and permanent jobs, and the planning, design, and construction work will provide substantial contracting opportunities for local contractors and professional service firms as well as countless businesses, employers, and organizations. Master Developer will implement a Jobs and Equal Opportunity Program designed to assure that a portion of the jobs and contracting opportunities generated by the Project be directed, to the extent possible based on the type of work required and consistent with collective bargaining agreements, to local, small, and economically disadvantaged companies and individuals.

Statutory, Regulatory, and Plan Amendments

Site Zoning

Master Developer will work with the Planning Department and Port staff to draft a proposed Special Use District ("SUD") that would establish development parameters for the Project. If approved, as appropriate, by the Port Commission, the Planning Commission, and the Board of Supervisors, the SUD would be incorporated into the City's Planning Code. SWL 337 is currently zoned MB-OS, and Pier 48 is zoned M-2. The Waterfront Land Use Plan will be amended to incorporate the SUD limitations and set forth other development requirements, such as the design review body and process.

BCDC

The Project will require approvals by state and regional bodies. BCDC, in collaboration with the San Francisco Bay Area Metropolitan Transportation Commission, adopted the Bay Area Seaport Plan, which currently designates Pier 48 as a future site for neobulk cargo shipping and the eastern 6 acres of SWL 337 adjacent to Pier 48 as a "port priority" use area to provide backland area for potential cargo operations. Amendments to BCDC's San Francisco Waterfront Special Area Plan (an element of the Bay Plan) are also anticipated. In addition, all development within 100 feet of the shoreline will be subject to BCDC approval.

State Lands Commission

Under SB 815, the State has determined that SWL 337 is no longer useful for the promotion of the public trust and the Burton Act, except for the production of revenue to support Port trust uses, including preservation of historic piers and structures, and the construction and maintenance of waterfront plazas and open space. The Port is required to obtain the State Lands Commission's ("State Lands") prior approval of the conclusions of a Port study on the retention of certain public trust uses on SWL 337 and adjacent piers (including public parks and walkways, restaurants, hotels, maritime training, sales, and rentals, and waterfront visitor-serving retail services). The public trust study must also address the transportation needs of the ballpark, and trust uses on other Port property in the vicinity.

State Lands must also find that all nontrust leases are for fair market value, consistent with the public trust (other than land use restrictions), and otherwise are in the best interests of the State. In addition, Port staff will work with State Lands to obtain state legislation for certain Project-implementing amendments to SB 815, including the addition to SWL 337 of an approximately 20-foot wide strip along the Mission Rock Street edge of the parcel. To the extent necessary and after further consultation with State Lands staff and Master Developer, the Port may also seek other Project-implementing amendments to the Burton Act and other state legislation.

The Port believes that it may be able to obtain State approval for a trust swap that would allow the Port to sell up to two of the Development Parcels (each, a "Trust Swap Parcel") free of the public trust. If so, the Port would deposit the proceeds of sale into a deposit account to be used as described in **Section 14** (Development Rights Payments).

FINANCIAL STRUCTURE

Overview

As described in this Term Sheet, Master Developer and the Port have created a conceptual framework to take advantage of the lessons learned during the City's recent experience with phased, master planned developments and innovative financing mechanisms for public infrastructure serving new infill projects. The entitlement of a large site and building infrastructure for multiple development opportunities includes many risks, and the structure under discussion includes several provisions to reduce the normal risks of development. The following concepts serve as the foundation for this public-private partnership and will be implemented through the course of the Project.

a. Parcelization of Site and Development Phasing: The transaction structure allows for development of the Project in Phases, each incorporating one or more of the parcels at the Site - 10 Development Parcels, the Parking Structure on Parcel D, and Pier 48. Phases will be timed to take advantage of positive market cycles. The phased implementation strategy will also provide opportunities for additional partnerships and third-party investment as needed to maximize market value and the resulting base and percentage rent payments to the Port.

b. Verification of Market Value: The Port will offer development rights for individual parcels only after consultation among the parties and market expert(s) as to current market conditions. The Port will release parcels to vertical developers (each, a "Vertical Developer") for fair market value in each case. Master Developer, itself or through its affiliated Vertical Developers ("Master Developer Affiliates"), may acquire development rights to parcels through exercise of Master Developer's option, with fair market value consideration for the transfer established by appraisal before closing. The Port will offer development rights for some parcels through a public, competitive disposition process as an alternate means to determine fair market value if Master Developer does not exercise its option and in certain other circumstances.

c. Efficient Delivery of Infrastructure and Public Facilities: The just-in-time method of horizontal development, along with built-in flexibility to access public financing mechanisms, ensures cost-efficient delivery of required Infrastructure and Public Facilities (defined in **Section 3** (Project Description)) in coordination with the completion of vertical development (i.e., buildings) in each Phase to minimize the period that Master Developer's costs accrue Developer Return (defined in **Section 12** (Developer Return)).

d. Development Will Increase Land Value and Port Revenue: Parcel transfers will be timed to take advantage of the benefits of a stable or growing real estate market through base rent, with the goal of realizing higher and more diversified rents to the Port than under the existing parking lease. Proceeds from the sale of development rights and ongoing Port participation in lease revenues and future lease transfers provide the Port with a cushion against a weakened market and a path to recover lost value if a given parcel transfer takes place in a weaker market. As an incentive to maximize lease revenues to the Port, Master Developer will receive 20% of the amount by which annual rents from SWL 337 exceed $4.5 million for 45 years.

e. Shared Risks through Phased Development: Master Developer's equity investment, public bond issuance, and Port reimbursements to Master Developer are timed and sized to keep the parties' interests aligned, provide a means to achieve both parties' development objectives over time, and balance the risks through downturns in the real estate market.

Master Developer is responsible for funding entitlements and development of Infrastructure and Public Facilities. Developer's investment in horizontal development costs will be entitled to a market-based return on its investment from payments by Vertical Developers of prepaid ground lease rents (each, a "Development Rights Payment"), proceeds of the sale of Trust Swap Parcels if authorized, and public financing proceeds generated by the Project. The Port will receive fair market leasehold value ("Leasehold FMV") for its improved parcels through ground and percentage rent under long term ground leases. The overall financial structure is discussed below.

After the Project has been fully entitled, Master Developer will enter into an interim master lease for SWL 337 (the "Master Lease"), with rent terms based on the current parking lease between the Port and China Basin Ballpark Company, LLC. As dictated by market conditions, Master Developer will initiate the transfer of parcel development rights to Vertical Developers for vertical development for Leasehold FMV. Master Developer will be required to take the first two designated Development Parcels (each, a "Lead Parcel") and will have the option to develop the other Development Parcels, subject to exceptions specified in this Term Sheet. The Port will enter into long-term ground leases with Vertical Developers for each Development Parcel (not including Parking Structure Parcel D) for consideration equal to Leasehold FMV in the form of: (i) an upfront Development Rights Payment (see **Section 14** (Development Rights Payments)) that will reimburse Master Developer for a portion of its investment in horizontal development; and (ii) ongoing rent payments to the Port. Master Developer's base rent obligation under the Master Lease will reduce proportionally as Development Parcels are removed from the Master Lease through the execution of parcel ground leases (each, a "Parcel Lease").

After execution of the Parcel Lease(s) for parcels included in each Phase, Master Developer will construct just-in-time horizontal development required for that Phase. Master Developer will bear the cost of the horizontal development ("Horizontal Development Costs"), subject to its right of reimbursement under the DDA.

The Port will retain ownership of ground-leased land and will purchase the Infrastructure and Public Facilities that Master Developer constructs on the Site by reimbursing Master Developer for its Horizontal Development Costs along with a market-based return on its equity investment ("Developer Return"). The Port's funding sources will include Development Rights Payments, special taxes, and property tax increment derived from the Site.

<u>Predevelopment Costs and Lead Parcels</u>

Master Developer will pay all costs of predevelopment, including planning, environmental review, and Project Approvals ("Entitlement Costs"), to entitle the Project. Master Developer will be entitled to a Developer Return on its Entitlement Costs in an aggregate amount that is the greater of: (i) an amount equivalent to a 20% cumulative annual return on unreimbursed Entitlement Costs; and (ii) 1.5 times the highest balance of Entitlement Costs outstanding.

A key component of the financial structure is the requirement for Master Developer to accept (itself or through a Master Developer Affiliate) two Development Parcels (each, a "Lead Parcel") promptly following Project Approval. The fair market value of the Lead Parcels would be applied to Master Developer's Entitlement Costs and associated Developer Return and is currently projected to fully satisfy those sums.

Development

Development Parcels would be developed as market conditions support their development. For each Phase, the Port and Master Developer will confer and agree on a budget for the Phase (each, a "Phase Budget"). Each Phase Budget will: (i) include Master Developer's projected Horizontal Development Costs ; (ii) list the Port's anticipated sources of funding to reimburse Master Developer and to pay the associated Developer Return; and (iii) establish the amount of Development Rights Payments for Development Parcels in the Phase.

The Port will work with the City to issue community facilities district ("CFD") bonds under the Mello-Roos Community Facilities Act of 1982 or local law early in each Phase. CFD bond proceeds, together with Development Rights Payments made by Vertical Developers, will be the Port's primary sources to pay Master Developer's Horizontal Development Costs and associated Developer Return. Tax increment, captured through an infrastructure financing district ("IFD") as it becomes available, will be used to pay CFD debt, reduce special taxes, and for other Project purposes. Master Developer will receive Developer Returns on its Horizontal Development Costs for each Phase in an amount that is the greater of: (i) an amount equivalent to a 20% cumulative annual return on unreimbursed Entitlement Costs; and (ii) 1.5 times the highest unreimbursed balance of Master Developer's Horizontal Development Costs for the Phase.

Financial Structure Recap

The financial structure for the Project is summarized briefly immediately below. See **Section 12** (Developer Return) for a fuller explanation

Predevelopment:

Master Developer pays all Entitlement Costs

Developer Return accrues on Entitlement Costs equivalent to greater of:

- a 20% cumulative annual return; and
- 1.5 times the highest unreimbursed balance of Entitlement Costs

If fair market value of Lead Parcels is less than Entitlement Costs:

- Developer Return on the unpaid balance is capped at a 2.0 times the unpaid balance

Master Lease and Lead Parcels:

Parties enter into Transaction Documents, including:

- Master Lease for SWL 337, with $2.4 million annual base rent allocated among 8 Development Parcels

Master Developer Affiliates enter into Parcel Leases for Lead Parcels for prepaid rent at Leasehold FMV

Transaction Structure and Development of Future Phases:

- Each Phase commences when the Port and Master Developer agree market conditions are right for development

Vertical Developers enter into Parcel Leases for Leasehold FMV, paid by:

- Upfront Development Rights Payments; and
- Base and percentage rent

Master Developer pays Horizontal Development Costs of each Phase

Overall Financial Structure:

Prepaid rent for Lead Parcels applied:

- First to accrued Developer Return on Entitlement Costs; and
- Then to Entitlement Costs

Development Rights Payments on subsequent Parcel Leases applied:

- First to accrued Developer Return;
- Then to outstanding balance of Horizontal Development Costs of prior Phase(s); and
- Then to current Phase Horizontal Development Costs

CFD bond proceeds and special taxes are applied:

- First to accrued Developer Return; and
- Then to outstanding Horizontal Development Costs

IFD bonds and tax increment applied to:

- CFD debt service

- Special tax offsets; and
- Other Project needs

Master Developer receives Developer Return in an aggregate amount that is equivalent to the greater of:

- a 20% cumulative annual return on Master Developer's unreimbursed Horizontal Development Costs for each Phase, and
- 1.5 times the highest unreimbursed balance of Horizontal Development Costs for each Phase

Project implementation:

- Periodic and final accounting conducted of Horizontal Development Costs and application of Development Rights Payments and public financing
- Master Developer and Master Developer Affiliates receive ongoing economic benefits from Development Parcels
- Port receives ongoing economic benefit from rents under Parcel Leases
- As an incentive to maximize lease revenues to the Port, Master Developer will receive 20% of the amount by which annual rents from SWL 337 exceed $4.5 million for 45 years

<table>
<tr><th>Section and Title</th><th>Basic Terms and Conditions</th></tr>
<tr><td>1. Parties; Master Developer Affiliates</td><td>a. <u>Parties</u>

<u>Port</u>: City and County of San Francisco (the "City"), acting by and through its Port Commission (the "Port"). References to the Port in this Term Sheet also mean staff of the Port acting within their delegated authority.

<u>Master Developer</u>: Seawall Lot 337 Associates, LLC, a Delaware limited liability company ("Master Developer").

b. <u>Master Developer Affiliates</u>

Master Developer expects to affiliate with qualified third parties to form single-asset entities (each, a "Master Developer Affiliate") that will become vertical developers of buildable parcels (each a "Vertical Developer") of buildable parcels (each a "Development Parcel") for the Project.</td></tr>
<tr><td>2. Site Description (all area figures for size are approximate)</td><td>The "Site" is depicted in <u>Exhibit A</u> (Site Description) and consists of the following:

• Seawall Lot 337 ("SWL 337"), a 16-acre parcel located south of Mission Creek/China Basin Channel, bordered by Third Street on the west, Mission Rock Street on the south, and Terry Francois Boulevard on the east;

• Pier 48, a 212,500 square-foot facility, with two main pier sheds, Shed A and Shed B, connected by a connector shed, Shed C, at the east end of the pier, containing collectively 181,200 square feet of enclosed warehouse space and a 31,300 square-foot valley between the Shed A and Shed B;

• 3.52 acres of Terry Francois Boulevard from Third Street to Mission Rock Street;

• subject to Port Commission, Successor Agency Oversight Board, and State of California ("State") approvals, a 20-foot wide strip along the Mission Rock Street edge of SWL 337 known as P20; and

• 1/2 acre to the east of Terry Francois Boulevard between Pier 48 and Pier 50, designated as Channel</td></tr>
</table>

	Plaza.
3. Project Description (all area figures for size are approximate)	Mission Rock will create a new mixed-use neighborhood, linking Mission Bay to the urban fabric of the City (the "Project"). At final build-out of SWL 337, the Project is proposed to include 3,500,000 gross square feet of vertical development, as depicted in **Exhibit B** (Project Description). The parties anticipate that the Project will continue to evolve throughout review under the California Environmental Quality Act ("CEQA") and the public review process under CEQA and for the required local and other regulatory approvals ("Project Approval"). a. Horizontal Development at SWL 337: The term "horizontal development" generally means the activities described in this Subsection immediately below, and incorporates the preliminary definitions of "Horizontal Development Costs," "Entitlement Costs," "Soft Costs," and "Hard Costs" in **Section 11** (Horizontal Development Costs). The parties will refine these definitions as more detailed information about the Project becomes available. Anticipated horizontal development currently includes: i. predevelopment activities, including preliminary planning and design work, environmental review under CEQA, and negotiating the financial and other terms of the Transaction Documents and Project Approval ("Entitlement"); ii. site preparation, including removal of contaminated soils, grading, soil compaction and stabilization, construction and installation of water, sanitary sewer, storm drainage, utility infrastructure, and stone columns or pilings to stabilize the seawall or other infrastructure ("Infrastructure"); and iii. construction of streets and walkways, maritime facilities, shoreline improvements and parks, ("Public Facilities"), including a 5-acre regional waterfront park and a 1-acre park central to the Site. b. Vertical Development at SWL 337: The term "vertical development" means the construction of new buildings at SWL 337 appropriate for a mixed-use neighborhood. The proposed development and use program follows, subject to change in response to market conditions and

	the maximum development envelope described above. i. Ten of the buildable parcels, i.e., Parcels A-K (but not Parcel D) are anticipated to be developed as follows: • 1,300,000 to 1,700,000 square feet of commercial use, including Class A office and research and development space; • 750,000 to 1,500,000 square feet of residential in 650 to 1,500 units; • 150,000 to 250,000 square feet of retail, entertainment, or ancillary space spread throughout the buildings; and • approximately 700 accessory parking spaces in residential and commercial buildings. ii. The 11th buildable parcel (Parcel D) will hold: • 850,000 square feet of structured parking (the "Parking Structure") with approximately 2,300 parking stalls, as more specifically described in **Section 16** (Parking Structure). c. <u>Rehabilitation and Reuse of Pier 48</u>: Pier 48 sheds and the open space valley area between Shed A and Shed B would be rehabilitated consistent with the Secretary of the Interior's Standards for Treatment of Historic Properties within the existing building envelopes ("Pier 48 Rehabilitation"). The parties intend to preserve and improve Pier 48 aprons for public access and maritime operations, consistent with regulatory requirements and the Port's Maritime Industry Preservation Policy (Reso. No. 11-58).
4. Transaction Documents	As soon as practicable after Project Approval, the Port and Master Developer will enter into a Disposition and Development Agreement (the "DDA") and an interim master ground lease for SWL 337 (the "Master Lease"), as well as other transaction documents (the "Transaction Documents"), some of which may require additional parties, relating to public financing, construction review and approvals by other City departments, and other matters required to implement the Project. Key elements of the DDA, the Master Lease,

	and the form of ground lease for Development Parcels (each, a "Parcel Lease") are described below. a. DDA: The DDA will set the terms and conditions for the disposition and development of parcels at the Site consistent with this Term Sheet and applicable provisions of Port agreements for other development projects of similar scale. Under the DDA, the Port will enter into a Parcel Lease with a Vertical Developer for each parcel concurrently with its release from the Master Lease, and Master Developer will coordinate with each Vertical Developer for concurrent horizontal and vertical development of the parcel, with Infrastructure and Public Facilities appropriately sequenced and distributed among the Phases. In addition to matters covered elsewhere by this Term Sheet, key provisions of the DDA will address: i. conditions to Master Developer's exercise of its option with respect to any Development Parcel; ii. Master Developer's obligation to complete horizontal development of the Project at no cost to the Port or the City, except to the extent that the City applies other funding sources directly to Public Facilities, according to an Infrastructure Plan describing the Infrastructure and Public Facilities that will be phased with each parcel's vertical development; iii. the Port's obligation to acquire Infrastructure and Public Facilities at prices that will reimburse Master Developer for its Horizontal Development Costs and pay Master Developer a market-based return on its equity ("Developer Return," as more specifically defined in **Section 12** (Developer Return)); iv. a plan that identifies the sources of funds that the Port has agreed to use, and the conditions for their use, to satisfy its payment obligations (the "Financing Plan"), including Development Rights Payments (defined in **Section 14** (Development Rights Payments), Port revenues from any prepaid Parcel Leases, proceeds of the sale of any Development Parcel for which the Port has

	obtained State approval to sell (each, a "Trust Swap Parcel"), and proceeds of public financing; v. a schedule of Master Developer's Entitlement Costs incurred and accrued Developer Return as of the DDA effective date (together, the "Total Entitlement Sum"); vi. an acquisition agreement establishing procedures and conditions for the City's and Port's acquisition of Infrastructure and Public Facilities, which will survive the termination of the DDA; vii. a form of purchase and sale agreement that will describe the terms, conditions and procedures for the Port's sale of Trust Swap Parcels (each, a "Purchase Agreement"); viii. anticipated phasing of the Project (the "Project Phasing Schedule") and mechanisms for adjusting the Project Phasing Schedule to address market conditions, force majeure events, and other conditions; ix. a form of Parcel Lease and the minimum qualifications for Vertical Developers, such as appropriate financial resources for the scope of development, development experience and capacity, and other criteria satisfactory to the Port in its reasonable judgment; and providing for Master Developer to assign its rights and obligations under the DDA with respect to the applicable parcel to the Vertical Developer in conjunction with each Parcel Lease, subject to the Port's consent, which the Port will not withhold if Master Developer has satisfied all conditions precedent and the Vertical Developer meets minimum qualifications standards; x. conditions precedent that Master Developer must satisfy, including approvals required by the State Lands Commission ("State Lands") in accordance with SB 815, and, if required for long-term use of Pier 48, determinations by the Port Commission and State Lands that the Pier 48 use would be consistent with the public trust for commerce, navigation, and fisheries and the statutory trust

	imposed by the Burton Act (stats. 1968, ch. 1333) collectively the "public trust"); xi. Master Developer's estimate of the associated costs of Infrastructure and Public Facilities and provisions governing Master Developer's responsibility to complete horizontal development in coordination with vertical development of the parcel, as determined before the conveyance of Parcel Leases; xii. conditions under which the Port will have the right to offer a Development Parcel to third-party Vertical Developers, such as Master Developer's failure to exercise an option or satisfy its DDA obligations; xiii. City and Port construction standards that will apply to horizontal and vertical development; xiv. events of default and appropriate remedies for defaults or events that with the passage of time and failure to cure within any applicable cure period would be defaults by a party; xv. standards of conduct applicable to the parties while implementing the DDA and appropriate limitations on the remedies available to either party following a breach of the DDA; xvi. City programs and requirements that will apply to development at the Site; and xvii. providing for the DDA to expire after all CFD and IFD bonds have been issued and bond proceeds distributed in accordance with the Financing Plan. b. Master Lease: Immediately after execution of the DDA, China Basin Ballpark Company, LLC and the Port will enter into a termination agreement for Lease No. L-14980, and the Port and Master Developer will enter into the Master Lease in concurrent transactions. If the Port also concurrently enters into Parcel Leases with Master Developer Affiliates for the Lead Parcels and Pier 48, those parcels (and associated horizontal development areas) would be excluded from the Master Lease. Rent and other key terms will be consistent with those in Lease No. L-14980, as described in **Section 8**

	(Master Lease Terms). c. Form of Parcel Lease: As part of the Project Approval, the Port will request that the Port Commission and the Board of Supervisors (the "Board") approve the form of Parcel Lease to be used for SWL 337 Development Parcels, including a Board delegation of authority to the Port Commission to modify terms of the Parcel Lease form for individual Development Parcels to respond to changing market conditions, requirements of construction and permanent lenders over time, and options to adjust payment and default provisions to encourage successful and expeditious build-out, so long as the Port will receive then-current fair market value and the other essential business terms are consistent with the form approved by the Board. As each vertical development parcel is released from the Master Lease, Master Developer will assign vertical development rights and obligations under the DDA to the selected Vertical Developer, and the Port will enter into a separate Parcel Lease with each Vertical Developer consistent with the approved form and its delegated approval. The Parcel Lease form will be consistent with this Term Sheet and applicable terms of comparable long-term ground leases between the Port and its development partners, and include or address: i. the maximum term permitted under Senate Bill 815 (as amended, "SB 815"); ii. triple net provisions requiring the Vertical Developer to pay all taxes, assessments, and expenses for the parcel; iii. compliance with the Planning Code (as amended to incorporate a special use district for the Project) (the "SUD"), the Waterfront Land Use Plan (as amended), design guidelines for the Project, and the DDA, subject to additional review and approval by Master Developer to assure quality and coordination among all Development Parcels in the Project; iv. a performance schedule for commencement and completion of vertical development (the "Parcel Performance Schedule") within a reasonable period, subject to extension for force majeure, and

	with the potential for additional extensions under specified conditions, and giving the Port the ultimate right to terminate the Parcel Lease, subject to mortgagee protection provisions, if the Vertical Developer does not meet the Parcel Performance Schedule after notice and an opportunity to cure; v. covenants to provide information and otherwise cooperate with the City and the Port as necessary for Master Developer to satisfy its disclosure obligations with respect to any public financing; vi. a mechanism by which a Vertical Developer may choose to receive IFD financing of pilings to stabilize filled land, conditioned on an appropriate increase in base rent, as determined by a real estate economics consultant selected according to procedures in the Parcel Lease; vii. standard provisions such as allowed and prohibited uses; indemnification (including hazardous materials obligations) and insurance; limitations on assignment and subletting; maintenance and repair obligations, including obligations following a casualty; and surrender obligations; viii. reasonable and customary mortgagee protection provisions and mechanisms providing for notice and an opportunity to cure: (1) to Master Developer, any mortgagee, and the Port with respect to any tax or special tax default before foreclosure; and (2) to Master Developer or a mortgagee with respect to the Vertical Developer's failure meet the Parcel Performance Schedule; ix. events of default and cure rights, and providing each party with appropriate remedies for defaults or events that with the passage of time and failure to cure within any applicable cure period would be defaults by the other party, including the possibility of early termination; and x. other terms as necessary to accomplish cost-effective public financing as contemplated in the Financing Plan, which may include provisions to protect the interests of the bond trustee similar to

<table>
<tr><td></td><td>mortgagee protection provisions.</td></tr>
<tr><td>5. Phasing</td><td>The parties anticipate that the Project Site will be developed in phases (each a “Phase”), as shown conceptually in Exhibit C (Illustrative Phasing Plan).

a. Each Phase will consist of one or more Development Parcels and associated areas for streets and open spaces. Phasing for Pier 48 will be determined when more information about its use and tenant requirements are known.

i. The DDA will provide specific requirements for each Phase of the Project, so that delivery of public benefits, including development of parks and the Parking Structure, will be fairly distributed among adjacent Phases, assuring that these benefits are completed concurrent with the completion of associated vertical development of each Phase. The DDA will designate, or provide a procedure for designating, two Development Parcels that Master Developer will be required to accept to begin Phase 1 (each, a “Lead Parcel”).

ii. The Project Phasing Schedule will take into account the bonding and other financial capacity of each Phase and provide for a construction and completion schedule for both horizontal and vertical development of each parcel and each Phase.

b. Master Developer and the Port will work cooperatively to decide when vertical development on each Development Parcel should begin, with the goal of spurring the development of the Project as promptly as market conditions allow. As provided in Section 18 (Public Offerings), the Port will have the right to offer a Development Parcel through public solicitation if Master Developer fails to exercise its option.</td></tr>
<tr><td>6. Statutory, Regulatory, and Plan Amendments</td><td>The Port and Master Developer will apply jointly to secure state and regional approvals as necessary.

a. The Bay Area Seaport Plan of the Bay Conservation and Development Commission (“BCDC”) and the San Francisco Bay Area Metropolitan Transportation Commission designates Pier 48 as a future site for neo-bulk cargo shipping and the eastern six acres of</td></tr>
</table>

	SWL 337 adjacent to Pier 48 (and Pier 50) as a "port priority" area to provide backland area for potential cargo operations. The Project will require an amendment to the Bay Area Seaport Plan to allow for the proposed uses at Pier 48 and Seawall Lot 337. b. BCDC's Special Area Plan for the San Francisco Waterfront imposes certain replacement fill limitations (known as the "50% rule") and water-dependent use restrictions on Pier 48. Seismic upgrades to Pier 48 may trigger a need to amend the Special Area Plan. c. All development within 100 feet of the shoreline will be subject to BCDC approval. d. SB 815 imposes the following conditions to any nontrust lease of SWL 337: i. The Port must obtain the amendment to the Seaport Plan described above; ii. The Port must obtain State Lands' prior approval of the conclusions of a Port study on the retention of trust uses (including public parks and walkways, restaurants, hotels, maritime training, sales, and rentals, and waterfront visitor-serving retail services) at SWL 337, the location of trust uses at SWL 337, Pier 48, and Pier 50, the transportation needs of the ballpark, and trust uses on nearby Port property. iii. State Lands must concur that the Port will receive fair market value for the lease and that the lease is consistent with the public trust (other than land use restrictions) and otherwise in the best interests of the State. e. To the extent necessary and after consultation with staff of State Lands and with Master Developer, the Port may seek technical amendments to the Burton Act and other legislation.
7. Zoning	a. SWL 337 is currently zoned MB-OS, and Pier 48 is zoned M-2. Master Developer will seek approval to rezone the Site by a new SUD for the Mission Rock Project under which flexible zoning controls will permit

	certain parcels to be developed for either commercial or residential uses to allow for development that responds to market conditions. i. Parcels B, C, and E are expected to be restricted to commercial use; ii. Parcel D will be zoned to allow for structured public parking with ancillary commercial uses; iii. Parcel K is expected to be restricted to primarily residential use above the ground floor; and iv. Pier 48 may be rezoned to restrict long-term use to uses compatible with the rest of the Mission Rock Project. b. The SUD will establish height limits ranging from 90 up to 380 feet, allowed density expressed as permissible floor area ratio ("FAR") limits, bulk limits, and other controls on development. More specifically with respect to building heights, up to two tall slender signature residential towers are anticipated, which could be from 320 up to 380 feet in height. Other buildings would range from about 90 up to 280 feet in height. Master Developer's preliminary proposal for height limits is reflected in **Exhibit D** (Conceptual Height Map). c. The Port and Master Developer will explore mechanisms to provide Master Developer with assurances that zoning changes for the Site will remain in effect through Project build-out, unless Master Developer consents to or seeks amendments. d. The Waterfront Land Use Plan will be amended to incorporate the SUD's development controls and limitations for the Site and set forth other development requirements, such as the role of the Waterfront Design Advisory Committee in the design review process. e. The Port will cooperate with Master Developer to develop design guidelines for Mission Rock that will inform design review and encourage Vertical Developers to: (i) emphasize the physical and visual access to the Bay and surrounding landmarks, reinforced by a pattern of development that lays multiple paths through the Project to the water; (ii) step building

	heights in relation to each other and to the waterfront to demonstrate a respect for their waterfront setting; and (iii) enliven and frame the public realm at the lower floors of buildings, while retaining on upper floors a form and profile that complement Mission Rock and the cityscape as a whole. f. Comprehensive planning and programming of ground floor spaces will address both the design and the nature of Mission Rock's retail, defining the public realm and neighborhood identity. A dynamic range of restaurants, cafes, boutique stores, grocery stores, bookstores, and other shops will only be possible through careful programming of the entire Site. In consultation with the Port and community, Master Developer will create a retail blueprint for locations and tenant types.. This comprehensive programming will address not only types of stores, but also the appropriate mix of local, regional, and national retailers. Minimum threshold requirements for local and regional operators will reduce the threat of homogeneity that otherwise might adversely affect the Project's retail success. This building-to-building variety will strengthen the pedestrian environment and establish an authentic neighborhood for San Franciscans and visitors to enjoy. g. The Project will be subject to all applicable development impact fees. The Transaction Documents, including the allocation of responsibility for any applicable mitigation and neighborhood improvement measures, will take into account payment of those fees to avoid double-charging. In the context of negotiations of Transaction Documents, the parties will explore allowing Master Developer or Vertical Developers, as applicable, to defer paying applicable development impact fees until the Port issues a certificate of occupancy, on terms and conditions generally consistent with the City's current fee deferral program (which is scheduled to sunset in July 2013).
8. Master Lease Terms	The SWL 337 Master Lease terms will be the same as those in Lease No. L-14980, with modifications generally as described below. a. <u>Base Rent</u>: Base rent will be $2.4 million. The Master Lease will provide for partial termination upon the release of each Development Parcel (and areas

	required for associated horizontal development) and a pro rata reduction in the $2.4 million base rent when the Port enters into each Parcel Lease. The revised base rent will reflect the available parking spaces on the remaining parcels subject to the Master Lease. b. Percentage Rent: Master Developer will be required to pay the Port 66% of gross lease revenues after allowed expenses. c. Term: The term of the Master Lease will end when all of the Development Parcels have been released for development. If the Master Lease is terminated early and the early termination would occur during a baseball season, the Master Lease will not terminate until the last day of the first full month following the end of that season or, at the Port's election, when: (i) the Master Lease term would have otherwise expired; or (ii) the Port has entered into contract with a parking operator or other tenant. d. Coordination with DDA: Technical changes may be required to coordinate the Master Lease with the DDA, including provisions such as mortgagee protection and restrictions on assignment and subletting.
9. Rent under Parcel Leases	The Parcel Leases will include rent provisions described briefly below. a. Reserve Rent: The Port has established a minimum of $3.5 million in annual base rent in the aggregate (the "Reserve Rent") for eight of the Development Parcels (each, an "Option Parcel"), excluding the two Lead Parcels described in **Subsection c** below, Parking Structure Parcel D, and Pier 48. The DDA will allocate the Reserve Rent among the Option Parcels, taking into account their projected use and FAR. The allocated Reserve Rent will set the floor for the annual base rent that the Port expects to receive under each Parcel Lease after deducting Development Rights Payments described in **Section 14** (Development Rights Payments). If the Port agrees to enter into a Parcel Lease with prepaid rent or with a greater proportion of rent as percentage rent, the Reserve Rent will be adjusted accordingly. The Port will not be required to enter into any Parcel Lease for an Option Parcel unless

	the Port has determined that the initial base rent that the Port will receive under the Parcel Lease will be equal to or exceed the Reserve Rent allocated to that Option Parcel. b. Initial Base Rent for Option Parcels: Initial annual base rent for each Option Parcel will be determined in relation to the amount of the Development Rights Payment and its fair market leasehold value ("Leasehold FMV"), as determined by valuation procedures described in **Section 17** (Master Developer's Option Rights). Generally speaking, the sum of base rent over the life of the Parcel Lease plus the amount of the Development Rights Payment should represent an Option Parcel's Leasehold FMV. A Vertical Developer may propose to pay reduced base rent or a greater proportion of rent as percentage rent during construction and pre-stabilization periods under the Parcel Lease, and if Port staff is reasonably satisfied that the Port would receive an economic benefit such as an increase in the value of the Option Parcel under the proposed rent structure, the proposal for that Option Parcel will be placed on the Port Commission's agenda at the earliest feasible opportunity. c. Prepaid Base Rent for Lead Parcels: The Lead Parcels will be transferred to Master Developer Affiliates by Parcel Leases under which rent will be fully prepaid, subject to **Section 10** (Port Participation in Capital Events) The parties will meet and confer before Project Approval and the close of the Transaction Documents to agree on the Development Parcels to be designated as Lead Parcels and to initiate the appraisal process with a goal of establishing Leasehold FMV within 90 days after the DDA effective date. The Leasehold FMV will be determined as provided in **Section 17** (Master Developer's Option Rights), except that the parties will instruct the appraiser(s) to determine the Leasehold FMV of the Lead Parcels assuming that rent is prepaid in full. The parties anticipate that they will designate as Lead Parcels the two parcels most appropriate to lead development of the Project, but will consider also whether the Port has obtained authorization from State Lands to sell any Trust Swap Parcels and whether the anticipated Leasehold FMV of the Lead Parcels is at least equal to the Total Entitlement Sum. The DDA will provide that the Port will enter into Parcel Leases for the

	Lead Parcels with the designated Master Developer Affiliates as soon as feasible and practicable after the Leasehold FMV has been determined. i. If the Leasehold FMV of the Lead Parcels determined as provided in **Section 17** (Master Developer's Option Rights) is equal to the Total Entitlement Sum, the Port's obligation to pay the Total Entitlement Sum to Master Developer will be satisfied in full by the Port's delivery of the Parcel Leases for the Lead Parcels. ii. If the Leasehold FMV of the Lead Parcels is less than the amount of the Total Entitlement Sum when the Port delivers the Parcel Leases to the selected Master Developer Affiliates (an "Upset Transfer"), the following will apply. 1. The Leasehold FMV of the Lead Parcels will be deemed to have been paid by the Port's delivery of the Parcel Leases for the Lead Parcels. Developer Return on the unpaid balance of the Total Entitlement Sum (the "Upset Shortfall") will be subject to the tolling and the other provisions of **Section 12** (Developer Return). 2. During the tolling period under **Section 12** (Developer Return), Master Developer may propose alternate mechanisms to fully satisfy the Port's payment obligations to Master Developer. If Port staff is reasonably satisfied that the proposal would fully or substantially satisfy the Upset Shortfall, the proposed revision will be placed on the Port Commission's agenda at the earliest reasonable opportunity. iii. If the Leasehold FMV of the Lead Parcels is more than the amount of the Total Entitlement Sum when the Parcel Leases close, the Port's obligation to pay the Total Entitlement Sum to Master Developer will be satisfied in full by the Port's delivery of the Parcel Leases for the Lead Parcels. Master Developer, at its option, will: (1) tender to the Port funds equal to any amount by which the Leasehold FMV of the Lead Parcels exceeds the Total Entitlement Sum for deposit into the Development Rights Account described in **Section 14**

	(Development Rights Payments); or (2) coordinate with the Port to create an accounting system reasonably satisfactory to the Port to track the accrual and application of Development Rights Payments. d. <u>Base Rent Increases</u>: Base rent under each Parcel Lease will escalate as follows: In every 10th lease year, annual base rent will be increased to 85% of the average of the sum of annual base rent plus percentage rent ("total rent") paid to the Port under that Parcel Lease over the immediately preceding three years. e. <u>Percentage Rent under Parcel Leases subject to Competitive Solicitation</u>: Each Parcel Lease will include percentage rent in a form dictated by use, as described below. Vertical Developers will be required to pay the Port the greater of percentage rent or base rent, as documented in periodic quarterly reports to the Port and subject to an annual reconciliation, all in a manner similar to that required in other comparable Port development leases. The amount of percentage rent for Option Parcels that are offered through a public solicitation (each, a "Parcel RFP") as described in **Section 18** (Public Offerings) will be determined generally as described immediately below. A Vertical Developer may propose to pay an alternative form of percentage rent under the Parcel Lease, and if Port staff is reasonably satisfied that the Port would receive an economic benefit such as an increase in the value of the Option Parcel under the proposed percentage rent structure, or that the proposal would otherwise meet the Port's revenue objectives for that Option Parcel, the proposal will be placed on the Port Commission's agenda at the earliest feasible opportunity. i. <u>Retail</u>: Beginning in lease year 16, the Vertical Developer must pay percentage rent in the amount of 15% of gross rental revenues payable to the Vertical Developer under its retail subleases. ii. <u>Rental housing</u>: The Vertical Developer must pay percentage rent based on adjusted gross income ("AGI") or net operating income ("NOI"), at the Vertical Developer's election, based on parameters that will be specified in the DDA and Parcel RFP

	(see **Section 18** (Public Offerings)). iii. Commercial/office: The Vertical Developer must pay percentage rent based on AGI or NOI, based on parameters that will be specified in the DDA and Parcel RFP. f. Percentage Rent under Parcel Leases for Option Parcels: Where an Option Parcel is to be acquired by a Master Developer Affiliate through the exercise of i Master Developer's option, the Master Developer Affiliate must collaborate with the Port to set base rent and percentage rent under the Parcel Lease based on: (i) the base rent as determined under **Subsection b** above; and (ii) the Master Developer Affiliate's vertical development pro forma incorporating base rent. The pro forma, which will be based on a model developed by a real estate economics consultant selected by procedures to be specified in the DDA, will be used to demonstrate that the Master Developer Affiliate's proposed percentage rent payments would equal the base rent in the year in which the building rents are projected to reach stabilization. The following example is for illustrative purposes only: • The Master Developer Affiliate has chosen to pay percentage rent based on AGI • Rent is projected to stabilize 7 years after the base rent commencement date • Base rent is $500,000 at stabilization • Projections show AGI will be $6.25 million at stabilization • Percentage rent will be set at 8% of AGI ($500,000 ÷ $6.25 million)
10. Port Participation in Capital Events	Except as provided below, each Parcel Lease and Purchase Agreement will include provisions for Port participation in any transfer or refinancing (either, a "capital event") that results in the Vertical Developer's receipt of proceeds after deducting its costs of acquisition, financing, development and capital improvement for the parcel, and transaction costs of the capital event ("Net Proceeds"). The DDA will define "Net Proceeds" in more detail for each type of capital event and will establish exclusions for affiliate transfers. a. Option Parcel Transfers: When the capital event is a Vertical Developer's transfer of an Option Parcel the

	following will apply: i. If the transfer closes before the date the first site or building permit is issued, the Vertical Developer will tender to the Port 100% of the Net Proceeds of the third-party purchase price and the Port will deposit the payment into the Development Rights Account. ii. If the transfer closes on or after the date the Port first issues vertical development a permit, the Vertical Developer will tender to the Port 1.5% of the Net Proceeds. b. <u>Lead Parcel Transfers</u>: When the capital event is a Vertical Developer's transfer of a Lead Parcel the following will apply: i. If the Port transfers the Lead Parcel to the Vertical Developer in an Upset Transfer, the Port will not be entitled to participate. ii. If the transfer closes before the earlier of the date the first vertical development permit is issued and 3 years after the date the Port tenders the Parcel Lease for the Lead Parcel, the Vertical Developer will tender to the Port 50% of the Net Proceeds of the transfer, and the Port will deposit the payment into the Development Rights Account. iii. If the first transfer closes less than 10 years after the date the Port first issues a certificate of occupancy for the building, the Port will not be entitled to participate, but for any subsequent transfer that closes less than 10 years after the date the Port first issues a certificate of occupancy for the building, the Vertical Developer will tender to the Port 1.5% of the Net Proceeds. iv. If the transfer closes 10 years or more after the date the Port first issues a certificate of occupancy for the building, the Vertical Developer will tender to the Port 1.5% of the Net Proceeds. c. <u>Trust Swap Parcel Transfers</u>: Trust Swap Parcels that are sold to a Vertical Developer will be subject to a deed restriction providing for a contractual transfer fee on each sale after the initial sale of the parcel or,

	where the parcel has been subdivided, of each residential or commercial condominium. The transfer fee will be: (i) 1% of the sale price (after costs of sale only) of a residential condominium; and (ii) 1.5% of the Net Proceeds of commercial condominiums or parcels and multi-family rental buildings. d. Refinancing: When the capital event is a refinancing, the DDA will provide that the Port will be entitled to a transfer fee of 1.5% of the Net Proceeds of the refinancing. Net Proceeds will exclude any loan proceeds that are designated for investment and are actually invested in capital improvement of the parcel.
11. Horizontal Development Costs	As outlined in **Section 13** (Public Financing Mechanisms), public financing of Horizontal Development Costs will be based on the acquisition model under which Master Developer will be responsible for paying upfront for all Horizontal Development Costs, except to the extent that the City provides direct funding for any Public Facilities or Infrastructure. Master Developer will own all Infrastructure and Public Facilities for which it pays until they are delivered to and accepted by the City or Port, as applicable. The City or Port, as applicable, will be obligated to acquire Infrastructure and Public Facilities from Master Developer with acquisition payments. Acquisition payments will be sufficient to reimburse Master Developer for its Horizontal Development Costs and pay Developer Return. Acquisition payments will be funded from Development Rights Payments (including prepaid rent), proceeds of the sale of (any) Trust Swap Parcels, special taxes, Net Available Increment, and the proceeds of public financing in accordance with the Financing Plan. In addition, the Port may apply any other public sources of funds identified in the Financing Plan or Phase Budget (defined below in **Subsection b**) or that the Port otherwise determines in its sole discretion. The Port and Master Developer anticipate using public financing mechanisms funded by revenues generated by the Project to meet the Port's obligation to pay directly for or reimburse Master Developer's eligible Horizontal Development Costs, with the goals of reducing Project risks, accelerating Project benefits, and increasing Port participation payments and other benefits to the parties, Vertical Developers, and the public. A detailed Financing Plan that will be a part of the DDA will set forth all public financing mechanisms and phasing of the public financing

	that the parties anticipate using for Mission Rock development, including public financing mechanisms to be used for ongoing operating and maintenance costs of Public Facilities. a. “Horizontal Development Costs” will consist of “Hard Costs” and “Soft Costs” of horizontal development and predevelopment costs leading to Entitlement and Project Approval (the “Entitlement Costs”). The DDA will include detailed definitions and specify conditions and limitations that will apply to Horizontal Development Costs, but generally speaking will include expenses Master Developer actually incurs and pays in accordance with the DDA for the Infrastructure and Public Facilities. The DDA will also establish the extent to which any additional costs such as pilings installed on Development Parcels and project management fees will be deemed Horizontal Development Costs for the Phase Budgets, all subject to any legal limitations on the anticipated sources of financing for these additional costs. b. Before the first Development Parcel in any Phase is released for vertical development, Master Developer will provide the Port with a detailed, line item estimate of applicable Horizontal Development Costs for the Phase (the “Phase Budget”). Each Phase Budget must be consistent with the DDA, the Infrastructure Plan, and the Financing Plan and include: (i) an accounting of Horizontal Development Costs and Developer Return for previous Phases; and (ii) a proposal for allocating among Development Rights Payments (including prepaid rent), proceeds of any sale of Trust Swap Parcels, special taxes, Net Available Increment, and proceeds of public financing as sources of repayment. The Port will review the Phase Budget and indicate: (x) concurrence or disagreement as to the proposed allocation of sources to meet its payment obligations; and (y) the Port’s intended debt issuance strategy to meet its payment obligations under the DDA, which it will implement in accordance with the DDA. Master Developer’s proposal will be subject to the Port’s reasonable approval before any Development Parcel in the Phase is offered for vertical development. The DDA will specify procedures for the Port’s review of Phase Budgets and resolution of related disputes between

	the parties. c. The DDA will also provide standards and procedures for a third-party audit of all Horizontal Development Costs for each Phase and the entire Project.
12. Developer Return	Through research, the parties have determined a rate of Developer Return that reflects the risk of horizontal development in the Bay Area under current economic conditions. Developer Return will be calculated separately for Entitlement Costs and for each Phase of the Project. Developer Return will accrue on Entitlement Costs beginning on January 1, 2012. a. Except in the case of an Upset Transfer, Developer Return will be the greater of: (i) the amount that is equivalent to a 20% cumulative annual return on unreimbursed Horizontal Development Costs; and (ii) the amount that is 1.5 times the highest balance of Horizontal Development Costs outstanding for that Phase. Developer Return will accrue only on Horizontal Development Costs that Master Developer actually incurs and pays, subject to: (x) any cost caps established by guaranteed maximum price contracts where feasible; and (y) conditions specified in the DDA. b. In the case of an Upset Transfer of Lead Parcels, the following will apply to the Upset Shortfall. i. Developer Return will be tolled for 6 months after the Parcel Leases for the Lead Parcels close to provide the Port with an opportunity to marshal available funding sources to pay off the Upset Shortfall. The Port may take any measures to marshal funds or choose not to take any measures in its sole discretion, except that Master Developer must agree to any Port proposal to use Development Rights Payments payable in later Phases as a source of funds. ii. If the Port has not paid the full amount of the Upset Shortfall to Master Developer within the 6-month tolling period, then Developer Return on the Upset Shortfall will be the greater of: (i) one-half of the amount of the Upset Shortfall; and (ii) the amount that is equivalent to a 20% cumulative annual return on the Upset Shortfall from the date of the Upset

	Transfer, subject to a cap equal to the amount of the Upset Shortfall. When accrued Developer Return reaches the cap, the Port will identify the sources from the Site (which may include rent credits) that it anticipates using to satisfy this payment obligation expeditiously. The following example is provided for the purpose of illustration only: • Assume $30 million in Entitlement Costs and Development Rights Payment of $25 million for the Lead Parcels, leaving an Upset Shortfall of $5 million. • If the Port pays Master Developer 6 months and a day after the Upset Transfer date, then the payment to Master Developer would be $7.5 million representing $5 million of return of equity applied to unreimbursed Horizontal Development Costs and $2.5 million of Developer Return. • If the Port is unable to pay for an extended period, Developer Return continues to accrue at 20% until it reaches the $5 million cap, and the Port's total payment obligation to Master Developer would be $10 million. c. As an incentive for Master Developer to implement the Project and maintain ongoing operations in a manner that will maximize lease revenues to the Port, Master Developer will receive 20% of the amount by which the total rent the Port receives each year from all parcels at SWL 337, excluding participation in capital events, exceeds $4.5 million, without escalation, for 45 years beginning in the year in which total rent first exceeds $4.5 million.
13. Public Financing Mechanisms	The DDA will describe in greater detail principal public financing mechanisms being considered to finance Horizontal Development Costs, address the impacts of public financing (and tax-exempt debt in particular) on the Project, and provide for ongoing operations and maintenance costs of Public Facilities. Before any public debt is issued, the parties will enter into an

	Acquisition Agreement, which will specify the procedures and conditions for the City's purchase of or direct payment for Infrastructure and Public Facilities with public financing and any other available public sources of funds. Currently, the primary financing mechanisms being considered are: a. Community Facilities District: The City would form a single community facilities district ("CFD") over the entire Site in accordance with the Mello-Roos Community Facilities Act of 1982, with improvement areas annexed to the CFD at each Phase. Special taxes will be levied against the leasehold and fee interests in taxable parcels. The DDA will authorize two tranches of CFD bond debt; the first would be used to pay directly for or reimburse Master Developer for its Horizontal Development Costs and pay a portion of Developer Return to be determined after consultation between the parties; the second would be available to pay for a portion of waterfront infrastructure to protect the Project from perils associated with climate change and sea level rise. The City will consult with Master Developer on the timing of CFD debt issuances before horizontal construction for each Phase begins, but the City will retain sole discretion over timing and other conditions of debt issuance. The parties anticipate that CFD debt will be issued in coordination with horizontal and vertical development schedules and will be repaid by special taxes paid by private landowners and ground lessees and, subject to conditions to be specified in the DDA, by Net Available Increment (as defined in **Subsection b** below). The rate and method of apportionment of special taxes ("RMA") for the CFD will establish a maximum tax rate for each taxable parcel, differentiating between residential and non-residential and developed and undeveloped parcels and specify the order in which special taxes will be levied against different types of parcels. The RMA will be developed by the Port's special tax consultant, in consultation with Master Developer, Port and City staff, and other consultants selected by the Port or City. The RMA may provide for the maximum rate for special taxes to escalate over time. The Port and Master Developer will agree upon

	a maximum tax burden, taking into account ad valorem property taxes, the proposed special taxes for the CFD, and any overlapping special taxes and assessments. b. Infrastructure Financing District Project Areas: In early 2013, the Board is expected to consider adopting "*Guidelines for the Establishment and Use of an Infrastructure Financing District with Project Areas on Land under the Jurisdiction of the San Francisco Port Commission*" (the "Port IFD Guidelines") substantially in the form and substance attached as **Exhibit G**. Consistent with the Port IFD Guidelines, if adopted, the City would form a single infrastructure financing district ("IFD") consisting of all Port property ("waterfront district") in accordance with Government Code sections 53395-53397.11. Following CEQA review, the City would then consider formation of project-specific project areas and adoption of project-specific infrastructure financing plans (each, an "IFD financing plan"). The City may seek judicial validation of one or more of the formation of the waterfront district, the allocation of tax increment to the waterfront district, and the issuance of tax increment bonds, and, if so, Master Developer will cooperate reasonably with the City in bringing the validation action(s). The IFD financing plans will authorize tax increment from the project area and allocated to the waterfront district to finance costs of Infrastructure and Public Facilities to be specified in the adopted IFD financing plans. Costs of Pier 48 Rehabilitation (excluding any costs that are the obligation of the Pier 48 tenant under the Pier 48 lease) and pilings installed on Development Parcels will also be eligible uses of tax increment under the IFD financing plans. In this Term Sheet, "project area" means a project area consisting of any portion of the Site. Tax increment may be used: (i) to pay Horizontal Development Costs on a pay-as-you-go basis; (ii) to service tax increment bond financing used to pay Horizontal Development Costs; (iii) to repay CFD debt; and (iv) for any other purpose authorized by IFD law. Vertical Developers will be required to pay any shortfall in anticipated property taxes caused by a downward reassessment of the Development Parcel

		subject to their Parcel Leases through a levy of special taxes. "Net Available Increment" will consist solely of the City's share of available tax increment from the project area that the City receives from the Site, subject to limitations under IFD law, the Port IFD Guidelines, and the IFD financing plan. No tax increment from the project area that is allocated to local school or college districts or other taxing entities will be allocated to the waterfront district under the IFD financing plan for the project area. To the extent permitted by law, Net Available Increment will be used to reimburse Master Developer for its Horizontal Development Costs. The base year for the project area will be the fiscal year in which the Board adopts the ordinance approving the IFD financing plan unless the adopted IFD financing plan for the project area specifies otherwise. The Port will seek Board approval of an IFD financing plan under which up to $0.65 per property tax dollar of Net Available Increment from the project area will be allocated to the waterfront district for the Project beginning in the fiscal year following the base year and will be allocated to the waterfront district for 45 years from the date the waterfront district actually receives $100,000 of Net Available Increment from the project area. The Summary Pro Forma attached as **Exhibit E** assumes that $.65 per property tax dollar of Net Available Increment is allocated to the Project. Until IFD bonds are issued and to the extent that Net Available Increment from the project area has not been pledged for debt service or other Project obligations, the Net Available Increment allocated to the waterfront district will be available to reimburse Master Developer for Horizontal Development Costs on a pay-as-you-go basis.
	c.	Bonds. The City will determine in its sole discretion the timing, amounts, and terms of any bonds that it issues for the Project, but agrees that any bond issuance will be made after consultation with Master Developer, consistent with terms and conditions to be specified in detail in the DDA. Bonds will be issued consistent with the Port's payment obligations under the DDA, applicable federal tax law and regulations,

	other applicable law, and any Acquisition Agreement executed by the Port and Master Developer. The City intends to issue bonds as early in the development process as feasible to limit the Port's reimbursement obligation to the extent possible. One possible means of doing so is the issuance of CFD bonds early in each Phase of the Project, subject to municipal debt policy limitations. Under the City's policy, the City may issue bonds when the assessed value of the land and improvements is at least three times greater than the principal amount of the bonds, or any higher value-to-debt ratio required by bond underwriters. CFD bonds will be issued in amounts that take into account the maximum special tax rate and debt service coverage ratios required by the City's debt policy and any bond indenture. Bonds that the City issues for this purpose will be secured by a pledge of special taxes from the CFD (for CFD bonds), or of Net Available Increment (for IFD bonds), and by the funds and accounts established under the debt issuance instrument. Under no circumstances will any bondholder have recourse to either the City General Fund or the Port Harbor Fund. The DDA will specify certain Events of Default (to be defined in the DDA) that will excuse the City from issuing bonds, levying and applying special taxes to the Project (except to service previously issued CFD bonds), or allocating Net Available Increment to the waterfront district. d. Maintenance Districts: The City anticipates creating a maintenance CFD over the entire Site, with areas annexed to the district as each Phase is developed. Maintenance special taxes levied against each taxable Development Parcel would provide pay-as-you-go funds for operating and maintenance costs of certain Public Facilities to be specified in the DDA and the Financing Plan.

14. Development Rights Payments	Prepaid rents under Parcel Leases (each, a "Development Rights Payment") will provide an important source of funds from which Port will reimburse Master Developer's Horizontal Development Costs and pay Developer Return. a. The parties will use each Phase Budget described in **Section 11** (Horizontal Development Costs) to assist in determining the amount of the Development Rights Payments that Vertical Developers will be required to pay as a condition to entering into Parcel Leases for Option Parcels in the Phase. The parties will take into consideration: (i) the amount of Horizontal Development Costs and anticipated accrual of Developer Return for the Phase; (ii) any outstanding Horizontal Development Costs and Developer Return from previous Phases; and (iii) pay-as-you-go special taxes, Net Available Increment, and net proceeds of CFD bonds that are conservatively projected to be available for the Phase. The Phase Budget will include Master Developer's proposal for the amount of the Development Rights Payment for the Phase and a reasonable allocation among the parcels in the Phase. The DDA will provide mechanisms for the parties to adjust the amounts and allocation of Development Rights Payments within the Phase after receiving the appraisal for the first parcel and at other times by agreement. b. Development Rights Payments (except where credited against Entitlement Costs) and, if applicable, the proceeds of the sale of any Trust Swap Parcel, will be deposited into a deposit account established with a local branch of a financial institution acceptable to both parties (the "Development Rights Account"), subject to a control agreement. The control agreement will set forth conditions under which distributions from the account (each, a "Distribution") may be made. c. The funds will be held and will be disbursed only according to the written, joint instructions of the parties in accordance with the DDA and control agreement. The DDA and control agreement will provide for Distributions to be made immediately after receipt of any Development Rights Payment, and applied as follows:

	i. first to pay any accrued Developer Return; and ii. then to reimburse Master Developer for any unreimbursed Horizontal Development Costs. d. If funds in the account are available at any time when the Port's payment obligations for Developer Return and Horizontal Development Costs are satisfied, the parties may elect to: i. pay directly for Horizontal Development Costs of the Phase then in development; ii. hold the funds for any future Phase until completion of the horizontal development for the entire Project ("Final Completion"); or iii. defer any further Distributions for future payments to Master Developer. e. Periodically, but no less frequently than at the inception of Phase 2 and of each subsequent Phase, the parties will review the Horizontal Development Costs incurred and Developer Return accrued and the application of Distributions and other Port sources of funds as specified in the Phase Budget, and reconcile these figures to the extent practicable, according to procedures that will be set forth in the DDA. Based on these figures, the parties will agree on an amount to be retained in the Development Rights Account to pay Developer Return until a final accounting after Final Completion can be completed, taking into account public financing and other sources available to reimburse Horizontal Development Costs. f. After Final Completion, Distributions of any funds then remaining in the Development Rights Account will be made in the following order of priority, until all funds have been disbursed: i. to Master Developer until Master Developer has been paid in full for all accrued Developer Return; then ii. to Master Developer to pay unreimbursed Horizontal Development Costs; then

	iii. to pay down or create additional reserves for any existing or anticipated public financing for the Project; then iv. to the Port's Harbor Fund.
15. Open Spaces, Parks, and Recreation	As part of the Public Facilities, Master Developer will develop major new parks and open spaces connecting Mission Rock with surrounding neighborhoods and the waterfront. The development of these Public Facilities will be distributed among the Phases so that parks and open spaces are generally completed concurrent with the completion of appropriate adjacent vertical development. Under Master Developer's current proposal for phasing, as shown in **Exhibit C** (Illustrative Phasing Plan), China Basin Park would be included in Phase 2 and Mission Rock Square would be provided in Phase 3. Parks and open spaces will be owned by, and will remain under the jurisdiction of, the Port, and will be managed and programmed by Master Developer, subject to Port approval and conditions of the BCDC major permit applicable to the Site. Maintenance of the parks and open spaces will be funded by special taxes imposed on Vertical Developers through the CFD. These parks, totaling approximately 8 acres, are described below. i. China Basin Park, a 5-acre regional waterfront park located on China Basin across from AT&T Park, will include a great lawn open space and special event area, a waterfront café with outdoor seating, a junior baseball field, gardens and picnic areas, and a promenade connection to Channel Plaza. ii. Mission Rock Square will be located at the heart of Mission Rock. The Square will include a large multi-use lawn, plaza, and café pavilion. The Square will be framed by a mix of residential and commercial uses, including ground-floor retail. iii. Channel Plaza will be a hardscaped ½-acre plaza set upon an active wharf with views of working maritime vessels and other marine uses.
16. Parking Structure	SWL 337 is currently used as a surface parking lot that provides a substantial amount of parking for games and special events at AT&T Park. In light of the need for parking

	to support AT&T Park, and in recognition of soils conditions that limit the construction of subsurface parking: a. The Project includes a Parking Structure on Parcel D with approximately 2,300 spaces that will support new development and maximize shared parking for AT&T Park. The Parking Structure will be developed in an early Phase so that structured parking will be available for the Project, ballpark, event and other public parking needs as available surface parking is lost. b. Street parking and nearby sites external to the Site where public parking is available will be considered when evaluating the parking needs of AT&T Park and the Project during all Phases. c. The San Francisco Municipal Transportation Agency ("SFMTA") has agreed to explore the feasibility of SFMTA financing and operating the Parking Structure. Master Developer acknowledges that any relationship with SFMTA should it decide to finance and operate the Parking Structure may include additional conditions to ensure a successful operation. Should SFMTA conclude that the Parking Structure is not feasible as an SFMTA project, other potential sources of financing and other measures needed to make the Parking Structure financially feasible will be explored. For example, should the Parking Structure be offered for development to a Vertical Developer: (i) the Vertical Developer may be relieved of any obligation to make a Development Rights Payment; and (ii) rent may be abated until construction debt is fully retired and the Vertical Developer has received a reasonable rate of return on its equity. d. Financing for the Parking Structure may be bifurcated so that AT&T Park season ticketholders have the opportunity to reserve parking spaces. Any reserved parking arrangement would be negotiated with reference to the financing plan for the Parking Structure and applicable limitations of federal and state tax law if SFMTA finances any portion of the Parking Structure on a tax-exempt basis. e. The Port does not expect to provide any public financing for the Parking Structure except CFD bond financing that will be repaid by special taxes levied on

	the taxable parcels at the Site or taxable parcels off-site that will benefit from the Parking Structure.
17. Master Developer's Option Rights	Master Developer, itself or through designated Master Developer Affiliates, will have options to enter into Parcel Leases for and to vertically develop the Option Parcels when they are offered for vertical development on conditions described in this Section. a. <u>Market Conditions Consultation</u>: The DDA will describe procedures by which the parties will meet and confer and, with the assistance of a real estate professional, decide when market conditions support vertical development of an Option Parcel, based in part on the anticipated Leasehold FMV of the Option Parcel. If (i) the required amount of the Development Rights Payment has been determined; (ii) the parties have agreed to proceed with development of an Option Parcel; and (iii) Master Developer has indicated its preliminary willingness to exercise its option, contingent on its Leasehold FMV, the parties will begin an appraisal process to confirm the Option Parcel's Leasehold FMV. b. <u>Fair Market Rental Value Determination</u>: Once they have decided to proceed with development of an Option Parcel, the parties will issue joint instructions in a form previously approved by State Lands and attached to the DDA to a member of the Appraisal Institute who meets specified qualifications ("Qualified Appraiser") to prepare an appraisal report. If the parties agree on the value conclusion, the appraisal report will be final for the purpose of the option. Either party may dispute the appraisal report and each party will then have the right to engage another Qualified Appraiser to prepare an appraisal report using the same instructions. Currently, the parties anticipate that appraisal disputes will be resolved as follows: i. If the difference between the parties' value conclusions is 10% or less of the higher value, then the Leasehold FMV will be the average of the two values. ii. If the difference between parties' value conclusions is greater than 10% of the higher value, then the parties will select a third Qualified Appraiser to

	perform a third appraisal using the same instructions, and the Leasehold FMV will be established as follows: 1. If the difference between the value conclusion in the Port's appraisal and the third value is 10% or less, then the Leasehold FMV will be the average of those two values. 2. If the difference between value conclusion in Master Developer's appraisal and the third value is 10% or less, then the Leasehold FMV will be the average of those two values. 3. If neither the Port's nor Master Developer's value conclusion is within 10% of the third value, or if both the Port's and Master Developer's value conclusions are within 10% of the third value, the third value will be deemed Leasehold FMV. c. <u>Port's Right to Put Parcel</u>: If the Port believes after consultation as described above that Leasehold FMV is at least equal to the allocated Reserve Rent for an Option Parcel, the Port will have the right to require Master Developer to exercise or lose its option as follows. The Port will exercise this right by delivering notice to Master Developer (a "Put Notice") that the Port will offer the Option Parcel to the market as described in **Section 18** (Public Offerings) unless, within the time specified in the DDA (the "Put Exercise Period"), Master Developer exercises its option by beginning the appraisal process described above. i. If Master Developer declines to exercise its option within the Put Exercise Period, then the Port will have the right to offer the Option Parcel through a Parcel RFP as described in **Section 18** (Public Offerings). Master Developer will have the right to respond to the Parcel RFP as provided below. 1. During the Put Exercise Period, Master Developer may submit to the Port an offer to enter into a Parcel Lease for an Option Parcel for a sum that is less than Leasehold FMV. The Port must issue the Parcel RFP within a time period to be specified in the DDA. If Master

	Developer's proposal is the highest offer and is equal to or exceeds the reserve price that the Port set for the Parcel RFP, the Port will offer the Parcel Lease to Master Developer for the amount specified in its proposal. 2. If Master Developer's proposal is not the highest offer, the Port must enter into a Parcel Lease for the Option Parcel within a time period to be specified in the DDA. If the Port does not enter into the Parcel Lease with the third party Vertical Developer within this time, then Master Developer's option right as to Option Parcel will be restored. ii. If Master Developer exercises its option right for the Option Parcel within the Put Exercise Period by instructing a Qualified Appraiser to prepare an appraisal of the Option Parcel but does not complete the appraisal process or timely close the Parcel Lease, Master Developer will lose its option right. The Port will have to right to offer the Option Parcel by a Parcel RFP without first obtaining an appraisal, and Master Developer will not be entitled to submit a proposal in response to the Parcel RFP. d. <u>Proposal to Prepay Rent for Option Parcels</u>: In addition to prepaid Parcel Leases for the Lead Parcels, Master Developer may seek the Port's consent, which it may grant or withhold in its sole discretion, to prepaid Parcel Leases under which, in lieu of the Development Rights Payment allocated to the parcel in the Phase Budget, the Leasehold FMV of an Option Parcel will be prepaid, with payment credited as provided in **Section 14** (Development Rights Payments).
18. Public Offerings	Certain Option Parcels may be offered by a Parcel RFP as a means to establish the Leasehold FMV. The solicitation process will be described in the DDA and be conducted by a broker selected by the parties through procedures described in the DDA. After consultation with Master Developer, the Port will specify in its Parcel RFP the amount of the required Development Rights Payment, the reserve price, preferred use(s) and product type on the Development Parcel, and requirements regarding percentage rent. The Parcel RFP

	will define and establish parameters for calculating AGI and NOI and require each respondent to submit a pro forma according to a specified format. The Port may reject any proposal that does not meet financial requirements specified in the Parcel RFP. a. The Port may offer any Trust Swap Parcel by Parcel RFP unless Master Developer offers to pay a premium of 5% above its fair market value as established by an appraisal subject to the same procedures (but different joint instructions) as specified in **Section 17** (Master Developer's Option Rights"). b. If Master Developer or its designated Master Developer Affiliate fails to close escrow after exercising an option, or Master Developer materially defaults on its horizontal development construction or payment obligations during the construction period, then the Port will have the right (but not the obligation) to issue a Parcel RFP for a subsequent Development Parcel of equal or lesser projected value without first offering Master Developer an option. The DDA will provide greater detail on the circumstances under which this right would arise.
19. Other Sources	The City, the Port, and Master Developer will cooperate to explore state and federal incentives that might be available for horizontal and vertical construction of the Project, such as for brownfield remediation, transit-oriented development, and sustainability pilot programs. At its sole option, the Port will have the right to use any source of funds that is less costly than Developer equity to reimburse Master Developer's Horizontal Development Costs. The Port's options, in coordination with the City, could include: a. placing on the ballot an initiative to approve a parks general obligation bond that would include funds for certain public open spaces at Mission Rock. b. continuing to explore with SFMTA the possibility of its building, financing, and operating the Parking Structure. c. exploring with City financial officers and other City departments the feasibility and desirability of using other public financing mechanisms that might be employed to assist in financing the Project, such as:

	i. mortgage revenue bonds; ii. revenue bonds for infrastructure; and iii. GreenFinanceSF bond financing for energy and water conservation and renewable energy improvements to buildings.
20. Affordable Housing	New rental housing built for the Project will meet City inclusionary housing requirements under Planning Code §§ 415.1-415.11 for onsite inclusionary housing for 15% of the units at 55% of area median income as determined by the U.S. Department of Housing and Urban Development for the San Francisco area ("AMI"). Master Developer will work with the City, through the Mayor's Office of Housing, the Office of Economic and Workforce Development, and the Port's Planning Division to investigate alternative potential ways to meet current requirements. These alternatives may include a sliding scale that specifies a higher percentage of units at higher levels of AMI. Affordable housing will be delivered in a balanced manner throughout the phasing of the Project. A higher percentage may be delivered in early Phases and counted towards overall requirements, but delivery of affordable units may not be deferred to later Phases of the Project, except at the City's direction, in its sole discretion. Residential condominiums, if built, will not include inclusionary units. Instead, the Vertical Developer will pay in lieu fees for the Development Parcel.
21. Sustainability	Master Developer will implement a Sustainability Plan that will provide a comprehensive approach to achieve the Project goal of becoming a model of sustainability by exhibiting the concepts and practices of sustainable community development throughout the life span of the Project. Master Developer will collaborate with the City and the Port, specifically, the Department of the Environment, the Planning Department, and the Port Planning Division, to develop the Sustainability Plan. Master Developer and the City will pursue status for the Project as a Type I Eco-District to help meet the City's and Master Developer's environmental goals. A Type 1 Eco-District is characterized by a large amount of undeveloped

	land typically owned by a single property owner. In general, Type 1 Eco-Districts enable horizontal infrastructure development to be implemented in advance of vertical development to help optimize Eco-District goals. This type of Eco-District maximizes efficiencies in the delivery of goods provided by infrastructure through district-scale systems. The Planning Department has identified the following potential Type 1 Eco-Districts: the Transbay Transit Center District Plan Area, Pier 70, and Mission Rock. The Project team will study the technical and financial feasibility of elements of an Eco-District Plan in the course of environmental review to allow one or more of the strategies below to be analyzed in the environmental impact report. Master Developer and the City will develop an integrated Eco-District Plan that identifies measurable goals, standards, and performance metrics. This Eco-District Plan will be included in the DDA. Multiple sustainable site approaches will be considered from the outset of horizontal development, to enable vertical development design proposals to exceed compliance with Port Building Code requirements and achieve Project goals for integrated sustainable design and a low carbon community. The following have been investigated and will continue to be analyzed for potential inclusion into Mission Rock, in addition to future ideas and technological advances: • centralized energy • Bay source cooling • cogeneration plant • recycled water sharing system • photovoltaics and solar thermal • wind power • centralized waste system • reduction of vehicle miles traveled (see **Section 22** (Transportation Demand Management Plan)) Regardless of which of the above approaches are implemented at the Site, Master Developer and the Port will strive to be leaders in the realm of long term sustainability planning and design, and the final strategies employed on

	the Site will follow the direction of Master Developer's investigation as noted above, including the goal of an Eco-District Plan.
22. Transportation Demand Management Plan	Master Developer will implement a Transportation Demand Management Plan ("TDMP") that will provide a comprehensive strategy to manage the transportation demands created by the Mission Rock Project. The mixed-use nature of the Project's land use program, its rich transit options, and proximity to San Francisco's resources and services mandate that single-occupancy vehicle trips be reduced. Market-based pricing strategies for parking will be supported by innovative programs to reduce automobile dependence, and promote the use of public transit. The transportation strategy at Mission Rock is based on reducing vehicle miles traveled by fostering multiple modes of sustainable transportation, emphasizing pedestrian, bicycle, and public transit options. The TDMP will incorporate smart and sustainable transportation planning principles to address the transportation needs of the Project, consistent with the City's Transit First, Better Streets, Climate Action, and Transportation Sustainability Plans and Policies. The TDMP will outline a series of implementation strategies intended to effectively manage the transportation demands created by the Project. The goal of these strategies will be to minimize the Project's dependence on the automobile and to optimize the inclusion of non-auto travel modes providing access to the Project. The parties agree to explore with SFMTA the feasibility of its construction, operation, and maintenance of an E Line loop in the vicinity of the Site to enhance public transportation options. The issue of feasibility may include a discussion of providing a financing mechanism under which landowners benefitting from the loop would contribute to the cost of construction, operation, and maintenance of the loop.
23. Jobs and Equal Opportunity	The build-out of the Project is anticipated to create thousands of construction and permanent jobs, and the planning, design, and construction work will provide substantial contracting opportunities for local contractors and professional service firms as well as countless businesses, employers, and organizations. Master Developer will implement a Jobs and Equal Opportunity Program designed to assure that a portion of the jobs and contracting

	opportunities generated by the Project be directed, to the extent possible based on the type of work required and consistent with collective bargaining agreements, to local, small, and economically disadvantaged companies and individuals.
24. Pier 48 Lease Terms	After receiving more information about the proposed uses and improvements to the facility and further engineering due diligence, the parties will negotiate detailed terms for Pier 48. Lease terms will be substantially as described below, with rents reflecting the Port's parameter rent for similar shed structures. Initial Term: 30 years Options: Options to extend the term to a total of 66 years may be exercised only after the City and the Port have established policies and procedures to address climate change and sea level rise, and the measures necessary to mitigate the associated risks that will be implemented at Pier 48 and their respective obligations with respect to those measures Premises: Approximately 181,200 square feet of shed space and approximately 31,300 square feet of paved yard space Base Rent: $1.8 million annually, payable in monthly increments, based on the Port's parameter rent schedule for similar shed structures, with a potential for reduced base rent if the tenant performs eligible capital improvements Base Rent Adjustment: Periodic increases to base rent would be provided, with a collared market reset for each option Participation Rent: A percentage of gross proceeds from restaurant and retail sales similar to other Port retail and restaurant leases Eligible Capital Improvements: • core & shell improvements including roof repair • apron repair • utility upgrades

	• substructure repair • seismic (joint) upgrades Uses: Light industrial/manufacturing, barging, general office and storage supporting onsite use, retail, restaurant, tours, events, event parking and maritime operations, including continued operations on the south apron, and public access Tenant Improvements: To be determined by tenant Maintenance and Repairs: Tenant would be responsible for ongoing maintenance and repairs to the Pier 48 premises (such as the roof, roof membrane, exterior walls, doors, etc.), at its sole cost and expense Substructure: The Port believes that the current substructure is adequate to support proposed use for the 30-year initial term. Further due diligence is required to verify this condition. Responsibility and funding for future substructure upgrades are subject to further negotiation. IFD: Pier 48 IFD proceeds may be used onsite to fund Pier 48 Rehabilitation and possibly other capital improvements that are eligible under IFD law. IFD proceeds from SWL 337 that are not required to pay for Infrastructure or Public Facilities on SWL 337 may also be available for these costs. The Port and Master Developer will cooperate to identify other sources of funds, including federal historic tax credits, on terms to be described in the DDA and the Financing Plan, if appropriate. Sea Level Rise: An analysis will be undertaken to determine what measures can be implemented to protect Pier 48 from sea level rise and base flood conditions. IFD and CFD proceeds may be available to fund these improvements. Regulatory Approvals (anticipated): BCDC Special Area Plan amendment to lift water-dependent use

	restriction and certain replacement fill limitations BCDC major permit amendment State Lands public trust consistency determination (for exercise of options extending lease term to 66 years)

Term Sheet Non-Binding

Under the San Francisco Charter, no officer or employee of the City has authority to commit the City to the Project until the appropriate City departments and agencies have approved the transaction. Except as set forth in the ENA, no legal obligation will exist with respect to the transactions described in this Term Sheet, unless and until the parties have negotiated, executed, and delivered mutually acceptable agreements based upon information produced from the CEQA process and other public review and hearing processes and subject to all applicable governmental approvals. Before entering into final Transaction Documents, the Port and the City retain the absolute discretion to: (a) make modifications to the Project and any proposed agreements as are deemed necessary to mitigate significant environmental impacts; (b) select other feasible alternatives to avoid such impacts; (c) balance benefits against unavoidable significant impacts before taking final action if identified significant impacts cannot otherwise be avoided; or (d) determine not to proceed with the proposed Project based upon the information generated by the environmental review process. Before entering into final Transaction Documents, Master Developer also retains the absolute discretion to make modifications to the Project and to determine not to proceed with the proposed Project.

MASTER DEVELOPER:

SEAWALL LOT 337 ASSOCIATES, LLC, a Delaware limited liability company

By: ____________________________
Name: ____________________________
Its: ____________________________

Date: ____________________________

PORT:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, operating by and through the SAN FRANCISCO PORT COMMISSION

By: ____________________________
Monique Moyer
Executive Director

Date: ____________________________

Endorsed by Port Resolution No.
and Board Resolution No.

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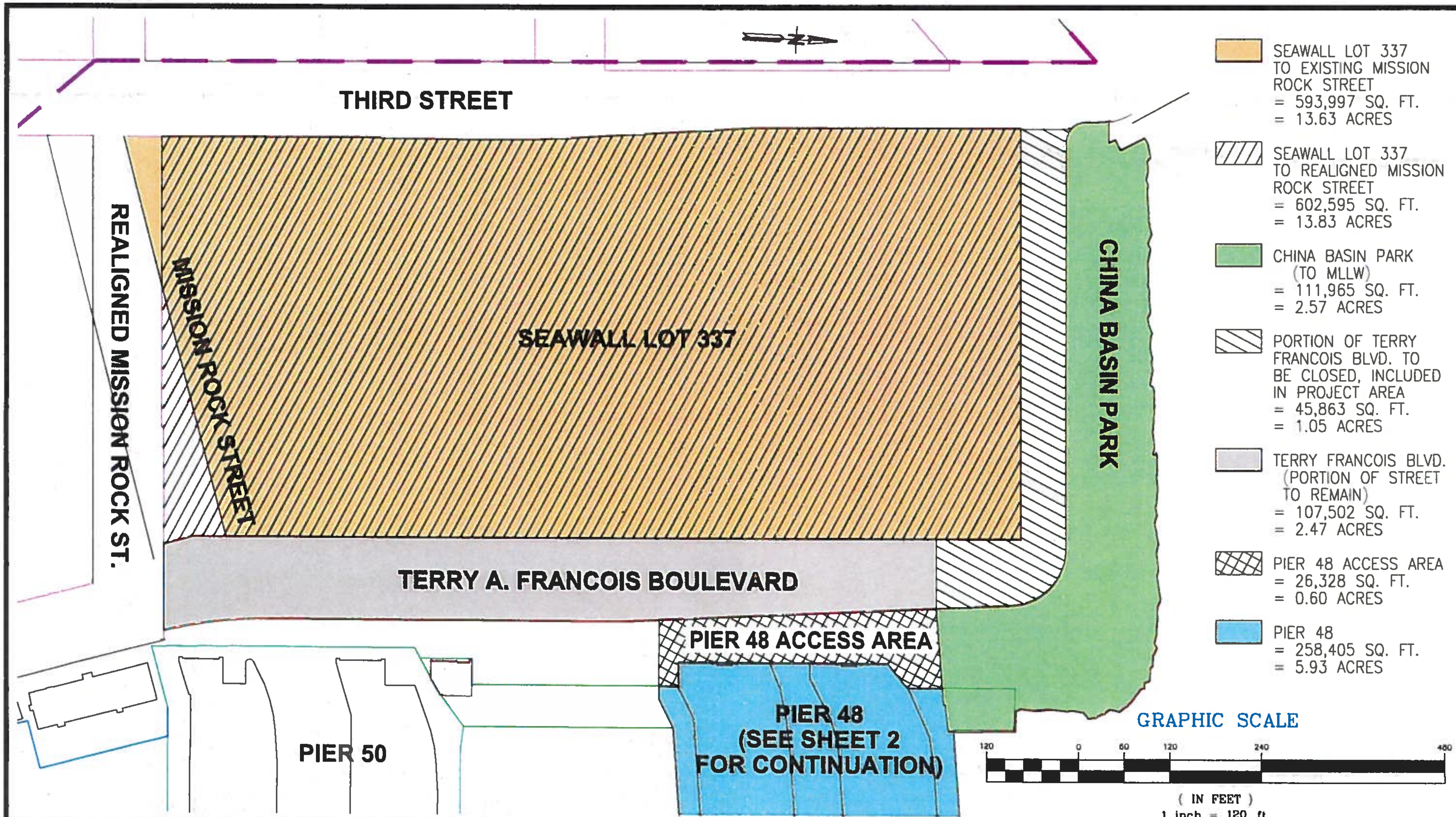
APPENDIX
Index of Defined Terms

Many key terms are defined in the introductory text for readability. Definitions are also located in the chart at the locations specified below.

Term	**Location**
SWL 337	§ 2
TDMP	§ 22
Total Entitlement Sum	§ 4.a.v
total rent	§ 9.d
Transaction Documents	§ 4
Trust Swap Parcel	§ 4.a.iv
Upset Transfer	§ 9.c.ii
Upset Transfer Shortfall	§ 9.c.ii.1
Vertical Developer	§ 1
vertical development	§ 3.b
waterfront district	§ 13.b



APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE ____________

CHIEF HARBOR ENGINEER

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

SEAWALL LOT 337
DEVELOPMENT OPPORTUNITY SITE

PREPARED BY: AMN	CHECKED BY: D. OSHIMA
DRAWN BY: AMN	DATE: MAY 19, 2008
CONTRACT NO.	SCALE: 1" = 120'
DRAWING NO.	SHEET NO. 1 OF 2 SHEETS

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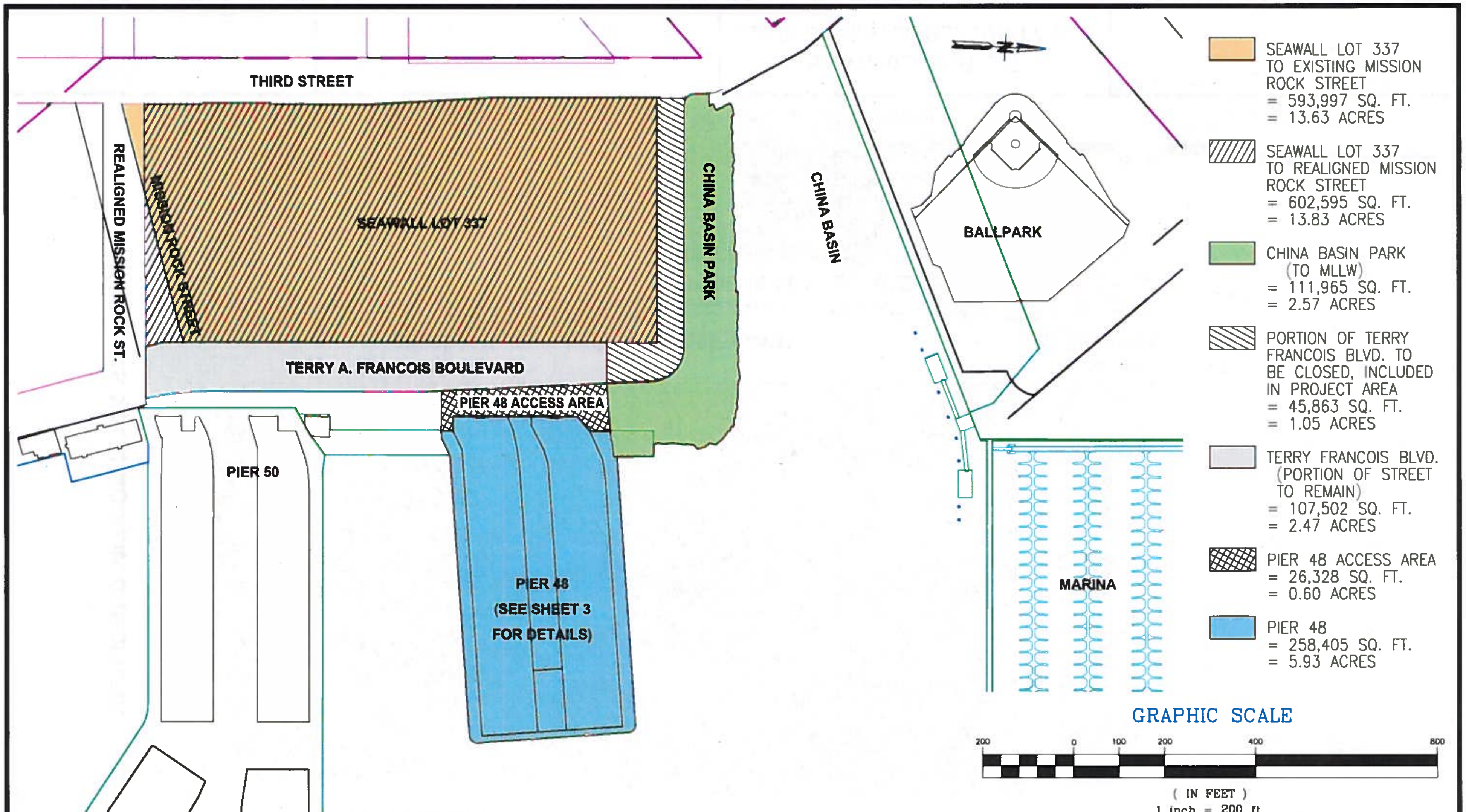
EXHIBIT A



APPROVED BY SAN FRANCISCO PORT COMMISSION DATE ______ CHIEF HARBOR ENGINEER	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	**SEAWALL LOT 337** **DEVELOPMENT OPPORTUNITY SITE**	PREPARED BY: AMN DRAWN BY: AMN CONTRACT NO. DRAWING NO.
			CHECKED BY: D. OSHIMA DATE: MAY 19, 2008 SCALE: 1" = 200' SHEET NO. 2 OF 2 SHEETS

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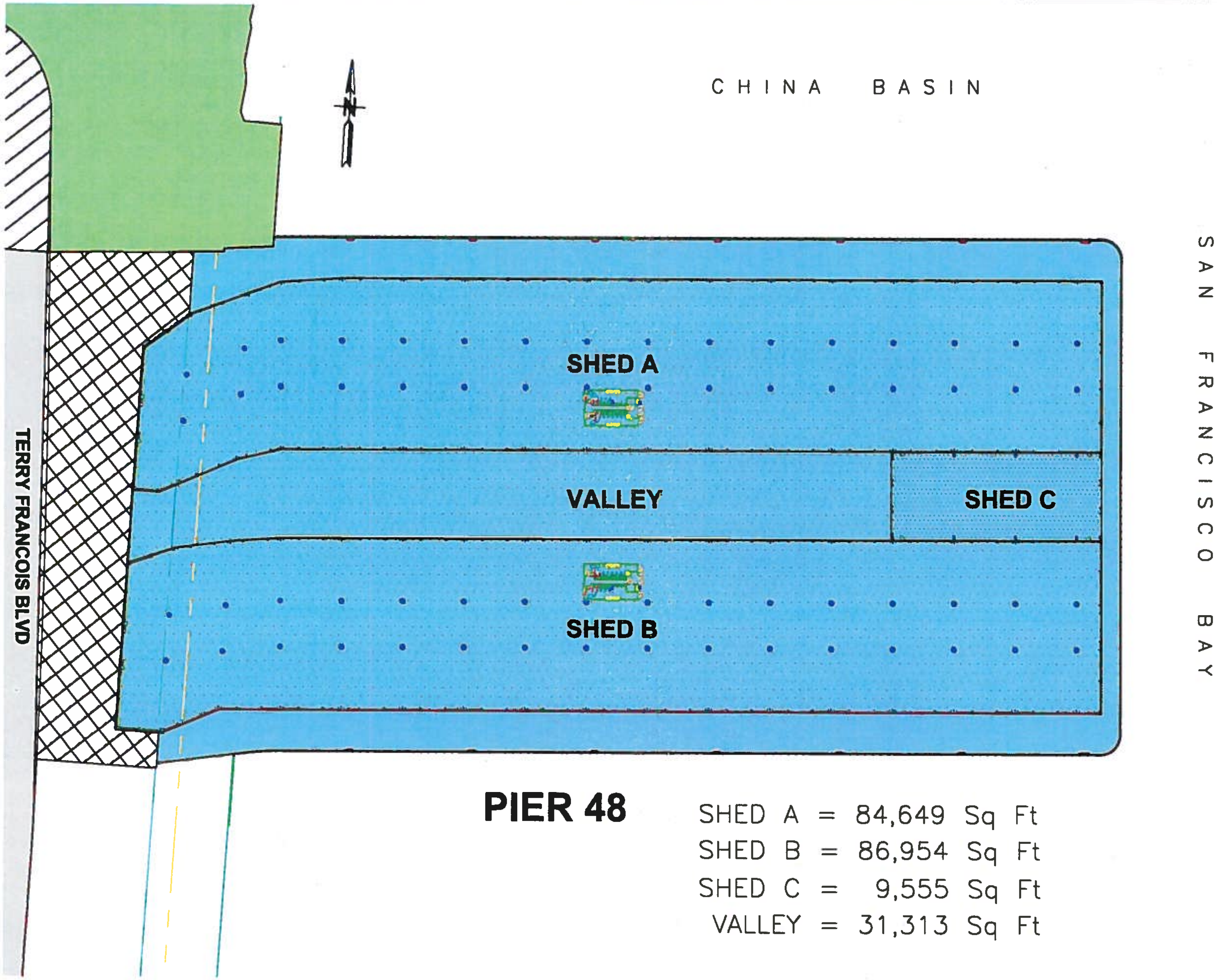
EXHIBIT A



APPROVED BY SAN FRANCISCO PORT COMMISSION DATE CHIEF HARBOR ENGINEER	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	**SEAWALL LOT 337** **DEVELOPMENT OPPORTUNITY SITE** **PIER 48 DETAILS**	DRAWN BY: ECC CHECKED BY: D. OSHIMA PLACE CODE NO. 1480-00	DATE: MAY 19, 2008 SCALE: 1" = 100' SHEET NO. 3 OF 3 SHEETS

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EXHIBIT A

EXHIBIT B: PROJECT DESCRIPTION

EXHIBIT C: ILLUSTRATIVE PHASING PLAN

EXHIBIT D: CONCEPTUAL HEIGHT MAP

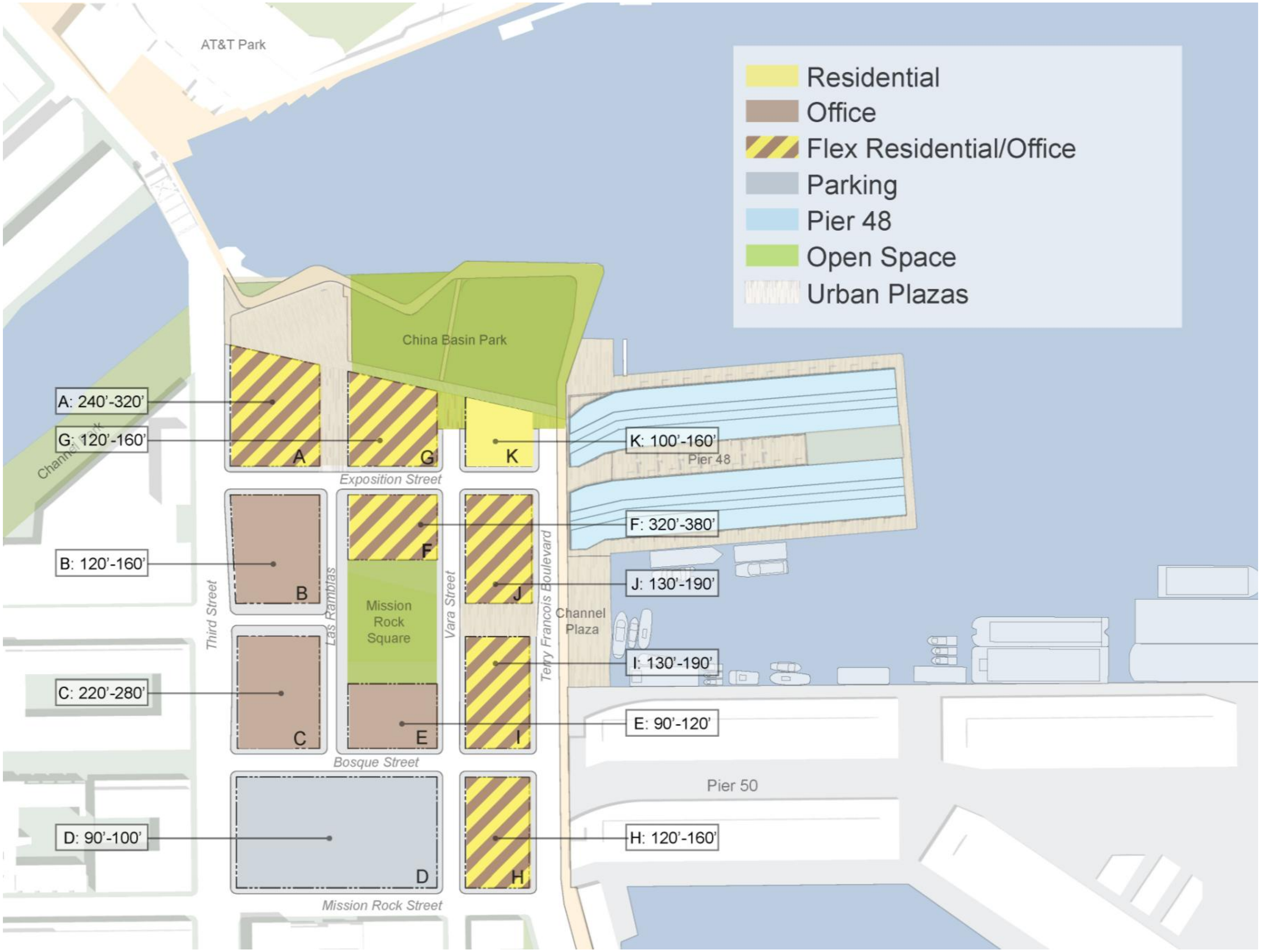

EXHIBIT E - SUMMARY PRO-FORMA UNDERWRITING (a)

A.) HORIZONTAL INFRASTRUCTURE INVESTMENT USES

Upfront Project Entitlement Expenditures	$	20,000,000
Phase 1 Infrastructure for Parcels A, B & C	$	21,523,162
Phase 1 Infrastructure for Parcel D	$	6,164,578
Phase 2 Infrastructure for Parcels G & K	$	38,227,462
Phase 3 Infrastructure for Parcels E & F	$	21,364,776
Phase 4 Infrastructure for Parcels H, I & J (b)	$	46,869,570
Total Horizontal Infrastructure Uses	$	154,149,548

B.) HORIZONTAL INFRASTRUCTURE INVESTMENT SOURCES

Upfront CFD Mello Roos Bonds		
Phase 1 CFD Mello Roos Bonds	$	16,061,778
Total Upfront CFD Mello Roos Bonds	$	16,061,778
CFD Mello Roos Bonds - Completed Buildings		
Phase 1 CFD Mello Roos Bonds	$	24,661,528
Phase 2 CFD Mello Roos Bonds	$	36,920,819
Phase 3 CFD Mello Roos Bonds	$	19,098,062
Phase 4 CFD Mello Roos Bonds	$	43,249,224
Total CFD Mello Roos Bonds - Completed Buildings	$	123,929,634
Horizontal Costs Not Reimbursed by Bonds (Developer Equity)	$	5,000,000
Pay Go Tax Increment	$	9,158,136
Total Horizontal Infrastructure Investment Sources	$	154,149,548

C.) CUMULATIVE MASTER DEVELOPER INFRASTRUCTURE EQUITY

Phase 1	$	31,826,154
Phase 2	$	32,765,657
Phase 3	$	12,133,504
Phase 4	$	24,101,017
Cumulative Master Developer Infrastructure Equity	$	100,826,333

D.) MASTER DEVELOPER PEAK EQUITY (c)

Phase 1	$	20,000,000
Phase 2	$	24,875,263
Phase 3	$	12,133,504
Phase 4	$	21,480,441
Total Master Developer Peak Equity	$	78,489,208

E.) LEAD PARCEL & NET DEVELOPMENT RIGHTS PAYMENTS

Phase 1 Lead Parcel Credits	$	24,637,628
Phase 1 Development Rights	$	4,429,656
Phase 2 Development Rights	$	4,621,393
Phase 3 Development Rights	$	7,794,484
Phase 4 Development Rights	$	9,987,538
Total Lead Parcel & Net Development Right Payments	$	51,470,698

F.) PROJECT CASH FLOW AFTER DEBT SERVICE

Horizontal Infrastructure Costs	$	(154,149,548)
Upfront CFD Mello Roos Bonds	$	16,061,778
CFD Mello Roos Bonds - Completed Buildings	$	123,929,634
Pay Go Tax Increment	$	9,158,136
Lead Parcel Credit & Development Rights Payment	$	51,470,698
Total Cash Flow After Debt Service	$	46,470,698

G.) PORT OF SAN FRANCISCO GROUND LEASE REVENUE THROUGH 2094

Total Anticipated Ground Lease Revenue Through 2094		
Existing SWL 337 Parking Lot Ground Rent Allocation	$	14,388,901
Existing Pier 48 Rent Allocation	$	12,673,934
SWL 337 New Development Base Ground Rent	$	866,226,755
SWL 337 New Development Participation Rent	$	339,300,635
Pier 48 Base Rent (d)	$	385,225,889
Master Developer Ground Rent Participation	$	(40,614,748)
Total Port of San Francisco Ground Lease Revenue	$	1,577,201,366
Port of San Francisco Net Participation upon Sale/Refinance	$	98,116,625
Total Port of San Francisco Economic Benefit	$	1,674,198,700

H.) CITY & COUNTY OF SAN FRANCISCO TAX INCREMENT THROUGH 2094

City & County of San Francisco Ordinary Property Tax Increment	$	2,670,708,426
City & County of San Francisco Development Period Tax Increment	$	12,047,209
Less: Set Aside for ERAF and Other State Programs	$	(947,746,329)
City & County of San Francisco Net Tax Increment	$	1,735,009,306
SWL 337 CFD Special Tax (e)	$	293,777,927
City & County of San Francisco Net Tax Increment & CFD Special Tax	$	2,028,787,233
Less: Tax Increment Applied to Public Infrastructure	$	(9,158,136)
Less: Tax Increment Applied to Debt Service	$	(334,254,313)
Tax Increment & CFD After Infrastructure & Debt Service	$	1,685,374,783

Notes:

**** All numbers are preliminary estimates and subject to further change. ****

(a) Numerical estimates are expressed in nominal terms unless otherwise denoted.
(b) Phase 4 public infrastructure reflects approximately $22M ($28M inflated) for Pier 48 rehabilitation. The Term Sheet calls for Pier 48 costs to be paid through a mix of sources, including, but not limited to, tenant-funded capital improvements, IFD proceeds, and equity. As a conservative case, underwriting reflects these costs paid through developer equity in advance of other sources being available.
(c) Peak equity reflects the estimated maximum outstanding balance of master developer equity capital funded for a given phase (used for multiple return calculations).
(d) Pier 48 net rent estimated to be $1.5M reflecting some of the $1.8M rental value delivered through tenant-funded capital improvements.
(e) CFD Special Tax represents ten basis points times the stabilized property tax basis.

EXHIBIT E - ANNUAL SUMMARY - PRO-FORMA UNDERWRITING	Total	2012	2013	2014	2015	2016	2017	2018
A.) HORIZONTAL INFRASTRUCTURE INVESTMENT USES								
Upfront Project Entitlement Expenditures	$ 20,000,000	$ 5,714,286	$ 5,714,286	$ 5,714,286	$ 2,857,143	$ -	$ -	$ -
Phase 1 Horizontal Pre-Development	$ 2,493,895	$ -	$ -	$ -	$ -	$ 1,988,631	$ 505,264	$ -
Phase 1 Infrastructure for Parcels A, B & C	$ 19,029,267	$ -	$ -	$ -	$ -	$ -	$ 14,226,878	$ 4,802,389
Phase 1 Infrastructure for Parcel D	$ 6,164,578	$ -	$ -	$ -	$ -	$ -	$ 3,072,616	$ 3,091,962
Phase 2 Horizontal Pre-Development	$ 3,450,311	$ -	$ -	$ -	$ -	$ -	$ 2,751,504	$ 698,807
Phase 2 Infrastructure for Parcels G & K	$ 34,777,151	$ -	$ -	$ -	$ -	$ -	$ -	$ 26,002,521
Phase 3 Horizontal Pre-Development	$ 1,929,532	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,538,856
Phase 3 Infrastructure for Parcels E & F	$ 19,435,244	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Horizontal Pre-Development	$ 4,183,751	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Infrastructure for Parcels H, I & J	$ 14,257,508	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Pier 48 Infrastructure	$ 28,428,311	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Uses	$ 154,149,548	$ 5,714,286	$ 5,714,286	$ 5,714,286	$ 2,857,143	$ 1,988,631	$ 20,556,262	$ 36,134,535
Cumulative Horizontal Project Uses		*$ 5,714,286*	*$ 11,428,571*	*$ 17,142,857*	*$ 20,000,000*	*$ 21,988,631*	*$ 42,544,893*	*$ 78,679,428*
B.) HORIZONTAL INFRASTRUCTURE INVESTMENT SOURCES								
Upfront CFD Mello Roos Bonds								
Phase 1 CFD Mello Roos Bonds	$ 16,061,778	$ -	$ -	$ -	$ -	$ -	$ 16,061,778	$ -
Total Upfront CFD Mello Roos Bonds	$ 16,061,778	$ -	$ -	$ -	$ -	$ -	$ 16,061,778	$ -
CFD Mello Roos Bonds - Completed Buildings								
Phase 1 CFD Mello Roos Bonds	$ 24,661,528	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,423,715
Phase 2 CFD Mello Roos Bonds	$ 36,920,819	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 CFD Mello Roos Bonds	$ 19,098,062	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 CFD Mello Roos Bonds	$ 43,249,224	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total CFD Mello Roos Bonds - Completed Buildings	$ 123,929,634	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,423,715
Horizontal Costs Not Reimbursed by Bonds (Developer Equity)	$ 5,000,000	$ 5,000,000	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ 9,158,136	$ -	$ -	$ -	$ -	$ 378,594	$ 554,036	$ 1,507,468
Total Horizontal Infrastructure Investment Sources	$ 154,149,548	$ 5,000,000	$ -	$ -	$ -	$ 378,594	$ 16,615,814	$ 21,931,183
Cumulative Horizontal Project Sources		*$ 5,000,000*	*$ 5,000,000*	*$ 5,000,000*	*$ 5,000,000*	*$ 5,378,594*	*$ 21,994,408*	*$ 43,925,590*
C.) CUMULATIVE MASTER DEVELOPER INFRASTRUCTURE EQUITY								
Phase 1	$ 31,826,154	$ 5,714,286	$ 5,714,286	$ 5,714,286	$ 2,857,143	$ 1,171,411	$ 2,943,733	$ 7,711,010
Phase 2	$ 32,765,657	$ -	$ -	$ -	$ -	$ -	$ -	$ 24,180,644
Phase 3	$ 12,133,504	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4	$ 24,101,017	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Master Developer Infrastructure Equity	$ 100,826,333	$ 5,714,286	$ 5,714,286	$ 5,714,286	$ 2,857,143	$ 1,171,411	$ 2,943,733	$ 31,891,654
Total Master Developer Infrastructure Equity		*$ 5,714,286*	*$ 11,428,571*	*$ 17,142,857*	*$ 20,000,000*	*$ 21,171,411*	*$ 24,115,144*	*$ 56,006,798*
D.) MASTER DEVELOPER PEAK EQUITY								
Phase 1	$ 20,000,000	NA	NA	NA	NA	NA	NA	NA
Phase 2	$ 24,875,263	NA	NA	NA	NA	NA	NA	NA
Phase 3	$ 12,133,504	NA	NA	NA	NA	NA	NA	NA
Phase 4	$ 21,480,441	NA	NA	NA	NA	NA	NA	NA
Total Master Developer Peak Equity	$ 78,489,208							
E.) LEAD PARCEL & NET DEVELOPMENT RIGHTS PAYMENTS								
Phase 1 Lead Parcel Credits	$ 24,637,628	$ -	$ -	$ -	$ 24,637,628	$ -	$ -	$ -
Phase 1 Development Rights	$ 4,429,656	$ -	$ -	$ -	$ 4,429,656	$ -	$ -	$ -
Phase 2 Development Rights	$ 4,621,393	$ -	$ -	$ -	$ -	$ 4,621,393	$ -	$ -
Phase 3 Development Rights	$ 7,794,484	$ -	$ -	$ -	$ -	$ -	$ 7,794,484	$ -
Phase 4 Development Rights	$ 9,987,538	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,953,387
Total Lead Parcel & Net Development Right Payments	$ 51,470,698	$ -	$ -	$ -	$ 29,067,284	$ 4,621,393	$ 7,794,484	$ 5,953,387
Cumulative Lead Parcel & Development Rights Payment		*$ -*	*$ -*	*$ -*	*$ 29,067,284*	*$ 33,688,677*	*$ 41,483,161*	*$ 47,436,547*
F.) PROJECT CASH FLOW AFTER DEBT SERVICE								
Horizontal Infrastructure Costs	$ (154,149,548)	$ (5,714,286)	$ (5,714,286)	$ (5,714,286)	$ (2,857,143)	$ (1,988,631)	$ (20,556,262)	$ (36,134,535)
Upfront CFD Mello Roos Bonds	$ 16,061,778	$ -	$ -	$ -	$ -	$ -	$ 16,061,778	$ -
CFD Mello Roos Bonds - Completed Buildings	$ 123,929,634	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,423,715
Pay Go Tax Increment	$ 9,158,136	$ -	$ -	$ -	$ -	$ 378,594	$ 554,036	$ 1,507,468
Lead Parcel Credit & Development Rights Payment	$ 51,470,698	$ -	$ -	$ -	$ 29,067,284	$ 4,621,393	$ 7,794,484	$ 5,953,387
Total Cash Flow After Debt Service	$ 46,470,698	$ (5,714,286)	$ (5,714,286)	$ (5,714,286)	$ 26,210,142	$ 3,011,355	$ 3,854,036	$ (8,249,965)
Cash Flow with Retained Revenue to Fund Infrastructure	$ 46,470,698	$ (5,714,286)	$ (5,714,286)	$ (5,714,286)	$ 25,771,516	$ (1,171,411)	$ (1,325,951)	$ (10,891,965)
G.) PORT OF SAN FRANCISCO GROUND LEASE REVENUE THROUGH 2094								
Interim SWL 337 & Pier 48 Rents	$ 27,062,835	$ 4,711,799	$ 4,833,725	$ 4,955,651	$ 3,865,943	$ 3,517,346	$ 2,854,876	$ 2,323,495
New Development Base Ground Rent	$ 866,226,755	$ -	$ -	$ -	$ 835,397	$ 1,617,130	$ 2,778,114	$ 3,739,192
Pier 48 Base Ground Rent	$ 385,225,889	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New Development Participation Rent	$ 339,300,635	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Master Developer Ground Rent Participation	$ (40,614,748)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Port of San Francisco Ground Lease Revenue	$ 1,577,201,366	$ 4,711,799	$ 4,800,804	$ 4,889,809	$ 4,602,577	$ 5,002,792	$ 5,468,386	$ 5,437,211
H.) CITY & COUNTY OF SAN FRANCISCO TAX INCREMENT THROUGH 2094								
Total Gross Possessory Use Tax (1% of value)	$ 2,670,708,426	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,150,444
Total SWL 337 CFD Special Tax	$ 293,777,927	$ -	$ -	$ -	$ -	$ -	$ -	$ 126,549
Development Period Tax Increment	$ 12,047,209	$ -	$ -	$ -	$ -	$ 633,888	$ 1,919,204	$ 3,004,601
Net Tax Increment & CFD Special Tax	$ 2,028,787,233	$ -	$ -	$ -	$ -	$ 378,594	$ 1,557,641	$ 3,273,899
Total Project Tax Increment Applied to Infrastructure	$ 9,158,136	$ -	$ -	$ -	$ -	$ 378,594	$ 554,036	$ 1,507,468
Total Tax Increment Applied to Debt Service	$ 334,254,313	$ -	$ -	$ -	$ -	$ -	$ 1,003,605	$ 1,766,431
Net Increment & CFD After Project Infrastructure & Debt Service	$ 1,685,374,783	$ -	$ -	$ -	$ -	$ -	$ -	$ -

EXHIBIT E - ANNUAL SUMMARY - PRO-FORMA UNDERWRITING	2019	2020	2021	2022	2023	2024	2025	2026	2027
A.) HORIZONTAL INFRASTRUCTURE INVESTMENT USES									
Upfront Project Entitlement Expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcels A, B & C	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcel D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Infrastructure for Parcels G & K	$ 8,774,630	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Horizontal Pre-Development	$ 390,676	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Infrastructure for Parcels E & F	$ 14,532,614	$ 4,902,630	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Horizontal Pre-Development	$ 3,336,909	$ 846,842	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Infrastructure for Parcels H, I & J	$ -	$ 10,661,740	$ 3,595,767	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Pier 48 Infrastructure	$ -	$ -	$ 22,677,230	$ 5,751,081	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Uses	$ 27,034,828	$ 16,411,213	$ 26,272,998	$ 5,751,081	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Uses	*$ 105,714,256*	*$ 122,125,469*	*$ 148,398,467*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
B.) HORIZONTAL INFRASTRUCTURE INVESTMENT SOURCES									
Upfront CFD Mello Roos Bonds									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings									
Phase 1 CFD Mello Roos Bonds	$ 166,218	$ 4,071,595	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 CFD Mello Roos Bonds	$ 12,099,880	$ 3,359,998	$ 5,050,863	$ 1,133,467	$ 1,156,137	$ 1,179,259	$ 1,202,844	$ 1,226,901	$ 2,376,051
Phase 3 CFD Mello Roos Bonds	$ -	$ 19,098,062	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 CFD Mello Roos Bonds	$ -	$ -	$ 18,053,534	$ 4,637,475	$ 15,677,724	$ 3,479,559	$ 1,250,269	$ 150,663	$ -
Total CFD Mello Roos Bonds - Completed Buildings	$ 12,266,098	$ 26,529,655	$ 23,104,397	$ 5,770,942	$ 16,833,861	$ 4,658,818	$ 2,453,113	$ 1,377,564	$ 2,376,051
Horizontal Costs Not Reimbursed by Bonds (Developer Equity)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ 2,128,811	$ 1,978,037	$ 1,377,064	$ 683,520	$ 169,088	$ 180,585	$ 200,935	$ -	$ -
Total Horizontal Infrastructure Investment Sources	$ 14,394,909	$ 28,507,692	$ 24,481,460	$ 6,454,463	$ 17,002,949	$ 4,839,403	$ 2,654,048	$ 1,377,564	$ 2,376,051
Cumulative Horizontal Project Sources	*$ 58,320,499*	*$ 86,828,191*	*$ 111,309,651*	*$ 117,764,114*	*$ 134,767,063*	*$ 139,606,465*	*$ 142,260,513*	*$ 143,638,078*	*$ 146,014,129*
C.) CUMULATIVE MASTER DEVELOPER INFRASTRUCTURE EQUITY									
Phase 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2	$ 8,585,014	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3	$ 7,554,920	$ 4,578,583	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4	$ -	$ 3,848,799	$ 19,333,167	$ 919,051	$ -	$ -	$ -	$ -	$ -
Cumulative Master Developer Infrastructure Equity	$ 16,139,934	$ 8,427,382	$ 19,333,167	$ 919,051	$ -	$ -	$ -	$ -	$ -
Total Master Developer Infrastructure Equity	*$ 72,146,732*	*$ 80,574,114*	*$ 99,907,281*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*
D.) MASTER DEVELOPER PEAK EQUITY									
Phase 1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Master Developer Peak Equity									
E.) LEAD PARCEL & NET DEVELOPMENT RIGHTS PAYMENTS									
Phase 1 Lead Parcel Credits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Development Rights	$ 4,034,151	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Lead Parcel & Net Development Right Payments	$ 4,034,151	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Lead Parcel & Development Rights Payment	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*
F.) PROJECT CASH FLOW AFTER DEBT SERVICE									
Horizontal Infrastructure Costs	$ (27,034,828)	$ (16,411,213)	$ (26,272,998)	$ (5,751,081)	$ -	$ -	$ -	$ -	$ -
Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings	$ 12,266,098	$ 26,529,655	$ 23,104,397	$ 5,770,942	$ 16,833,861	$ 4,658,818	$ 2,453,113	$ 1,377,564	$ 2,376,051
Pay Go Tax Increment	$ 2,128,811	$ 1,978,037	$ 1,377,064	$ 683,520	$ 169,088	$ 180,585	$ 200,935	$ -	$ -
Lead Parcel Credit & Development Rights Payment	$ 4,034,151	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Cash Flow After Debt Service	$ (8,605,769)	$ 12,096,479	$ (1,791,537)	$ 703,382	$ 17,002,949	$ 4,839,403	$ 2,654,048	$ 1,377,564	$ 2,376,051
Cash Flow with Retained Revenue to Fund Infrastructure	$ (2,998,109)	$ 18,932,198	$ (1,791,537)	$ 703,382	$ 17,002,949	$ 4,839,403	$ 2,596,632	$ 1,434,981	$ 2,376,051
G.) PORT OF SAN FRANCISCO GROUND LEASE REVENUE THROUGH 2094									
Interim SWL 337 & Pier 48 Rents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New Development Base Ground Rent	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000
Pier 48 Base Ground Rent	$ -	$ 1,125,000	$ 1,500,000	$ 1,500,000	$ 1,545,000	$ 1,591,350	$ 1,639,091	$ 1,688,263	$ 1,738,911
New Development Participation Rent	$ -	$ 25,062	$ 74,328	$ 159,901	$ 276,874	$ 420,180	$ 567,785	$ 719,819	$ 876,413
Master Developer Ground Rent Participation	$ -	$ (5,012)	$ (14,866)	$ (31,980)	$ (55,375)	$ (84,036)	$ (113,557)	$ (143,964)	$ (175,283)
Total Port of San Francisco Ground Lease Revenue	$ 4,500,000	$ 5,645,050	$ 6,059,462	$ 6,127,921	$ 6,266,499	$ 6,427,494	$ 6,593,319	$ 6,764,118	$ 6,940,042
H.) CITY & COUNTY OF SAN FRANCISCO TAX INCREMENT THROUGH 2094									
Total Gross Possessory Use Tax (1% of value)	$ 5,074,788	$ 8,072,667	$ 11,336,470	$ 14,398,417	$ 16,333,828	$ 16,978,730	$ 17,318,304	$ 17,664,670	$ 18,017,964
Total SWL 337 CFD Special Tax	$ 558,227	$ 887,993	$ 1,247,012	$ 1,583,826	$ 1,796,721	$ 1,867,660	$ 1,905,013	$ 1,943,114	$ 1,981,976
Development Period Tax Increment	$ 2,077,510	$ 2,278,686	$ 1,624,669	$ 508,651	$ -	$ -	$ -	$ -	$ -
Net Tax Increment & CFD Special Tax	$ 5,499,793	$ 7,777,791	$ 9,804,519	$ 11,199,345	$ 12,267,742	$ 12,780,392	$ 13,096,912	$ 13,358,850	$ 13,626,027
Total Project Tax Increment Applied to Infrastructure	$ 2,128,811	$ 1,978,037	$ 1,377,064	$ 683,520	$ 169,088	$ 180,585	$ 200,935	$ -	$ -
Total Tax Increment Applied to Debt Service	$ 3,370,982	$ 5,138,506	$ 6,954,845	$ 8,586,813	$ 9,919,901	$ 10,275,828	$ 10,423,869	$ 10,470,262	$ 10,504,527
Net Increment & CFD After Project Infrastructure & Debt Service	$ -	$ 661,248	$ 1,472,611	$ 1,929,012	$ 2,178,754	$ 2,323,979	$ 2,472,108	$ 2,888,588	$ 3,121,500

EXHIBIT E - ANNUAL SUMMARY - PRO-FORMA UNDERWRITING	2028	2029	2030	2031	2032	2033	2034	2035	2036
A.) HORIZONTAL INFRASTRUCTURE INVESTMENT USES									
Upfront Project Entitlement Expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcels A, B & C	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcel D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Infrastructure for Parcels G & K	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Infrastructure for Parcels E & F	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Infrastructure for Parcels H, I & J	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Pier 48 Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Uses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Uses	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
B.) HORIZONTAL INFRASTRUCTURE INVESTMENT SOURCES									
Upfront CFD Mello Roos Bonds									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 CFD Mello Roos Bonds	$ 2,577,248	$ 2,628,793	$ 2,681,369	$ 248,009	$ -	$ -	$ -	$ -	$ -
Phase 3 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total CFD Mello Roos Bonds - Completed Buildings	$ 2,577,248	$ 2,628,793	$ 2,681,369	$ 248,009	$ -	$ -	$ -	$ -	$ -
Horizontal Costs Not Reimbursed by Bonds (Developer Equity)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Investment Sources	$ 2,577,248	$ 2,628,793	$ 2,681,369	$ 248,009	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Sources	*$ 148,591,377*	*$ 151,220,170*	*$ 153,901,538*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
C.) CUMULATIVE MASTER DEVELOPER INFRASTRUCTURE EQUITY									
Phase 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Master Developer Infrastructure Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Master Developer Infrastructure Equity	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*
D.) MASTER DEVELOPER PEAK EQUITY									
Phase 1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Master Developer Peak Equity									
E.) LEAD PARCEL & NET DEVELOPMENT RIGHTS PAYMENTS									
Phase 1 Lead Parcel Credits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Lead Parcel & Net Development Right Payments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Lead Parcel & Development Rights Payment	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*
F.) PROJECT CASH FLOW AFTER DEBT SERVICE									
Horizontal Infrastructure Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings	$ 2,577,248	$ 2,628,793	$ 2,681,369	$ 248,009	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lead Parcel Credit & Development Rights Payment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Cash Flow After Debt Service	$ 2,577,248	$ 2,628,793	$ 2,681,369	$ 248,009	$ -	$ -	$ -	$ -	$ -
Cash Flow with Retained Revenue to Fund Infrastructure	$ 2,577,248	$ 2,628,793	$ 2,681,369	$ 248,009	$ -	$ -	$ -	$ -	$ -
G.) PORT OF SAN FRANCISCO GROUND LEASE REVENUE THROUGH 2094									
Interim SWL 337 & Pier 48 Rents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New Development Base Ground Rent	$ 4,538,175	$ 4,573,898	$ 4,626,952	$ 4,670,871	$ 4,705,638	$ 4,705,638	$ 4,705,638	$ 4,705,638	$ 4,705,638
Pier 48 Base Ground Rent	$ 1,791,078	$ 1,844,811	$ 1,900,155	$ 1,957,160	$ 2,015,875	$ 2,076,351	$ 2,138,641	$ 2,202,801	$ 2,268,885
New Development Participation Rent	$ 999,531	$ 1,129,939	$ 1,248,000	$ 1,380,330	$ 1,527,099	$ 1,714,081	$ 1,906,673	$ 2,105,042	$ 2,309,362
Master Developer Ground Rent Participation	$ (207,541)	$ (240,767)	$ (274,990)	$ (310,240)	$ (346,547)	$ (383,944)	$ (422,462)	$ (462,136)	$ (503,000)
Total Port of San Francisco Ground Lease Revenue	$ 7,121,243	$ 7,307,880	$ 7,500,117	$ 7,698,120	$ 7,902,064	$ 8,112,126	$ 8,328,490	$ 8,551,344	$ 8,780,885
H.) CITY & COUNTY OF SAN FRANCISCO TAX INCREMENT THROUGH 2094									
Total Gross Possessory Use Tax (1% of value)	$ 18,378,323	$ 18,745,889	$ 19,120,807	$ 19,503,223	$ 19,893,288	$ 20,291,154	$ 20,696,977	$ 21,110,916	$ 21,533,134
Total SWL 337 CFD Special Tax	$ 2,021,616	$ 2,062,048	$ 2,103,289	$ 2,145,355	$ 2,188,262	$ 2,232,027	$ 2,276,667	$ 2,322,201	$ 2,368,645
Development Period Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Tax Increment & CFD Special Tax	$ 13,898,548	$ 14,176,519	$ 14,460,049	$ 14,749,250	$ 15,044,235	$ 15,345,120	$ 15,652,022	$ 15,965,063	$ 16,284,364
Total Project Tax Increment Applied to Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Tax Increment Applied to Debt Service	$ 10,539,478	$ 10,575,127	$ 10,611,489	$ 10,648,579	$ 10,686,410	$ 10,724,998	$ 10,764,358	$ 10,804,505	$ 10,845,455
Net Increment & CFD After Project Infrastructure & Debt Service	$ 3,359,070	$ 3,601,392	$ 3,848,560	$ 4,100,671	$ 4,357,825	$ 4,620,121	$ 4,887,664	$ 5,160,558	$ 5,438,909

EXHIBIT E - ANNUAL SUMMARY - PRO-FORMA UNDERWRITING	2037	2038	2039	2040	2041	2042	2043	2044	2045
A.) HORIZONTAL INFRASTRUCTURE INVESTMENT USES									
Upfront Project Entitlement Expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcels A, B & C	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcel D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Infrastructure for Parcels G & K	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Infrastructure for Parcels E & F	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Infrastructure for Parcels H, I & J	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Pier 48 Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Uses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Uses	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
B.) HORIZONTAL INFRASTRUCTURE INVESTMENT SOURCES									
Upfront CFD Mello Roos Bonds									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Horizontal Costs Not Reimbursed by Bonds (Developer Equity)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Investment Sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Sources	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
C.) CUMULATIVE MASTER DEVELOPER INFRASTRUCTURE EQUITY									
Phase 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Master Developer Infrastructure Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Master Developer Infrastructure Equity	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*
D.) MASTER DEVELOPER PEAK EQUITY									
Phase 1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Master Developer Peak Equity									
E.) LEAD PARCEL & NET DEVELOPMENT RIGHTS PAYMENTS									
Phase 1 Lead Parcel Credits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Lead Parcel & Net Development Right Payments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Lead Parcel & Development Rights Payment	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*
F.) PROJECT CASH FLOW AFTER DEBT SERVICE									
Horizontal Infrastructure Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lead Parcel Credit & Development Rights Payment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Cash Flow After Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Flow with Retained Revenue to Fund Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
G.) PORT OF SAN FRANCISCO GROUND LEASE REVENUE THROUGH 2094									
Interim SWL 337 & Pier 48 Rents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New Development Base Ground Rent	$ 4,705,638	$ 5,006,074	$ 5,287,210	$ 5,704,738	$ 6,050,372	$ 6,323,984	$ 6,323,984	$ 6,323,984	$ 6,323,984
Pier 48 Base Ground Rent	$ 2,336,951	$ 2,407,060	$ 2,479,271	$ 2,553,650	$ 2,630,259	$ 2,709,167	$ 2,790,442	$ 2,874,155	$ 2,960,380
New Development Participation Rent	$ 2,519,812	$ 2,436,140	$ 2,378,270	$ 2,190,707	$ 2,081,935	$ 2,052,293	$ 2,303,582	$ 2,562,409	$ 2,829,000
Master Developer Ground Rent Participation	$ (545,090)	$ (588,443)	$ (633,096)	$ (679,089)	$ (726,462)	$ (775,255)	$ (825,513)	$ (877,278)	$ (930,597)
Total Port of San Francisco Ground Lease Revenue	$ 9,017,311	$ 9,260,831	$ 9,511,655	$ 9,770,005	$ 10,036,105	$ 10,310,188	$ 10,592,494	$ 10,883,269	$ 11,182,767
H.) CITY & COUNTY OF SAN FRANCISCO TAX INCREMENT THROUGH 2094									
Total Gross Possessory Use Tax (1% of value)	$ 21,963,797	$ 22,403,073	$ 22,851,135	$ 23,308,157	$ 23,774,320	$ 24,249,807	$ 24,734,803	$ 25,229,499	$ 25,734,089
Total SWL 337 CFD Special Tax	$ 2,416,018	$ 2,464,338	$ 2,513,625	$ 2,563,897	$ 2,615,175	$ 2,667,479	$ 2,720,828	$ 2,775,245	$ 2,830,750
Development Period Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Tax Increment & CFD Special Tax	$ 16,610,051	$ 16,942,252	$ 17,281,097	$ 17,626,719	$ 17,979,254	$ 18,338,839	$ 18,705,616	$ 19,079,728	$ 19,461,322
Total Project Tax Increment Applied to Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Tax Increment Applied to Debt Service	$ 10,887,224	$ 10,929,828	$ 10,973,284	$ 11,017,610	$ 11,062,822	$ 11,108,938	$ 11,155,977	$ 11,203,956	$ 11,252,895
Net Increment & CFD After Project Infrastructure & Debt Service	$ 5,722,827	$ 6,012,424	$ 6,307,813	$ 6,609,109	$ 6,916,432	$ 7,229,901	$ 7,549,639	$ 7,875,772	$ 8,208,427

EXHIBIT E - ANNUAL SUMMARY - PRO-FORMA UNDERWRITING	2046	2047	2048	2049	2050	2051	2052	2053	2054
A.) HORIZONTAL INFRASTRUCTURE INVESTMENT USES									
Upfront Project Entitlement Expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcels A, B & C	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcel D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Infrastructure for Parcels G & K	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Infrastructure for Parcels E & F	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Infrastructure for Parcels H, I & J	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Pier 48 Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Uses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Uses	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
B.) HORIZONTAL INFRASTRUCTURE INVESTMENT SOURCES									
Upfront CFD Mello Roos Bonds									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Horizontal Costs Not Reimbursed by Bonds (Developer Equity)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Investment Sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Sources	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
C.) CUMULATIVE MASTER DEVELOPER INFRASTRUCTURE EQUITY									
Phase 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Master Developer Infrastructure Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Master Developer Infrastructure Equity	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*
D.) MASTER DEVELOPER PEAK EQUITY									
Phase 1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Master Developer Peak Equity									
E.) LEAD PARCEL & NET DEVELOPMENT RIGHTS PAYMENTS									
Phase 1 Lead Parcel Credits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Lead Parcel & Net Development Right Payments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Lead Parcel & Development Rights Payment	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*
F.) PROJECT CASH FLOW AFTER DEBT SERVICE									
Horizontal Infrastructure Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lead Parcel Credit & Development Rights Payment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Cash Flow After Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Flow with Retained Revenue to Fund Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
G.) PORT OF SAN FRANCISCO GROUND LEASE REVENUE THROUGH 2094									
Interim SWL 337 & Pier 48 Rents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New Development Base Ground Rent	$ 6,323,984	$ 6,323,984	$ 6,727,744	$ 7,105,568	$ 7,666,690	$ 8,131,195	$ 8,498,905	$ 8,498,905	$ 8,498,905
Pier 48 Base Ground Rent	$ 3,049,191	$ 3,140,667	$ 3,234,887	$ 3,331,934	$ 3,431,892	$ 3,534,848	$ 3,640,894	$ 3,750,121	$ 3,862,624
New Development Participation Rent	$ 3,103,590	$ 3,386,417	$ 3,273,969	$ 3,196,196	$ 2,944,127	$ 2,797,947	$ 2,758,111	$ 3,095,821	$ 3,443,663
Master Developer Ground Rent Participation	$ (985,515)	$ (1,042,080)	$ (1,100,343)	$ (1,160,353)	$ (1,222,163)	$ (1,285,828)	$ (1,351,403)	$ (1,418,945)	$ (1,488,514)
Total Port of San Francisco Ground Lease Revenue	$ 11,491,250	$ 11,808,987	$ 12,136,257	$ 12,473,345	$ 12,820,545	$ 13,178,162	$ 13,546,506	$ 13,925,902	$ 14,316,679
H.) CITY & COUNTY OF SAN FRANCISCO TAX INCREMENT THROUGH 2094									
Total Gross Possessory Use Tax (1% of value)	$ 26,248,771	$ 26,773,746	$ 27,309,221	$ 27,855,406	$ 28,412,514	$ 28,980,764	$ 29,560,379	$ 30,151,587	$ 30,754,618
Total SWL 337 CFD Special Tax	$ 2,887,365	$ 2,945,112	$ 3,004,014	$ 3,064,095	$ 3,125,376	$ 3,187,884	$ 3,251,642	$ 3,316,675	$ 3,383,008
Development Period Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Tax Increment & CFD Special Tax	$ 19,850,549	$ 20,247,560	$ 20,652,511	$ 21,065,561	$ 21,486,872	$ 21,916,610	$ 22,354,942	$ 22,802,041	$ 23,258,082
Total Project Tax Increment Applied to Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Tax Increment Applied to Debt Service	$ 11,302,813	$ 10,330,257	$ 9,607,227	$ 8,191,434	$ 6,714,806	$ 4,685,269	$ 3,044,573	$ 1,614,347	$ 1,218,527
Net Increment & CFD After Project Infrastructure & Debt Service	$ 8,547,736	$ 9,917,303	$ 11,045,284	$ 12,874,127	$ 14,772,066	$ 17,231,341	$ 19,310,369	$ 21,187,694	$ 22,039,554

EXHIBIT E - ANNUAL SUMMARY - PRO-FORMA UNDERWRITING	2055	2056	2057	2058	2059	2060	2061	2062	2063
A.) HORIZONTAL INFRASTRUCTURE INVESTMENT USES									
Upfront Project Entitlement Expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcels A, B & C	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcel D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Infrastructure for Parcels G & K	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Infrastructure for Parcels E & F	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Infrastructure for Parcels H, I & J	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Pier 48 Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Uses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Uses	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
B.) HORIZONTAL INFRASTRUCTURE INVESTMENT SOURCES									
Upfront CFD Mello Roos Bonds									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Horizontal Costs Not Reimbursed by Bonds (Developer Equity)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Investment Sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Sources	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
C.) CUMULATIVE MASTER DEVELOPER INFRASTRUCTURE EQUITY									
Phase 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Master Developer Infrastructure Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Master Developer Infrastructure Equity	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*
D.) MASTER DEVELOPER PEAK EQUITY									
Phase 1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Master Developer Peak Equity									
E.) LEAD PARCEL & NET DEVELOPMENT RIGHTS PAYMENTS									
Phase 1 Lead Parcel Credits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Lead Parcel & Net Development Right Payments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Lead Parcel & Development Rights Payment	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*
F.) PROJECT CASH FLOW AFTER DEBT SERVICE									
Horizontal Infrastructure Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lead Parcel Credit & Development Rights Payment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Cash Flow After Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Flow with Retained Revenue to Fund Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
G.) PORT OF SAN FRANCISCO GROUND LEASE REVENUE THROUGH 2094									
Interim SWL 337 & Pier 48 Rents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New Development Base Ground Rent	$ 8,498,905	$ 8,498,905	$ 8,498,905	$ 9,041,526	$ 9,549,290	$ 10,303,391	$ 10,927,646	$ 11,421,818	$ 11,421,818
Pier 48 Base Ground Rent	$ 3,978,503	$ 4,097,858	$ 4,220,794	$ 4,347,417	$ 4,477,840	$ 4,612,175	$ 4,750,540	$ 4,893,057	$ 5,039,848
New Development Participation Rent	$ 3,801,940	$ 4,170,965	$ 4,551,061	$ 4,399,940	$ 4,295,420	$ 3,956,660	$ 3,760,207	$ 3,706,670	$ 4,160,525
Master Developer Ground Rent Participation	$ (1,560,169)	$ (1,633,974)	$ (1,709,993)	$ (1,788,293)	$ (1,868,942)	$ (1,952,010)	$ (2,037,570)	$ (2,125,698)	$ (2,216,469)
Total Port of San Francisco Ground Lease Revenue	$ 14,719,179	$ 15,133,754	$ 15,560,767	$ 16,000,590	$ 16,453,608	$ 16,920,216	$ 17,400,822	$ 17,895,847	$ 18,405,722
H.) CITY & COUNTY OF SAN FRANCISCO TAX INCREMENT THROUGH 2094									
Total Gross Possessory Use Tax (1% of value)	$ 31,369,711	$ 31,997,105	$ 32,637,047	$ 33,289,788	$ 33,955,584	$ 34,634,696	$ 35,327,389	$ 36,033,937	$ 36,754,616
Total SWL 337 CFD Special Tax	$ 3,450,668	$ 3,519,682	$ 3,590,075	$ 3,661,877	$ 3,735,114	$ 3,809,817	$ 3,886,013	$ 3,963,733	$ 4,043,008
Development Period Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Tax Increment & CFD Special Tax	$ 23,723,243	$ 24,197,708	$ 24,681,662	$ 25,175,296	$ 25,678,802	$ 26,192,378	$ 26,716,225	$ 27,250,550	$ 27,795,561
Total Project Tax Increment Applied to Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Tax Increment Applied to Debt Service	$ 1,010,108	$ 893,068	$ 691,196	$ 472,229	$ 248,884	$ 21,071	$ -	$ -	$ -
Net Increment & CFD After Project Infrastructure & Debt Service	$ 22,713,136	$ 23,304,640	$ 23,990,467	$ 24,703,066	$ 25,429,918	$ 26,171,306	$ 26,716,225	$ 27,250,550	$ 27,795,561

EXHIBIT E - ANNUAL SUMMARY - PRO-FORMA UNDERWRITING	2064	2065	2066	2067	2068	2069	2070	2071	2072
A.) HORIZONTAL INFRASTRUCTURE INVESTMENT USES									
Upfront Project Entitlement Expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcels A, B & C	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcel D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Infrastructure for Parcels G & K	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Infrastructure for Parcels E & F	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Infrastructure for Parcels H, I & J	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Pier 48 Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Uses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Uses	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
B.) HORIZONTAL INFRASTRUCTURE INVESTMENT SOURCES									
Upfront CFD Mello Roos Bonds									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Horizontal Costs Not Reimbursed by Bonds (Developer Equity)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Investment Sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Sources	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
C.) CUMULATIVE MASTER DEVELOPER INFRASTRUCTURE EQUITY									
Phase 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Master Developer Infrastructure Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Master Developer Infrastructure Equity	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*
D.) MASTER DEVELOPER PEAK EQUITY									
Phase 1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Master Developer Peak Equity									
E.) LEAD PARCEL & NET DEVELOPMENT RIGHTS PAYMENTS									
Phase 1 Lead Parcel Credits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Lead Parcel & Net Development Right Payments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Lead Parcel & Development Rights Payment	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*
F.) PROJECT CASH FLOW AFTER DEBT SERVICE									
Horizontal Infrastructure Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lead Parcel Credit & Development Rights Payment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Cash Flow After Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Flow with Retained Revenue to Fund Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
G.) PORT OF SAN FRANCISCO GROUND LEASE REVENUE THROUGH 2094									
Interim SWL 337 & Pier 48 Rents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New Development Base Ground Rent	$ 11,421,818	$ 11,421,818	$ 11,421,818	$ 11,421,818	$ 12,151,054	$ 12,833,447	$ 13,846,895	$ 14,685,842	$ 15,349,968
Pier 48 Base Ground Rent	$ 5,191,044	$ 5,346,775	$ 5,507,178	$ 5,672,394	$ 5,842,566	$ 6,017,843	$ 6,198,378	$ 6,384,329	$ 6,575,859
New Development Participation Rent	$ 4,627,995	$ 5,109,489	$ 5,605,429	$ 6,116,246	$ 5,913,151	$ 5,772,685	$ 5,317,420	$ 5,053,403	$ 4,981,455
Master Developer Ground Rent Participation	$ (2,309,963)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Port of San Francisco Ground Lease Revenue	$ 18,930,894	$ 21,878,082	$ 22,534,425	$ 23,210,458	$ 23,906,771	$ 24,623,975	$ 25,362,694	$ 26,123,575	$ 26,907,282
H.) CITY & COUNTY OF SAN FRANCISCO TAX INCREMENT THROUGH 2094									
Total Gross Possessory Use Tax (1% of value)	$ 37,489,708	$ 38,239,502	$ 39,004,293	$ 39,784,378	$ 40,580,066	$ 41,391,667	$ 42,219,501	$ 43,063,891	$ 43,925,168
Total SWL 337 CFD Special Tax	$ 4,123,868	$ 4,206,345	$ 4,290,472	$ 4,376,282	$ 4,463,807	$ 4,553,083	$ 4,644,145	$ 4,737,028	$ 4,831,769
Development Period Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Tax Increment & CFD Special Tax	$ 28,351,472	$ 28,918,501	$ 29,496,871	$ 30,086,809	$ 30,688,545	$ 31,302,316	$ 31,928,362	$ 32,566,929	$ 33,218,268
Total Project Tax Increment Applied to Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Tax Increment Applied to Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Increment & CFD After Project Infrastructure & Debt Service	$ 28,351,472	$ 28,918,501	$ 29,496,871	$ 30,086,809	$ 30,688,545	$ 31,302,316	$ 31,928,362	$ 32,566,929	$ 33,218,268

EXHIBIT E - ANNUAL SUMMARY - PRO-FORMA UNDERWRITING	2073	2074	2075	2076	2077	2078	2079	2080	2081
A.) HORIZONTAL INFRASTRUCTURE INVESTMENT USES									
Upfront Project Entitlement Expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcels A, B & C	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcel D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Infrastructure for Parcels G & K	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Infrastructure for Parcels E & F	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Infrastructure for Parcels H, I & J	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Pier 48 Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Uses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Uses	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
B.) HORIZONTAL INFRASTRUCTURE INVESTMENT SOURCES									
Upfront CFD Mello Roos Bonds									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Horizontal Costs Not Reimbursed by Bonds (Developer Equity)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Investment Sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Sources	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
C.) CUMULATIVE MASTER DEVELOPER INFRASTRUCTURE EQUITY									
Phase 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Master Developer Infrastructure Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Master Developer Infrastructure Equity	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*
D.) MASTER DEVELOPER PEAK EQUITY									
Phase 1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Master Developer Peak Equity									
E.) LEAD PARCEL & NET DEVELOPMENT RIGHTS PAYMENTS									
Phase 1 Lead Parcel Credits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Lead Parcel & Net Development Right Payments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Lead Parcel & Development Rights Payment	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*
F.) PROJECT CASH FLOW AFTER DEBT SERVICE									
Horizontal Infrastructure Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lead Parcel Credit & Development Rights Payment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Cash Flow After Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Flow with Retained Revenue to Fund Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
G.) PORT OF SAN FRANCISCO GROUND LEASE REVENUE THROUGH 2094									
Interim SWL 337 & Pier 48 Rents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New Development Base Ground Rent	$ 15,349,968	$ 15,349,968	$ 15,349,968	$ 15,349,968	$ 15,349,968	$ 16,330,001	$ 17,247,080	$ 18,609,070	$ 19,736,544
Pier 48 Base Ground Rent	$ 6,773,135	$ 6,976,329	$ 7,185,619	$ 7,401,187	$ 7,623,223	$ 7,851,920	$ 8,087,477	$ 8,330,101	$ 8,580,005
New Development Participation Rent	$ 5,591,397	$ 6,219,638	$ 6,866,727	$ 7,533,227	$ 8,219,723	$ 7,946,781	$ 7,758,006	$ 7,146,168	$ 6,791,352
Master Developer Ground Rent Participation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Port of San Francisco Ground Lease Revenue	$ 27,714,500	$ 28,545,935	$ 29,402,313	$ 30,284,383	$ 31,192,914	$ 32,128,702	$ 33,092,563	$ 34,085,340	$ 35,107,900
H.) CITY & COUNTY OF SAN FRANCISCO TAX INCREMENT THROUGH 2094									
Total Gross Possessory Use Tax (1% of value)	$ 44,803,672	$ 45,699,745	$ 46,613,740	$ 47,546,015	$ 48,496,935	$ 49,466,874	$ 50,456,211	$ 51,465,336	$ 52,494,642
Total SWL 337 CFD Special Tax	$ 4,928,404	$ 5,026,972	$ 5,127,511	$ 5,230,062	$ 5,334,663	$ 5,441,356	$ 5,550,183	$ 5,661,187	$ 5,774,411
Development Period Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Tax Increment & CFD Special Tax	$ 33,882,633	$ 34,560,286	$ 35,251,492	$ 35,956,522	$ 36,675,652	$ 37,409,165	$ 38,157,348	$ 38,920,495	$ 39,698,905
Total Project Tax Increment Applied to Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Tax Increment Applied to Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Increment & CFD After Project Infrastructure & Debt Service	$ 33,882,633	$ 34,560,286	$ 35,251,492	$ 35,956,522	$ 36,675,652	$ 37,409,165	$ 38,157,348	$ 38,920,495	$ 39,698,905

EXHIBIT E - ANNUAL SUMMARY - PRO-FORMA UNDERWRITING	2082	2083	2084	2085	2086	2087	2088	2089	2090
A.) HORIZONTAL INFRASTRUCTURE INVESTMENT USES									
Upfront Project Entitlement Expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcels A, B & C	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcel D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Infrastructure for Parcels G & K	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Infrastructure for Parcels E & F	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Horizontal Pre-Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Infrastructure for Parcels H, I & J	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Pier 48 Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Uses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Uses	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
B.) HORIZONTAL INFRASTRUCTURE INVESTMENT SOURCES									
Upfront CFD Mello Roos Bonds									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings									
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Horizontal Costs Not Reimbursed by Bonds (Developer Equity)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Investment Sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Sources	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
C.) CUMULATIVE MASTER DEVELOPER INFRASTRUCTURE EQUITY									
Phase 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Master Developer Infrastructure Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Master Developer Infrastructure Equity	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*
D.) MASTER DEVELOPER PEAK EQUITY									
Phase 1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Phase 4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Master Developer Peak Equity									
E.) LEAD PARCEL & NET DEVELOPMENT RIGHTS PAYMENTS									
Phase 1 Lead Parcel Credits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 1 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 2 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 3 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Phase 4 Development Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Lead Parcel & Net Development Right Payments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cumulative Lead Parcel & Development Rights Payment	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*
F.) PROJECT CASH FLOW AFTER DEBT SERVICE									
Horizontal Infrastructure Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lead Parcel Credit & Development Rights Payment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Cash Flow After Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Flow with Retained Revenue to Fund Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
G.) PORT OF SAN FRANCISCO GROUND LEASE REVENUE THROUGH 2094									
Interim SWL 337 & Pier 48 Rents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New Development Base Ground Rent	$ 20,629,073	$ 20,629,073	$ 20,629,073	$ 20,629,073	$ 20,629,073	$ 20,629,073	$ 21,946,156	$ 23,178,633	$ 25,009,033
Pier 48 Base Ground Rent	$ 8,837,405	$ 9,102,527	$ 9,375,603	$ 9,656,871	$ 9,946,577	$ 10,244,974	$ 10,552,323	$ 10,868,893	$ 11,194,960
New Development Participation Rent	$ 6,694,659	$ 7,514,371	$ 8,358,674	$ 9,228,306	$ 10,124,028	$ 11,046,621	$ 10,679,809	$ 10,426,111	$ 9,603,853
Master Developer Ground Rent Participation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Port of San Francisco Ground Lease Revenue	$ 36,161,137	$ 37,245,971	$ 38,363,350	$ 39,514,250	$ 40,699,678	$ 41,920,668	$ 43,178,288	$ 44,473,637	$ 45,807,846
H.) CITY & COUNTY OF SAN FRANCISCO TAX INCREMENT THROUGH 2094									
Total Gross Possessory Use Tax (1% of value)	$ 53,544,535	$ 54,615,426	$ 55,707,734	$ 56,821,889	$ 57,958,327	$ 59,117,493	$ 60,299,843	$ 61,505,840	$ 62,735,957
Total SWL 337 CFD Special Tax	$ 5,889,899	$ 6,007,697	$ 6,127,851	$ 6,250,408	$ 6,375,416	$ 6,502,924	$ 6,632,983	$ 6,765,642	$ 6,900,955
Development Period Tax Increment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Tax Increment & CFD Special Tax	$ 40,492,883	$ 41,302,741	$ 42,128,796	$ 42,971,372	$ 43,830,799	$ 44,707,415	$ 45,601,563	$ 46,513,595	$ 47,443,867
Total Project Tax Increment Applied to Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Tax Increment Applied to Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Increment & CFD After Project Infrastructure & Debt Service	$ 40,492,883	$ 41,302,741	$ 42,128,796	$ 42,971,372	$ 43,830,799	$ 44,707,415	$ 45,601,563	$ 46,513,595	$ 47,443,867

EXHIBIT E - ANNUAL SUMMARY - PRO-FORMA UNDERWRITING	2091	2092	2093	2094
A.) HORIZONTAL INFRASTRUCTURE INVESTMENT USES				
Upfront Project Entitlement Expenditures	$ -	$ -	$ -	$ -
Phase 1 Horizontal Pre-Development	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcels A, B & C	$ -	$ -	$ -	$ -
Phase 1 Infrastructure for Parcel D	$ -	$ -	$ -	$ -
Phase 2 Horizontal Pre-Development	$ -	$ -	$ -	$ -
Phase 2 Infrastructure for Parcels G & K	$ -	$ -	$ -	$ -
Phase 3 Horizontal Pre-Development	$ -	$ -	$ -	$ -
Phase 3 Infrastructure for Parcels E & F	$ -	$ -	$ -	$ -
Phase 4 Horizontal Pre-Development	$ -	$ -	$ -	$ -
Phase 4 Infrastructure for Parcels H, I & J	$ -	$ -	$ -	$ -
Phase 4 Pier 48 Infrastructure	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Uses	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Uses	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
B.) HORIZONTAL INFRASTRUCTURE INVESTMENT SOURCES				
Upfront CFD Mello Roos Bonds				
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -
Total Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings				
Phase 1 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -
Phase 2 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -
Phase 3 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -
Phase 4 CFD Mello Roos Bonds	$ -	$ -	$ -	$ -
Total CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -
Horizontal Costs Not Reimbursed by Bonds (Developer Equity)	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -
Total Horizontal Infrastructure Investment Sources	$ -	$ -	$ -	$ -
Cumulative Horizontal Project Sources	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*	*$ 154,149,548*
C.) CUMULATIVE MASTER DEVELOPER INFRASTRUCTURE EQUITY				
Phase 1	$ -	$ -	$ -	$ -
Phase 2	$ -	$ -	$ -	$ -
Phase 3	$ -	$ -	$ -	$ -
Phase 4	$ -	$ -	$ -	$ -
Cumulative Master Developer Infrastructure Equity	$ -	$ -	$ -	$ -
Total Master Developer Infrastructure Equity	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*	*$ 100,826,333*
D.) MASTER DEVELOPER PEAK EQUITY				
Phase 1	NA	NA	NA	NA
Phase 2	NA	NA	NA	NA
Phase 3	NA	NA	NA	NA
Phase 4	NA	NA	NA	NA
Total Master Developer Peak Equity				
E.) LEAD PARCEL & NET DEVELOPMENT RIGHTS PAYMENTS				
Phase 1 Lead Parcel Credits	$ -	$ -	$ -	$ -
Phase 1 Development Rights	$ -	$ -	$ -	$ -
Phase 2 Development Rights	$ -	$ -	$ -	$ -
Phase 3 Development Rights	$ -	$ -	$ -	$ -
Phase 4 Development Rights	$ -	$ -	$ -	$ -
Total Lead Parcel & Net Development Right Payments	$ -	$ -	$ -	$ -
Cumulative Lead Parcel & Development Rights Payment	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*	*$ 51,470,698*
F.) PROJECT CASH FLOW AFTER DEBT SERVICE				
Horizontal Infrastructure Costs	$ -	$ -	$ -	$ -
Upfront CFD Mello Roos Bonds	$ -	$ -	$ -	$ -
CFD Mello Roos Bonds - Completed Buildings	$ -	$ -	$ -	$ -
Pay Go Tax Increment	$ -	$ -	$ -	$ -
Lead Parcel Credit & Development Rights Payment	$ -	$ -	$ -	$ -
Total Cash Flow After Debt Service	$ -	$ -	$ -	$ -
Cash Flow with Retained Revenue to Fund Infrastructure	$ -	$ -	$ -	$ -
G.) PORT OF SAN FRANCISCO GROUND LEASE REVENUE THROUGH 2094				
Interim SWL 337 & Pier 48 Rents	$ -	$ -	$ -	$ -
New Development Base Ground Rent	$ 26,524,264	$ 27,723,750	$ 27,723,750	$ 27,723,750
Pier 48 Base Ground Rent	$ 11,530,809	$ 11,876,733	$ 12,233,035	$ 12,600,026
New Development Participation Rent	$ 9,127,009	$ 8,997,061	$ 10,098,686	$ 11,233,359
Master Developer Ground Rent Participation	$ -	$ -	$ -	$ -
Total Port of San Francisco Ground Lease Revenue	$ 47,182,081	$ 48,597,544	$ 50,055,470	$ 51,557,134
H.) CITY & COUNTY OF SAN FRANCISCO TAX INCREMENT THROUGH 2094				
Total Gross Possessory Use Tax (1% of value)	$ 63,990,676	$ 65,270,490	$ 66,575,899	$ 67,907,417
Total SWL 337 CFD Special Tax	$ 7,038,974	$ 7,179,754	$ 7,323,349	$ 7,469,816
Development Period Tax Increment	$ -	$ -	$ -	$ -
Net Tax Increment & CFD Special Tax	$ 48,392,744	$ 49,360,599	$ 50,347,811	$ 51,354,767
Total Project Tax Increment Applied to Infrastructure	$ -	$ -	$ -	$ -
Total Tax Increment Applied to Debt Service	$ -	$ -	$ -	$ -
Net Increment & CFD After Project Infrastructure & Debt Service	$ 48,392,744	$ 49,360,599	$ 50,347,811	$ 51,354,767

Draft
Guidelines for the Establishment and Use of an Infrastructure Financing District with Project Areas on Land under the Jurisdiction of the San Francisco Port Commission

Threshold Criteria:

1. **At formation, limit waterfront districts and project areas to Port land**. Consistent with California Infrastructure Financing District (IFD) law (Gov. Code §§ 53395-53398.47), the City may form an IFD consisting only of land under the jurisdiction of the San Francisco Port Commission (Port) without an election (waterfront district). The formation of a waterfront district consisting of all Port land with project areas corresponding to Port development projects within the waterfront district[1] will be subject to the criteria in these *Guidelines for Establishment and Use of Infrastructure Financing Districts and Project Areas on Land under the Jurisdiction of the San Francisco Port Commission* (Port Guidelines). The City will consider allocating property tax increment from a project area to the waterfront district when the Port submits a project area-specific infrastructure financing plan that specifies: (a) the public facilities to be financed by tax increment[2] generated in the project area; (b) the projected cost of the proposed public facilities; (c) the projected amount of tax increment that will be generated over the term of the project area; (d) the amount of tax increment that is proposed to be allocated to the IFD to finance public facilities; and (e) any other matters required under IFD law.

2. **Consider requests to annex non-Port land to a project area on a case-by-case basis**. If an owner of non-Port land adjacent to a project area petitions to add the adjacent property to the project area in accordance with the IFD law, the City will consider on a case-by-case basis: (a) whether to annex the non-Port property to the project area to assist in financing public facilities; and (b) the extent to which tax increment generated by the non-Port land but not used for Port public facilities should be subject to the *Guidelines for the Establishment and Use of Infrastructure Financing Districts in the City and County of San Francisco (City Guidelines).*[3]

3. **Require completion of environmental review and the affirmative recommendation of the Capital Planning Committee before approving any infrastructure financing plan that allocates tax increment from a project area**. The City may form the Port-wide waterfront district without allocating tax increment to the waterfront district. The City will not approve an infrastructure financing plan that would allocate property tax increment to the

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1 In according with Board of Supervisors intent as stated in Board Resolution No. 110-12, adopted on March 27, 2012, and Board Resolution No. 227-12, adopted on June 12, 2012. These Port Guidelines will apply even if the Board later decides to create multiple IFDs on Port land, rather than a single waterfront district.

2 IFD law generally authorizes certain classes of public facilities to be financed through IFDs. The Legislature has broadened the types of authorized public facilities for waterfront districts to include: (1) remediation of hazardous materials in, on, under, or around any real or tangible property; (2) seismic and life-safety improvements to existing buildings; (3) rehabilitation, restoration, and preservation of structures, buildings, or other facilities having special historical, architectural, or aesthetic interest or value and that are listed on the National Register of Historic Places, are eligible for listing on the National Register of Historic Places individually or because of their location within an eligible registered historic district, or are listed on a state or local register of historic landmarks; (4) structural repairs and improvements to piers, seawalls, and wharves, and installation of piles; (5) removal of bay fill; (6) stormwater management facilities, other utility infrastructure, or public open-space improvements; (7) shoreline restoration; (8) other repairs and improvements to maritime facilities; (9) planning and design work that is directly related to any public facilities authorized to be financed by a waterfront district; (10) reimbursement payments made to the California Infrastructure and Economic Development Bank in accordance with IFD law; (11) improvements, which may be publicly owned, to protect against potential sea level rise; (12) Port maritime facilities at Pier 27; (13) shoreside power installations at Port maritime facilities; and (14) improvements to publicly-owned waterfront lands used as public spectator viewing sites for America's Cup activities in San Francisco. Gov. Code §§ 53395.3, 53395.8(d), and 53395.81(c)(1).

3 Adopted on February 8, 2011, by the Board of Supervisors Resolution No. 66-11. The City Guidelines do not apply to IFDs on land owned or managed by the Port.

waterfront district from any project area, however, until the following have occurred: (a) the City has completed environmental review of the proposed development project associated with the project area and any proposed public facilities to be financed with property tax increment from the project area; and (b) the Capital Planning Committee has recommended approval of the related infrastructure financing plan.

4. **Public facilities financed by tax increment must be consistent with applicable laws, policies, and the Port's capital plan.** Project areas in the waterfront district must finance public facilities that are consistent with: (a) IFD law; (b) the Port's Waterfront Land Use Plan; (c) any restrictions imposed by the public trust for commerce, navigation, and fisheries, the Burton Act (stats. 1968, ch. 1333), or other applicable statute; and (d) the Port's 10-Year Capital Plan, all as in effect on the date the City approves any project area infrastructure financing plan.

5. **The Port must demonstrate that the project area will result in a net economic benefit to the City, including the Port**. The Port must include in the infrastructure financing plan for each project area: (a) the total amount of revenue that the City's General Fund is projected to receive over the term of the project area; and (b) the number of jobs and other economic development benefits that the project assisted by the waterfront district is projected to produce over the term of the project area. The projections in the infrastructure financing plan should be similar to those prepared to demonstrate that certain projects are fiscally feasible and responsible in accordance with Administrative Code Chapter 29.

6. **Where applicable, maximize State contributions to project areas through matching City contributions**. IFD law authorizes the allocation of the State's share of property tax increment to certain Port project areas in proportion to the City's allocation of tax increment to the Port project area to assist in financing specified Port public facilities, such as historic preservation at Pier 70 and the Port's new James R. Herman Cruise Terminal at Pier 27. When an allocation of the State's share of property tax increment to a Port project area is authorized under IFD law, the City will allocate to the waterfront district the amount of tax increment from the project area that will maximize the amount of the State's tax increment that is available to fund authorized public facilities. To do so, the City would budget up to \$0.90 per property tax dollar (i.e., the sum of \$0.65 of tax increment allocated by the City to the waterfront district from the project area and the State's share of tax increment), until the earlier to occur of: (a) full financing of the authorized public facilities by tax increment; or (b) the allocation to the waterfront district of the full amount of tax increment from the project area authorized under the approved infrastructure financing plan.

7. **Determine the amount of tax increment to be allocated to the waterfront district from a project area in relation to project economics**. The City will consider approving infrastructure financing plans for Port project areas that provide for allocations of tax increment of up to \$0.65 per property tax dollar, or, where permitted by IFD law, \$0.65 of tax increment so that, in combination with State's share of tax increment, the total allocated is up to \$0.90 per property tax dollar, to fund authorized public facilities necessary for each proposed development project. Each infrastructure financing plan must include projections of the amount of tax increment that will be needed to fund necessary public facilities. The allocation should be sufficient to enable the Port to: (a) obtain fair market rent for Port ground leases after build-out of the project area; and (b) enable proposed development projects to attract private equity. No tax increment will be used to pay a developer's return on equity or other internal profit metric in excess of limits imposed by applicable state and federal law; the IFD law currently measures permissible developer return by reference to a published bond index and both the State Mello-Roos Community Facilities Act and federal tax law require a return that is consistent with industry standards. The Board of Supervisors

in its discretion may allocate additional tax increment to other public facilities serving the waterfront district that require funding.

An approved infrastructure financing plan will state the City's agreement that, for any debt secured by tax increment allocated to the waterfront district from a project area to finance authorized public facilities, the City will disburse tax increment to the waterfront district from the project area in amounts sufficient to fund: (a) debt service and debt service coverage for bonds issued under IFD law (IFD Bonds), bonds issued under the Mello-Roos Community Facilities Act of 1982[4] (CFD Bonds), and other forms of indebtedness that the Port is authorized to issue to fund public facilities authorized to be financed in the infrastructure financing plan to the extent not funded by special tax levies; and (b) costs of administration and authorized public facilities on a pay-as-you-go basis.

8. **Use excess tax increment for citywide purposes**. Tax increment not required to fund eligible project-specific public facilities will be allocated to the City's General Fund or to improvements to the City's seawall and other measures to protect the City against sea level rise or other foreseeable risks to the City's waterfront.

9. **Port Capital Budget**. If the Port issues Port revenue bonds (instead of CFD Bonds or IFD Bonds) to be repaid by tax increment revenue generated in one or more Port project areas, to further the purposes Port Commission Resolution No. 12-22 adopting the Port's Policy for Funding Capital Budget Expenditures, the Port will include annually in its Capital Budget any tax increment revenue allocated to the waterfront district from the project area to provide debt service coverage on any Port revenue bond debt payable from tax increment.

10. **Require each project area infrastructure financing plan to identify sources of funding to construct, operate, and maintain public facilities financed by project area tax increment**. Tax increment will be allocated to the waterfront district from a project area under a project area infrastructure financing plan only if the Port has identified anticipated sources of funding to construct, operate, and maintain any public facilities to be financed with project area tax increment. Examples of acceptable sources for operation and maintenance are: (a) private financing mechanisms, such as a homeowners association assessment; (b) a supplemental special tax levied by a community facilities district formed under the Mello-Roos Act or assessments levied by a community benefits district; and (c) the Port's maintenance budget or other allocation of the Port Harbor Fund.

Strategic Criteria

- **Use Port IFD financing for public facilities serving Port land where other Port moneys are insufficient**. Port IFD financing should be used to finance public facilities serving Port land when the Port does not otherwise have sufficient funds.

- **Use Port IFD financing to leverage non-City resources**. Port IFD financing should be used to leverage additional regional, state, and federal funds. For example, IFD funds may prove instrumental in securing matching federal or state dollars for transportation projects.

- **Continue the Port's "best-practices" citizen participation procedures to help establish priorities for public facilities serving Port land**. Continue to use the Port's "best-practices" citizen participation procedures to: (a) establish community and municipal priorities for construction of infrastructure serving Port land; and (b) ensure that

4 Gov. Code §§ 553311-53368.3 (Mello-Ross Act).

infrastructure financing plans for Port project areas provide financing to help the Port and the City meet those priorities.

- **The Port, the Mayor's Budget Office, and the Controller should collaborate to conduct periodic nexus studies**. No less than every ten years, the Port, the Mayor's Budget Office, and the Controller should collaborate on a nexus study. The nexus analysis will examine whether the cost of basic municipal services provided to Port property, such as services provided by the Fire and Police Departments, is covered by the sum of: (a) the portion of property taxes the City receives from Port land that is not allocated to the waterfront district; (b) hotel, sales, payroll or gross receipts, and any other taxes the City receives from Port land; and (c) any other revenues that the City receives from Port land.

Exhibit C

Term	Phase 1: 30 months w/ two 6 month extensions Phase 2: 36 months w/ two 6 month extensions
Performance Benchmarks	Phase 1 Benchmarks: 1. Agree on Phase 1 Transaction Costs Budget (Completed 6/7/10) 2. Submit Public Relations Program (Completed 12/14/10) 3. Submit Developer Formation Documents (Completed 2/21/11) 4. Submit Revised Proposal Concept (Completed 3/15/11) 5. Submit Revised Proposal (Completed 3/15/12) 6. Submit Community Outreach Program (Completed 4/13/12) 7. Submit Public Trust Consistency Proposal (Completed 6/15/12) 8. Submit Regulatory Approval Plan (Completed 6/15/12) 9. Submit Term Sheet (Completed 6/15/12) 10. At Port's request, confirm Financial Capacity of LLC 11. Obtain Port Commission Endorsement of Revised Proposal and Term Sheet (March 31, 2013) 12. Submit Draft Report to Obtain Fiscal Feasibility Endorsement from Board (Due August 15, 2013) 13. Obtain Board Endorsement of Term Sheet, Finding of Fiscal Feasibility (Due August 15, 2013) Phase 2 Benchmarks: 14. Agree on Phase 2 Transaction Costs Budget 15. Submit EIR Initial Study Application 16. Publication of EIR Initial Study 17. Publication of Draft EIR 18. Planning Commission Certification of Final EIR 19. Planning Commission Approval of Required Rezoning 20. Reach Agreement on Transaction Documents 21. Obtain Public Trust Consistency Determination 22. Obtain Port Commission Approvals 23. Obtain Board Approval of Lease 24. Obtain Regulatory Approvals 25. Complete Due Diligence Investigation
Port Oversight of Developer Phase 2 Budget	Initial budget: Before commencement of Phase 2, the parties will agree on a proposed budget for all eligible predevelopment costs. The Developer has provided a current Phase 1 and 2 budget estimate. Ongoing updates: ENA will require the Developer to submit a quarterly expenditure report to Port showing expenses incurred in the reporting quarter and to date as against approved budget. The Developer will provide, whenever possible, advance notice when budgeted item will exceed budget. Annual updates: The Developer presents updated information each year for review, including:

	• Eligible expenditures to date • projection of remaining eligible expenditures through entitlement • A summary of any additional legal agreements regarding the funding of the SWL 337 Associates, LLC by its member(s) including approvals of annual budgets etc. • Any updates on the status of the Developer development team expertise
Developer Financial and Professional Capacity	ENA shall be amended to include a Port right to request and review financial information supporting the financial capacity of the Developer in connection with any increase in the predevelopment budget. The Developer shall be required to demonstrate, to the Port's reasonable satisfaction, adequate financial capacity to complete the activities set forth in the ENA in accordance with increased and predevelopment budget. Port has determined that the Developer has skill and expertise to carry out its obligations under the ENA. In the event that the Developer staff materially changes, the Developer shall demonstrate, to the Port's reasonable satisfaction, that the Developer maintains the required skill and expertise.
Changes in Developer entity	ENA shall be amended to include Port review and approval rights for the admission of any new member to the Developer entity that would result in such new member or partner being accountable for any material portion of the Developer's responsibility as to funding or devoting appropriate skill and expertise to the development of the project.
Other	ENA shall be amended to extend the time within which the Port may exercise its option under Section 4.3(b), subject to certain terms and conditions, including payment of compensation to the Developer. ENA shall also be amended to delete Section 2.4(e) in its entirety relating to the Port's reserved rights to negotiate a Public Benefit Development Opportunity as defined in the ENA.

EXHIBIT D

EXHIBIT D: Projected Port Revenues from SWL 337 Project

	Interim Revenue SWL 337	*Interim Revenue* Pier 48	SWL 337 Parcel Base Rent	Pier 48	Participation Rent	Developer Share	Port Capital Event Participation	TOTAL
Total	14,388,901	12,673,934	866,226,755	385,225,889	339,300,635	(40,614,748)	98,116,625	**1,675,317,991**
NPV	12,091,803	10,064,534	71,145,288	25,990,005	18,945,884	(4,562,523)	6,472,958	**140,147,950**
2012	3,000,000	1,711,799	-	-	-	-	-	**4,711,799**
2013	3,089,005	1,744,720	-	-	-	-	-	**4,833,725**
2014	3,178,010	1,777,641	-	-	-	-	-	**4,955,651**
2015	2,055,381	1,810,562	835,397	-	-	-	-	**4,701,340**
2016	1,673,863	1,843,483	1,617,130	-	-	-	-	**5,134,476**
2017	978,472	1,876,404	2,778,114	-	-	-	-	**5,632,991**
2018	414,170	1,909,325	3,739,192	-	-	-	-	**6,062,687**
2019	-	-	4,500,000	-	-	-	-	**4,500,000**
2020	-	-	4,500,000	1,125,000	25,062	(5,012)	260,692	**5,905,741**
2021	-	-	4,500,000	1,500,000	74,328	(14,866)	184,602	**6,244,064**
2022	-	-	4,500,000	1,500,000	159,901	(31,980)	593,152	**6,721,073**
2023	-	-	4,500,000	1,545,000	276,874	(55,375)	573,490	**6,839,989**
2024	-	-	4,500,000	1,591,350	420,180	(84,036)	267,213	**6,694,707**
2025	-	-	4,500,000	1,639,091	567,785	(113,557)	-	**6,593,319**
2026	-	-	4,500,000	1,688,263	719,819	(143,964)	-	**6,764,118**
2027	-	-	4,500,000	1,738,911	876,413	(175,283)	-	**6,940,042**
2028	-	-	4,538,175	1,791,078	999,531	(207,541)	2,178,909	**9,300,153**
2029	-	-	4,573,898	1,844,811	1,129,939	(240,767)	-	**7,307,880**
2030	-	-	4,626,952	1,900,155	1,248,000	(274,990)	542,181	**8,042,298**
2031	-	-	4,670,871	1,957,160	1,380,330	(310,240)	383,932	**8,082,052**
2032	-	-	4,705,638	2,015,875	1,527,099	(346,547)	1,098,417	**9,000,481**
2033	-	-	4,705,638	2,076,351	1,714,081	(383,944)	1,079,379	**9,191,505**
2034	-	-	4,705,638	2,138,641	1,906,673	(422,462)	555,744	**8,884,234**
2035	-	-	4,705,638	2,202,801	2,105,042	(462,136)	-	**8,551,344**
2036	-	-	4,705,638	2,268,885	2,309,362	(503,000)	-	**8,780,885**
2037	-	-	4,705,638	2,336,951	2,519,812	(545,090)	-	**9,017,311**
2038	-	-	5,006,074	2,407,060	2,436,140	(588,443)	1,437,455	**10,698,285**
2039	-	-	5,287,210	2,479,271	2,378,270	(633,096)	-	**9,511,655**
2040	-	-	5,704,738	2,553,650	2,190,707	(679,089)	728,645	**10,498,651**
2041	-	-	6,050,372	2,630,259	2,081,935	(726,462)	515,972	**10,552,077**
2042	-	-	6,323,984	2,709,167	2,052,293	(775,255)	1,476,180	**11,786,369**
2043	-	-	6,323,984	2,790,442	2,303,582	(825,513)	1,450,595	**12,043,089**
2044	-	-	6,323,984	2,874,155	2,562,409	(877,278)	746,874	**11,630,143**
2045	-	-	6,323,984	2,960,380	2,829,000	(930,597)	-	**11,182,767**
2046	-	-	6,323,984	3,049,191	3,103,590	(985,515)	-	**11,491,250**
2047	-	-	6,323,984	3,140,667	3,386,417	(1,042,080)	-	**11,808,987**
2048	-	-	6,727,744	3,234,887	3,273,969	(1,100,343)	1,931,819	**14,068,076**
2049	-	-	7,105,568	3,331,934	3,196,196	(1,160,353)	-	**12,473,345**
2050	-	-	7,666,690	3,431,892	2,944,127	(1,222,163)	979,239	**13,799,784**
2051	-	-	8,131,195	3,534,848	2,797,947	(1,285,828)	693,423	**13,871,585**
2052	-	-	8,498,905	3,640,894	2,758,111	(1,351,403)	1,983,863	**15,530,369**
2053	-	-	8,498,905	3,750,121	3,095,821	(1,418,945)	1,949,478	**15,875,379**
2054	-	-	8,498,905	3,862,624	3,443,663	(1,488,514)	1,003,736	**15,320,415**
2055	-	-	8,498,905	3,978,503	3,801,940	(1,560,169)	-	**14,719,179**
2056	-	-	8,498,905	4,097,858	4,170,965	(1,633,974)	-	**15,133,754**
2057	-	-	8,498,905	4,220,794	4,551,061	(1,709,993)	-	**15,560,767**
2058	-	-	9,041,526	4,347,417	4,399,940	(1,788,293)	2,596,203	**18,596,793**
2059	-	-	9,549,290	4,477,840	4,295,420	(1,868,942)	-	**16,453,608**
2060	-	-	10,303,391	4,612,175	3,956,660	(1,952,010)	1,316,015	**18,236,231**
2061	-	-	10,927,646	4,750,540	3,760,207	(2,037,570)	931,903	**18,332,725**
2062	-	-	11,421,818	4,893,057	3,706,670	(2,125,698)	2,666,146	**20,561,993**

EXHIBIT D

EXHIBIT D: Projected Port Revenues from SWL 337 Project

	Interim Revenue SWL 337	Pier 48	SWL 337 Parcel Base Rent	Pier 48	Participation Rent	Developer Share	Port Capital Event Participation	TOTAL
Total	14,388,901	12,673,934	866,226,755	385,225,889	339,300,635	(40,614,748)	98,116,625	**1,675,317,991**
NPV	12,091,803	10,064,534	71,145,288	25,990,005	18,945,884	(4,562,523)	6,472,958	**140,147,950**
2063	-	-	11,421,818	5,039,848	4,160,525	(2,216,469)	2,619,935	**21,025,658**
2064	-	-	11,421,818	5,191,044	4,627,995	(2,309,963)	1,348,937	**20,279,832**
2065	-	-	11,421,818	5,346,775	5,109,489	-	-	**21,878,082**
2066	-	-	11,421,818	5,507,178	5,605,429	-	-	**22,534,425**
2067	-	-	11,421,818	5,672,394	6,116,246	-	-	**23,210,458**
2068	-	-	12,151,054	5,842,566	5,913,151	-	3,489,080	**27,395,852**
2069	-	-	12,833,447	6,017,843	5,772,685	-	-	**24,623,975**
2070	-	-	13,846,895	6,198,378	5,317,420	-	1,768,614	**27,131,308**
2071	-	-	14,685,842	6,384,329	5,053,403	-	1,252,400	**27,375,974**
2072	-	-	15,349,968	6,575,859	4,981,455	-	3,583,077	**30,490,359**
2073	-	-	15,349,968	6,773,135	5,591,397	-	3,520,974	**31,235,474**
2074	-	-	15,349,968	6,976,329	6,219,638	-	1,812,859	**30,358,794**
2075	-	-	15,349,968	7,185,619	6,866,727	-	-	**29,402,313**
2076	-	-	15,349,968	7,401,187	7,533,227	-	-	**30,284,383**
2077	-	-	15,349,968	7,623,223	8,219,723	-	-	**31,192,914**
2078	-	-	16,330,001	7,851,920	7,946,781	-	4,689,032	**36,817,734**
2079	-	-	17,247,080	8,087,477	7,758,006	-	-	**33,092,563**
2080	-	-	18,609,070	8,330,101	7,146,168	-	2,376,869	**36,462,209**
2081	-	-	19,736,544	8,580,005	6,791,352	-	1,683,120	**36,791,020**
2082	-	-	20,629,073	8,837,405	6,694,659	-	4,815,356	**40,976,493**
2083	-	-	20,629,073	9,102,527	7,514,371	-	4,731,895	**41,977,865**
2084	-	-	20,629,073	9,375,603	8,358,674	-	2,436,331	**40,799,681**
2085	-	-	20,629,073	9,656,871	9,228,306	-	-	**39,514,250**
2086	-	-	20,629,073	9,946,577	10,124,028	-	-	**40,699,678**
2087	-	-	20,629,073	10,244,974	11,046,621	-	-	**41,920,668**
2088	-	-	21,946,156	10,552,323	10,679,809	-	6,301,667	**49,479,956**
2089	-	-	23,178,633	10,868,893	10,426,111	-	-	**44,473,637**
2090	-	-	25,009,033	11,194,960	9,603,853	-	3,194,313	**49,002,159**
2091	-	-	26,524,264	11,530,809	9,127,009	-	2,261,973	**49,444,055**
2092	-	-	27,723,750	11,876,733	8,997,061	-	6,471,436	**55,068,980**
2093	-	-	27,723,750	12,233,035	10,098,686	-	6,359,271	**56,414,741**
2094	-	-	27,723,750	12,600,026	11,233,359	-	3,274,225	**54,831,360**

Sources: Port of San Francisco, Mission Rock Development, Century Urban, Seifel Consulting, Inc.

The Economics of Land Use

Report

Seawall Lot 337 and Pier 48 Development Project

Findings of Fiscal Responsibility and Feasibility

Prepared for:

The City and County of San Francisco

Prepared by:

Economic & Planning Systems, Inc.

March 8, 2013

EPS #121022

Economic & Planning Systems, Inc.
2501 Ninth Street, Suite 200
Berkeley, CA 94710-2257
510 841 9190 tel
510 841 9208 fax

Berkeley
Denver
Los Angeles
Sacramento

www.epsys.com

Table of Contents

List of Tables

EXECUTIVE SUMMARY

Chapter 29 of the City's Administrative Code requires that the Board of Supervisors make findings of fiscal feasibility for certain development projects before the City's Planning Department may begin California Environmental Quality Act ("CEQA") review of those proposed projects. Chapter 29 requires consideration of five factors: (1) Direct and indirect financial benefits of the project, including, to the extent applicable, cost savings and/or new revenues, including tax revenues generated by the proposed project; (2) The cost of construction; (3) Available funding for the project; (4) The long term operating and maintenance cost of the project; and (5) Debt load to be carried by the City department or agency.

This report provides information for the Board's consideration in evaluating the fiscal feasibility of a proposed development by the SWL 337 Associates LLC on Seawall Lot 337 ("SWL 337"), and the improvement and use of Pier 48, collectively referred to as the "Project." A more detailed description of the Project is provided in the **INTRODUCTION** to this report**.**

(1) Financial Benefits. The Project will provide a range of direct and indirect benefits to the City and the Port. Additional details on and analysis of the Project's financial benefits are provided in **CHAPTER 1** of this report.

  a. **Fiscal Benefits to the City and Port**. The development of SWL 337 and the improvement and use of Pier 48 will provide both new ongoing and one-time revenues. Ongoing revenues to the City include new tax receipts from Property, Possessory, Sales, Parking, Hotel, and Gross Receipts taxes. Based on the proposed development, these ongoing revenues are currently estimated to amount to $21.5 million in annual revenue to the City upon full Project build-out in 2013 dollars. A portion of the possessory interest tax revenues will be allocated to construction of public facilities and infrastructure on the Project site through the use of financing districts.

     The City will also receive one-time benefits from Development Impact Fees (Jobs Housing Linkage, Child Care, Transportation Impact Development Fee), as well as revenue associated with construction of the Project. These one-time revenues are estimated to be $60.2 million in 2013 dollars and would be received over the course of project development.

  b. **Economic Benefits to the City**. The Project will have economic impacts that benefit the City's overall economy. New direct, indirect, and induced economic activity created by construction activity for the Project is projected to create approximately 10,100 annual full time job equivalents.[1] At full build-out, the Project itself is projected to support 11,100 permanent jobs in San Francisco.

[1] Construction jobs represent "job-years" generated over the course of development only.

c. **Direct Financial Benefits to the Port**. The Port will receive an annual rent projected at $4.5 million[2] when the development is complete; rent to the Port would be even greater to the extent that the disposition of the properties on the Project site generates more value than anticipated, and to the extent that the Port's participation rent from future buildings exceeds the minimum Base Rent. The participation rent from future buildings on parcels subject to competitive solicitation[3] will include 15 percent of gross revenues from retail uses (beginning in Year 16), and will include a share of revenue from housing and office uses (share to be determined in the forthcoming Disposition and Development Agreement[4]). The Port will also participate in a share of proceeds from certain sales and refinancings.

d. **Direct Benefits to the City**. The proposed Project will include a number of public benefits, including over eight acres of new publicly accessible parks and open spaces; landscaped pedestrian facilities including waterfront pathways and pedestrian-only street segments; bicycle networks for both commuters and recreational riders; the rehabilitation of Pier 48, with restored public access to its apron along Pier 48; a new personal watercraft embarkation point; and a ground-level retail environment thoughtfully designed to both serve local residents and workers and attract visitors.

Additional details and analysis on the financial and economic benefits of the Project are provided in **CHAPTER 1**.

(2) Cost of Construction. The Project as currently proposed will cost approximately $1.2 billion to construct ($1.5 billion in nominal terms). This cost estimate includes $1.1 billion for vertical building construction ($1.3 billion in nominal terms), and $130 million for new infrastructure and public facilities ($154 million in nominal terms, including Pier 48), as set forth in further detail in **CHAPTER 2**.

(3) Available Funding for the Project. Predevelopment and infrastructure costs initially will be privately financed by the Master Developer. The Master Developer will be reimbursed and the infrastructure funding potentially augmented by several sources, including the up-front sale of Development Rights to vertical developers, special taxes levied by Community Facilities Districts (each, a "CFD") formed under the Mello-Roos Community Facilities Act of 1982, tax increment financing from Infrastructure Financing

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[2] Term Sheet, February 22, 2013, Sec. 9a describes minimum Reserve Rent, projected to grow as shown in Term Sheet Exhibit E.

[3] Term Sheet, February 22, 2013, Sec. 9e

[4] The Development and Disposition Agreement ("DDA") is anticipated to be executed in 2015 following its negotiation and the completion of environmental and regulatory review and all required approval. Percentage revenue sharing from parcels acquired by the Master Developer affiliate will be determined in collaboration with the Port.

District ("IFD") project areas, and debt issuance backed by CFD and IFD revenues. Private funds will be used for construction of all residential and commercial uses, including costs for building design and construction, City impact fees, and other agency fees. Additional information is provided in the **INTRODUCTION** and in **CHAPTER 3.**

(4) Long-Term Operating and Maintenance Costs. The Master Developer (and/or subtenants) will be responsible for a portion of the Project's operation and maintenance, including all publicly accessible open space and routine street sweeping and maintenance for the term of the ground lease. City departments, including the San Francisco Police and Fire Departments, Municipal Transportation Agency ("SFMTA"), and the Department of Public Works ("DPW"), will have increased service responsibilities associated with the anticipated population and employment increase within the Project area. **CHAPTER 4** of this report provides additional information about the anticipated additional demands for services and cost estimates, where available. The cost estimates associated with these services will be further refined through the course of the California Environmental Quality Act ("CEQA") review of the Project.

(5) Debt Load to be Carried by the City or the Port. As described in further detail in the Term Sheet, the Project proposes to use proceeds of an IFD and a CFD for construction of public facilities and infrastructure. Such debt obligations will be secured by special taxes and possessory interest taxes paid by the Project lessees and property owners and will not obligate the City's General Fund or the Port's Harbor Fund. The IFD property tax increment may be used to pay for infrastructure directly, repay IFD bonds, or to pay debt service on CFD bonds, as described below. See **CHAPTER 5** for additional information.

INTRODUCTION

Chapter 29 of the City's Administrative Code requires that the Board of Supervisors review certain development projects before the City's Planning Department may begin California Environmental Quality Act ("CEQA") review of those proposed projects. In particular, the Board of Supervisors must make a determination of fiscal feasibility and responsibility when the plan for a proposed project exceeds $25 million in construction cost, and where at least $1.0 million of the cost is paid by certain public monies, including rent credits.

This report provides information under Chapter 29, subsection Sec. 29.2, for the Board's consideration in evaluating the feasibility of a proposed development by SWL 337 Associates (the "Master Developer") on Seawall Lot 337 ("SWL 337") and the reuse of Pier 48, collectively referred to as the "Project." The current Project program includes the construction of new office, residential, retail, parking, and open space uses on SWL 337, in addition to the rehabilitation and reuse of Pier 48 and its aprons.

Section 29.2 of the San Francisco Administrative Code lists five criteria for evaluating the fiscal feasibility of a project:

(1) Direct and indirect financial benefits of the project, including, to the extent applicable, cost savings or new revenues, including tax revenues generated by the proposed project;

(2) The cost of construction;

(3) Available funding for the project;

(4) The long term operating and maintenance costs of the project; and

(5) Debt load to be carried by City departments and agencies.

Each of these criteria is discussed in the chapters that follow.

Central to this analysis is the Project's "Term Sheet," a non-binding document between the Port and the Developer, which outlines certain basic business terms of the Project. The Term Sheet:

- Describes negotiated deal terms for the Project, including financial terms.
- Describes the procedures for determining rents for Parcel Ground Leases (to vertical building developers) and, potentially, sale prices for outright parcel sales (if made possible through a future Public Trust swap).
- Has been informed by an ongoing public outreach process for the Project.
- Outlines certain basic terms contemplated for the Project's final transaction documents, including a Disposition and Development Agreement ("DDA").
- Is subject to endorsement by the Port Commission and the Board of Supervisors.

Provisions in the Term Sheet will be expanded upon in greater detail within various transaction documents to be created as the Project progresses.

The evaluation of fiscal feasibility, including financial benefits to the City and the Port, is preliminary, based on the current characteristics of the Project. The information is subject to change as the project description is revised through public review, the CEQA process, and the negotiation of final transaction documents. Actual fiscal outcomes also will depend on future economic conditions; local, State and Federal policies; and other possible actions that may affect the Project.

Proposed Development

Pier 48

The proposed Mission Rock Project includes two major components on separate Port parcels. The first parcel is Pier 48, a contributing resource to the Port of San Francisco Embarcadero Waterfront Historic District, which is listed on the National Register of Historic Places. The Master Developer has identified a potential tenant for the Pier 48 sheds and valley, and the Port has indicated its willingness to consider leasing the Pier 48 sheds and valley to the potential tenant after completion of environmental review for the Project. The proposed use of the Pier 48 sheds is allowed under existing zoning.

Pier 48 is a 212,500 square-foot facility, with two main pier sheds, Shed A and Shed B, connected by a connector shed, Shed C, at the east end of the pier. These three sheds collectively contain about 181,200 square feet of enclosed warehouse space, with a 31,300 square-foot uncovered “valley” between Shed A and Shed B. This report assumes that 10,000 square feet of Sheds A and B along Terry Francois Boulevard are utilized for retail uses.

Under the proposal, the Port would lease the warehouse sheds and valley at the facility to a user that would be responsible for certain superstructure, seismic, and possibly substructure improvements to the pier, in addition to ongoing maintenance and repairs and tenant improvements to suit the proposed use. It is anticipated that a potential lease for any portion of Pier 48 would reflect the Port’s parameter rent for similar shed structures.[5]

Seawall Lot 337

The second parcel is Seawall Lot 337. The Master Developer proposes to divide SWL 337 into two parks, a waterfront plaza, and 11 development parcels, 10 of which would be developed as a mix of commercial/office, retail, and residential uses, and the 11th of which would be developed as structured parking. The structured parking parcel (the “Parking Structure”) would serve new development and other nearby uses, including games and other events at the AT&T Ballpark. Flexible zoning controls proposed for the Project would permit some parcels to be developed for either commercial or residential uses to allow for development to respond to market conditions.

The proposed SWL 337 development includes 650 to 1,500 rental residential units; 1,300,000 to 1,700,000 square feet of commercial office and/or R&D space; 150,000 to 250,000 square feet of retail; and up to 3,000 parking spaces. This Report evaluates a specific program within these

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[5] Term Sheet, February 22, 2013, Sec. 24

ranges ("baseline development scenario"), consisting of 944 units of rental residential, 1.3 million gross square feet of office [6], 161,400 square feet of retail, and 2,816 parking spaces.

The Master Developer (and its development partners) will have options to develop the 10 mixed-use development parcels, subject to various exceptions defined in the Term Sheet.

Development is proposed to begin in approximately 2015 and continue in phases (each, a "Phase"); actual timing will depend on the certification of entitlements and market conditions. Immediately after the Project receives all required regulatory approvals, the Port and the Master Developer will enter into the DDA and an interim Master Lease for the Site. The Master Developer's base rent obligations under the Master Lease will be reduced as each parcel is transferred to a Vertical Developer for building development.

The Term Sheet lays out processes for these parcel transfers to Vertical Developers, including appraisal and auction mechanisms to ensure that the Vertical Developers pay fair market value in exchange for the use of the Port's land.

The baseline development scenario studied for this Report assumes that all vertical development parcels will be transferred to Vertical Developers under 75-year leases. The Port believes, however, that it may be able to obtain State approval for a Public Trust swap that would allow the Port to sell up to two of the development parcels (each, a "Trust Swap Parcel") outright.[7]

Parking Structure

Port and Master Developer have begun discussions with the San Francisco Municipal Transportation Agency ("SFMTA") to explore the feasibility of SFMTA financing and operating the Parking Structure. SFMTA operation of the garage could facilitate its implementation of City parking management and transportation policies. If the Parking Structure is not financed and operated by SFMTA, it may be offered for development to a Vertical Developer.[8] In any case, the Port is not expected to provide any public financing for the Parking Structure except the considerations to the Vertical Developer noted above, and CFD bond financing that can be serviced by special taxes levied on the taxable parcels at the Site or taxable parcels off-site that will benefit from the Parking Structure.[9]

Overview of Project Financing

Project economics are based on separate horizontal and vertical development stages. In general, the Master Developer will be responsible for all predevelopment and horizontal

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[6] Commercial buildings will include parking and retail and will total at least 1.5 million gross square feet; in this report, uses are evaluated separately for purposes of the fiscal and economic analysis.

[7] Term Sheet, February 22, 2013, Sec. 18a.

[8] Term Sheet, February 22, 2013, Sec. 16c.

[9] Term Sheet, February 22, 2013, Sec. 16e. The levy of any such offsite special taxes would be subject to a vote by the affected landowners and/or residents, as required by CFD law.

infrastructure costs as development takes place and will be entitled to a market-based rate of return on its investment. Developer Return will be calculated separately for each Phase (with Entitlement Costs considered a separate Phase) and will be the greater of (i) the amount that is equivalent to a 20 percent IRR (computed with quarterly compounding) on unreimbursed Horizontal Development Costs for such Phase outstanding; and (ii) the amount that is 1.5 times the highest balance of horizontal development costs outstanding for that Phase, so that the Master Developer receives a minimum of a 1.5 times multiple on its peak equity.[10]

Parcels ready for development will be subject to an appraisal process whereby the value of each parcel is established. A portion of the value of each parcel will be transferred to Vertical Developers as “Development Rights”, and the remaining value will constitute ground rent to the Port. The Development Rights will be sized to pay off the Master Developer’s outstanding prior Phase costs, if any, fund additional infrastructure costs if possible, and provide Master Developer with Developer Return as defined above.

Prepaid fair market rent for the first two development parcels is expected to be high enough to reimburse all of Master Developer’s predevelopment costs and pay accrued return on its investment unless a severe economic downturn occurs in the next few years. The use of prepaid ground rent for this purpose minimizes the accrual of return owed to the Master Developer. Other mechanisms contemplated to reduce the Port’s financial obligation to the Master Developer and generate higher future rent revenues for the Port include efficient delivery of horizontal development within each Phase, timing public debt issuances to maximize benefits of low borrowing costs, selling one or more Trust Swap Parcels, and possibly employing prepaid ground leases for additional parcels.

In addition to utilizing the prepaid ground rent from the first two Phase 1 parcels and Development Rights sales revenues from subsequent parcels, the Port will reimburse the Master Developer’s horizontal costs through a combination of Development Rights payments, sale revenues (to the extent that trust swaps occur), CFD special taxes, and IFD tax increment financing.

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[10] Term Sheet, February 22, 2013, Sec. 12a.

1. *FINANCIAL BENEFITS*

The Project will generate a range of tax revenues that are summarized in **TABLES 1** and **2**. These revenues will help to fund services to the Project area, as well as Port and Citywide services and facilities. This chapter also describes other economic benefits from the Project, including increased economic activity in the City and the creation of new jobs, summarized in **TABLE 3**. Lease revenues to the Port are described in Section C of this chapter.

Key assumptions and calculations of fiscal benefits are shown in **APPENDIX A;** economic impact calculations are in **APPENDIX B**. The financial estimates are derived from the baseline development scenario proposed by SWL 337 Associates (described in the Proposed Development subsection above) and studied in the financial analyses that have underpinned the Term Sheet negotiation progress; actual results may vary depending on the actual development program and fiscal and economic conditions during the time the Project is developed and occupied. Flexible zoning controls will permit some parcels to be developed for either commercial or residential uses in response to market conditions at the time of development; this approach will help achieve full Project build out as quickly as practicable and in turn will maximize property value..

a. Fiscal Benefits to the City and the Port

New tax revenues from the Project will include both ongoing annual revenues and one-time revenues, as summarized in **TABLE 1** and **TABLE 2**, respectively. The revenues represent direct, incremental benefits of SWL 337 and Pier 48. These tax revenues will be available to help fund public improvements and services both within the Project and Citywide.

Table 1 Fiscal Results Summary – Ongoing Annual Revenues (2013$)

Item	Total
Annual General Revenue	
Property Tax in Lieu of VLF	$1,537,000
Sales Tax	$633,000
Gross Receipts Tax	$6,169,000
Parking Tax (City and County of SF @ 20%)	$423,000
Property Transfer Tax	$1,958,000
Subtotal	**$10,720,000**
Annual Other Dedicated and Restricted Revenue	
Parking Tax (MTA 80%)	$1,691,000
Public Safety Sales Tax	$316,000
SF County Transportation Authority Sales Tax	$316,000
Subtotal	**$2,323,000**
Possessory Interest Taxes (1)	**$8,453,000**
Total, General plus Other Dedicated and Restricted Revenues	**$21,496,000**

* Represent direct incremental public tax revenues attributable to SWL 37 and Pier 48.
Numbers have been rounded to the nearest thousand.

(1) Until project infrastructure costs are fully paid, the full $0.65 per possessory interest tax dollar generated from the site will be utilized to fund bond debt service and on a pay-go basis to fund infrastructure costs through an IFD approved by the Board of Supervisors.

Table 2 Fiscal Results Summary, One-Time Revenues (2013$)

Item	Total
Development Impact Fees (1)	
Jobs Housing Linkage - §413	$32,729,000
Affordable Housing-- §415 (2)	$0
Child Care	$1,424,000
TIDF - §411.3 (3)	$18,364,000
Total: Development Impact Fees	$52,517,000
Other One-Time Revenues	
Sales Taxes During Construction	$3,933,000
Gross Receipts Tax During Construction	$3,720,000
Total: Other One-Time Revenues	$7,653,000
Total One-Time Revenues	**$60,170,000**

(1) Impact fee rates as of January 17, 2013. Fee estimates per San Francisco Planning Dept.
See Table A-4 for details on fee calculations.
(2) Project will provide inclusionary units and will not be subject to Affordable Housing Fee.
(3) Pending City legislation may modify the existing TIDF.
* Numbers have been rounded to the nearest thousand.

Possessory Interest Taxes

Possessory interest tax at a rate of 1 percent of value will be collected from the land and improvements associated with the Project.[11] The development (on publicly-owned land leased to private interests) will be charged a "possessory interest tax" in an amount equivalent to property tax.

The City receives up to $0.65 of every property or possessory interest tax dollar collected; the balance goes to other agencies, including the Education Revenue Augmentation Fund, which provides funding for schools. The General Fund distributes $0.08 cents from its $0.65 of property tax revenue to other dedicated City purposes, including the Children's Fund, Library Fund, and Open Space Fund. Taxpayers also pay various "overrides", including taxes for Citywide General Obligation bonds, special taxes and assessments that exceed the constitutional 1 percent property tax. These overrides are not estimated in this analysis.

The Term Sheet proposes to use IFD tax increment revenues to help fund horizontal development (site preparation, infrastructure, and site-wide amenities) and portions of Pier 48's

[11] Ad valorem property taxes supporting general obligation bond debt in excess of this 1 percent amount are excluded for purposes of this analysis. Such taxes require separate voter approval and proceeds are payable only for uses approved by the voters.

rehabilitation.[12] This analysis also assumes that net available possessory interest tax derived from the Project will be deployed to cover these costs, as required, rather than remaining in the General Fund. This analysis assumes that possessory interest tax available to the IFD will only include net available increment from the Project itself. The infrastructure financing plan that will be adopted along with the approval of the IFD project area will direct where excess IFD increment will flow once all applicable horizontal development has been funded. For purposes of this analysis, excess IFD taxes are assumed to flow to the City's General Fund. However, under the proposed Port IFD policy, recommended to the Board of Supervisors by the Capital Planning Committee, excess IFD taxes would go either to the General Fund or the City's seawall, subject to the discretion of the Board and the Mayor.

Land, buildings, and other improvements will be assessed and taxed. In the event of the sale of a parcel at SWL 337, the land will be assessed at the new transaction price; following development of buildings (and their sale, if applicable) the property will be re-assessed. In the case of a long-term ground lease, it is likely that the land will be assessed at the "present value" of the lease, which will reflect the value of the land if sold subject to the conditions of the lease. The assessed values will be determined by the City Assessor; the estimates shown in this analysis are preliminary and subject to revision. The secured assessed value of the Project is estimated based on development costs and reflect value upon lease-up and stabilization.

The assessed value is assumed to grow at a 2 percent annual rate (or at CPI, whichever is less) as permitted by State law, unless a transaction occurs which would reset the assessed value to the transaction price, or unless depreciation or adverse economic conditions negatively affect assessed value. The analysis assumes that the overall growth in value will keep pace with inflation. The Term Sheet includes mechanisms, for example special taxes, to assure that infrastructure can be adequately funded even if IFD property taxes decline.

It is likely that taxes will also accrue during construction, depending on the timing and method of assessment and tax levy.

Property Tax In-Lieu of Vehicle License Fees

The State budget currently converts a significant portion of what used to be Motor Vehicle License Fee (VLF) subventions, previously distributed by the State based using a per-capita formula, into property tax distributions. These distributions increase over time based on assessed value growth within each jurisdiction. These revenues to the City are projected to increase proportionately to an increase in the assessed value of the Project.

[12] The Port has proposed a set of IFD guidelines (Nov. 2012) for infrastructure investments on Port land, which includes a provision that all of the City's share of tax increment be available the associated IFD, in recognition of the Port's extraordinary capital needs. If the Board of Supervisors were to adopt these guidelines, the Project would receive $0.65 for every dollar of IFD tax increment. The Term Sheet for this Project, and the economics associated therewith are based on $0.65 for IFD collection purposes.

Sales Taxes

The City General Fund receives 1 percent of taxable sales. Sales taxes will be generated from several Project-related sources:

- Sales at new retail and restaurant uses at the Project
- Taxable expenditures by new residents and commercial tenants at the Project

In addition to the 1 percent sales tax received by every city and county in California, voter-approved local taxes dedicated to transportation purposes are collected. Two special districts, the San Francisco County Transportation Authority and the San Francisco Public Financing Authority (related to San Francisco Unified School District) also receive a portion of sales taxes (0.50 and 0.25 percent, respectively) in addition to the 1 percent local portion. The City also receives revenues from the State based on sales tax for the purpose of funding public safety-related expenditures.

Sales Taxes from Construction

During the construction phases of the Project, one-time revenues will be generated by sales and use taxes on construction materials and fixtures. Sales tax will be allocated directly to the City and County of San Francisco in the same manner as described in the prior paragraph.

Transient Occupancy Tax (TOT)

Hotel Room Tax (also known as Transient Occupancy Tax or TOT) will be generated by hotel occupancies that could be enhanced by the commercial and residential uses envisioned for the Project. The City currently collects a 14 percent tax on room charges. However, given that no hotel component is envisioned for the Project (out-of-town visitors to the site will likely stay at hotels elsewhere in the City), the impact will not be direct and is excluded from this analysis.

Parking Tax

The City collects tax on parking charges at garages and lots open to the public. The tax is 25 percent of the pre-tax parking charge. The SFMTA retains 80 percent of the parking tax revenue; the other 20 percent is available to the General Fund for allocation to special programs or purposes. If SFMTA were to operate the Parking Structure, its revenues would be subject to the City's parking tax.

This analysis assumes that all parking spaces envisioned for the Project will generate parking tax. This analysis does not include any off-site parking tax revenues that may be generated by visitors to the Project that park off-site. A detailed parking and transit analysis will be conducted as a part of further evaluations of the Project, which will likely provide a more refined estimate of this additional offsite parking tax revenue.

Property Transfer Tax

The City collects a property transfer tax of $6.80 per $1,000 of transferred value on transactions up to $1 million, $7.50 per $1,000 on transactions up to $5 million, $20.00 per $1,000 on transactions from $5 million to $10 million, and $25.00 per $1,000 on transactions above $10 million.

Given that SWL 337's residential units are envisioned as rental apartments and its commercial program will be leased, the turnover within the Project will be infrequent and limited to entire buildings. The fiscal analysis assumes that all property sells once every ten to twenty years, or an average of about once every 15 years. For estimating purposes, it is assumed that sales are spread evenly over every year, although it is more likely that sales will be sporadic. An average tax rate has been applied to the average sales transactions to estimate the potential annual transfer tax to the City. Actual amounts will vary depending on economic factors and the applicability of the tax to specific transactions.

Gross Receipts Tax

Estimated gross receipts tax revenues from on-site businesses and activities are derived from revenue estimates using data from the City's Assessor, retail sales, and parking revenue projections. This analysis does not estimate the "phase in" of this tax during the 2014 to 2017 period and assumes gross receipts taxes will be substantial enough to replace the existing payroll tax. Actual revenues from future gross receipt taxes will depend on a range of variables, including business sizes, share of activity within San Francisco, and other factors.

Transfer Fees to the Port

The Term Sheet provides that the Port may collect transfer fees upon the sale, transfer, or refinancing proceeds of certain properties.[13] This fee is separate and distinct from the current transfer taxes collected by the City. Depending on the magnitude of the fee relative to sales prices, there may be a minimal adverse impact on sales prices, assessed values, and property tax revenues. This analysis does not include any property transfer fees since the residential property is expected to be rental (unless property is removed from the Tidelands Trust restrictions), and turnover of commercial property is infrequent and difficult to predict. However, when sales or refinancing of residential rental and commercial buildings within the Project occur, the City, under the auspices of the Port, will receive property transfer fees from these transactions.

One-Time Revenues

The City will collect a number of revenues that are not recurring, including Development Impact Fees (see below) and sales taxes from the sale of construction materials.

Development Impact Fees

The Project will generate a number applicable City impact fees which include:

- Jobs Housing Linkage (Planning Code Sec. 413) – A fee per each new square foot of commercial development.
- Affordable Housing (Planning Code Sec. 415) – New rental housing built for the Project will meet City inclusionary housing requirements under Planning Code §§ 415.1-415.11 for on-site inclusionary housing for 15 percent of the units at 55 percent of area median income as

[13] Term Sheet, February 22, 2013, Sec. 10c.

determined by the U.S. Department of Housing and Urban Development for the San Francisco area ("AMI"). Residential condominiums, if built, will not include inclusionary units. Instead, the Vertical Developer will pay in lieu fees for the development parcel.[14]

- Child Care (Planning Code Sec. 414) – A fee per square foot paid by the commercial uses (hotel, office and retail).
- Transit Impact Development Fee (Planning Code Sec. 411.3) – A fee per square foot paid by all commercial uses.

In addition to the impact fees charged by the City, there are a range of other utility connection and capacity charges that will be collected based on utility consumption and other factors. Other fees will include school impact fees to be paid to the San Francisco Unified School District.

b. Economic Benefits to the City

The construction of the Project on SWL 337, the improvement and use of Pier 48, and future economic activity of businesses and households that will occupy the Project, will create short-term construction spending and jobs, as well as longer-term, permanent jobs and economic activity in San Francisco. The economic analysis provides estimates of these benefits, including the "multiplier" effects from expenditures by new businesses and households that in turn generate more business to suppliers and other industries supporting the new businesses at the Project. The potential benefits are summarized in **TABLE 3**.

[14] Term Sheet, February 22, 2013, Sec. 20.

Table 3 Estimated Annual Economic Impacts (2013$)

Impact Category	Total
Ongoing Project Employment[1]	Annual Average
Direct	6,550
Indirect	1,390
Induced	3,160
Total Employment	**11,100**
Annual Total Economic Output	**$2,106,295,000**
One-Time Construction-Related Employment	Job-Years
Direct	6,370
Indirect	1,490
Induced	2,270
Total Employment	**10,130**
Total Economic Output During Construction	**$2,055,958,000**

[1] Reflects full-time equivalents, including jobs generated by uses on SWL 337 and Pier 48.

Source: IMPLAN 2010; and Economic & Planning Systems.

The estimates are based on current proposals and plans that will be refined during the planning process and environmental review. The current analysis is intended to provide a general "order of magnitude" of benefits, and to provide a description of the types of benefits. A detailed market analysis has not been prepared at this time, but the assumptions and methodologies are believed sufficient for a planning-level analysis. Assumptions and calculations are further documented in **APPENDIX B**.

Short-Term (One-Time) Construction Impacts

Construction expenditures for site development and vertical construction of the mix of uses including, office, retail, and residential are likely to total approximately $1.3 billion over a three- to five-year period. In addition to "direct" construction activity and jobs on site, the construction expenditures will also generate new business and jobs "indirectly" for San Francisco firms serving the construction industry. Expenditures in San Francisco by the households of employees of companies benefiting from these direct and indirect expenditures will create additional "induced" benefits to the City.

Long-Term (Ongoing) Annual Economic Impacts

The Project's long-term impacts will be generated by the ongoing business operations of the anticipated mix of businesses that will occupy the Project at buildout, including retail stores and services, light manufacturing, and office-based businesses.

Office uses are projected to occupy the largest share of commercial space at the Project (over 78 percent) and, accordingly, are estimated to generate the greatest ongoing economic impacts. This analysis assumes a mix of office-based businesses consistent with employment projections for the region between 2010 and 2020.[15] Professional and business services are assumed to account for about 85 percent of office-based employment, with information technology (IT) and related services accounting for about one-half of that 85 percent. The remaining 15 percent is assumed to comprise a mix of finance, insurance, and real estate services, and medical offices. The mix of office types used for this analysis is a projected estimate that is representative of the overall Bay Area market; the final mix may vary depending on market conditions during each Phase. 1.3 million square feet of office space, amount studied in this analysis, is expected to generate approximately 5,700 jobs and $1.2 billion in direct output annually.

Retail uses are assumed to occupy 150,000 to 250,000 square feet at the Project, with 10,000 square feet of that retail on Pier 48 and the balance at SWL 337. This analysis studied 171,400 square feet of retail (including the 10,000 square feet on Pier 48) and assumes a mix of retail/neighborhood service businesses consistent with employment projections for the region between 2010 and 2020.[16] Food services and drinking places including restaurants, coffee shops, and bars are assumed to comprise almost 60 percent of retail type businesses, followed by retail stores (30 percent), with the remaining 10 percent made up of a mix of neighborhood financial services and variety of personal services. This mix reflects the projected regional average; the Project's retail mix has not yet been determined. Based on average employee densities in neighborhood commercial uses, about 570 jobs will be supported by the Project's retail uses, generating approximately $53.9 million in direct output annually.

Light manufacturing uses are proposed to occupy the 202,500 of the 212,500 leasable square feet on Pier 48, which consisting of 171,200 square feet of covered shed space and 31,300 square feet of paved yard space. Pier 48's additional 10,000 square feet of covered shed space would house retail uses and is included in the retail analysis described above. Total annual direct output of about $70.1 million and 200 jobs are estimated for the light manufacturing uses.[17]

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[15] Projections published by the Labor Market Information Division of the California Employment Development Department for the San Francisco-San Mateo-Redwood City Metropolitan Division, October 2012.

[16] Ibid.

[17] Based on EPS assumptions and San Francisco data from IMPLAN 2010; a brewery is the proposed light industrial use.

New Households

Development of residential units on SWL 337 will accommodate new households, generating a small number of new jobs and economic activity within the City. Expenditures by the occupants of the new units, other than those to support the small number of jobs directly serving the residential buildings such as building maintenance, janitorial services, waste collection, domestic services, and child care, are not included in the economic impact numbers. The analysis assumes that the projected economic activity generated by the Project is due to jobs locating onsite; however, the addition of a significant supply of residential units will help to ensure that induced expenditures are captured in San Francisco, and that expenditures by residents re-locating from other communities are also spent in the City. These effects will be a substantial benefit to San Francisco business revenues.

Total Output

"Output" refers to total income from all sources to the businesses located at the Project; it includes all supplies, labor, and profit required to produce the goods and services provided by the businesses. In addition, Project businesses will spend money on goods, supplies, and services in San Francisco, which will generate additional "indirect" economic activity and support additional jobs at those suppliers. The expenditures of the San Francisco households holding those direct and indirect jobs will spend a portion of their income in the City, which is an additional source of "output". Total output is the sum of direct, indirect, and induced business income in the City as a result of the Project.

Employment

New permanent full and part-time jobs will be created by the Project. The number of jobs to San Francisco residents will depend on the ability of local residents to compete for Project employment opportunities and implementation of local hire policies.

c. Direct Financial Benefits to the Port

The following sections provide a summary of key financial terms from the Term Sheet; however, they are not meant to be a comprehensive description of the deal structure, and should be considered in connection with the Term Sheet and its associated exhibits and materials.

Base Rent and Percentage Rent

In the near term, the Port will continue to be paid rent under a Seawall Lot 337 Master Lease (the "Master Lease") with terms consistent with those in Seawall Lot 337's current lease.[18] The Master Lease will provide for partial termination upon the release of each Development Parcel for vertical development. As the Development Parcels are transferred to Vertical Developers at fair market value, each parcel will be subject to a Parcel Ground Lease. For eight of the ten development parcels, the Port will receive an initial base rent established by a valuation procedure that allocates fair market value between initial base rent (which will be no lower than

[18] Lease No. L-14980: $2.4 million base rent and percentage rent of 66 percent of gross revenues after allowed expenses.

the parcel's share of the $3.5 million reserve rent absent Port Commission consent, and which is projected to be $4.5 million based on current estimates) plus a "Development Rights Payment" for associated infrastructure costs.[19] The Parcel Ground Leases for these eight parcels will include "percentage rent" participation in gross rental revenues received by Vertical Developers; the Port will receive the greater of percentage rent or base rent. For the first two parcels to be developed, all fair market value will go to Development Rights Payments.[20]

Pier 48 will be leased at fair market rent. In light of current projections of sea level rise, the Port will limit the maximum initial term to 30 years, after which the Port Commission will consider options to extend the term in light of policies and procedures in place to address sea level rise.

Proceeds from Building Sales and Refinancings

The Port will receive a 1.5 percent share of net proceeds from building and leasehold rights sales[21]; a 1.0 to 1.5 percent transfer fee when any Trust Swap Parcels are sold[22]; and a transfer fee of 1.5 percent of any proceeds of refinancing that are not invested back into the parcel being refinanced.[23] If the Master Developer exercises its right of first refusal to serve as Vertical Developer for a parcel and sells the rights to that parcel before the first site or building permit is issued, the Port is entitled to all net proceeds for that parcel.

Operating Expenses

Certain operational and maintenance expenses will be the responsibility of SWL 337 Associates LLC and subsequent purchasers of Development Rights over the lives of the Project leases, including (i) the maintenance of all built facilities and related landscaping, parks, and other publicly accessible open spaces, (ii) street sweeping and routine maintenance of public rights of way. These responsibilities are intended to be addressed through the creation of a CFD over the entire site for maintenance. This maintenance CFD would be additive to CFD special taxes for infrastructure funding. Special taxes levied against each taxable development parcel would provide pay-as-you-go funds for operating and maintenance costs of public access and open space areas.

IFD funds will be used for major street resurfacing and rehabilitation. Other operational responsibilities for sewers, electrical infrastructure, and water lines will be the responsibility of the applicable utility operator.

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[19] Term Sheet, February 22, 2013, Sec. 9a, 9b. See Attachment E for projections of Port rent.

[20] Term Sheet, February 22, 2013, Sec. 9e. Percentage sharing from parcels acquired by the Master Developer affiliate will be determined in collaboration with the Port.

[21] Term Sheet, February 22, 2013, Sec. 10, except for Phase 1 parcels that were sold at less than the amount required to reimburse Master Developer's predevelopment costs and accrued interest ("Upset" Transfers).

[22] Term Sheet, February 22, 2013, Sec. 10c.

[23] Term Sheet, February 22, 2013, Sec. 10d.

Capital Investment

SWL 337 Associates LLC will privately finance the entitlement and planning costs, as well as the hard and soft costs of site preparation, infrastructure, parks, and other public facilities which aren't otherwise funded directly through CFD or IFD revenues. These capital investments by SWL 337 Associates LLC, projected to equal up to $154 million,[24] will be subject to reimbursement at a 20 percent annual return. Reimbursement funds will come from IFD bond proceeds and tax increment revenues, CFD bond proceeds and CFD special tax revenues, and proceeds from the sale of Development Rights to the Vertical Developers of individual parcels.

All new buildings will be funded solely through private sources of investment. These investments are projected to total $1.3 billion through buildout.[25] Other public financing mechanisms may be explored including various revenue bonds specific to particular infrastructure and programs.[26]

d. Direct Benefits to the City – Creation and Maintenance of New Public Access Facilities

Mission Rock will provide a range of public parks, public access and open space, including:

- Three major new open spaces connected with the surrounding neighborhoods. These parks, totaling approximately eight acres, will be phased over the course of development.
- A network of landscaped pedestrian connections.
- Multiple classes of bicycle networks, from commuting lanes to recreational pathways, throughout the Project site.
- Rehabilitation of the apron along Pier 48, which is currently red-tagged and unsafe for public use. The restored apron is intended to be opened to the public as the northern terminus of the Blue Greenway. Pier 48 itself, part of the Embarcadero Historic District, will also be rehabilitated in accordance with the Secretary of the Interior standards.

As previously noted, maintenance of these facilities will be funded by a CFD. Maintenance special taxes levied against each taxable development parcel, in addition to special taxes levied to pay for infrastructure, will provide pay-as-you-go funds for operating and maintenance costs of public access and open space areas.

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[24] Term Sheet, February 22, 2013, Exhibit E, and Port Memorandum, 2/22/13; includes inflation.

[25] Horizontal Project Budget, 2/22/13; includes inflation. Excludes vertical development costs for Parcel D parking facility.

[26] Term Sheet, February 22, 2013, Sec. 19.

e. Other Public Benefits

Development of Seawall Lot 337 (SWL 337) and the adjoining Pier 48 represents an opportunity to complete an important component of the revitalization of the San Francisco waterfront, bringing a vital mix of uses that will support business, residential, retail, and recreational activities to an area now characterized by surface parking lots and an underutilized pier in need of renovation. The redevelopment of the SWL 337 and improvement of Pier 48 will generate benefits for the City and community in the form of urban revitalization, employment and living opportunities, preservation of historic maritime facilities and structures, improved public waterfront access, delivery of affordable housing, improvements to Port property including sea level rise protections, new outdoor recreation opportunities, and City-wide fiscal and economic benefits as described in prior sections of this report.

2. COSTS OF CONSTRUCTION FOR THE PROJECT

Development Costs

Entitlement and Planning

The costs for entitlements and Project planning are estimated to total up to $20 million.[27]

Project Infrastructure

The site will require substantial new infrastructure, as it consists largely of bay fill which has never before been developed. These improvements include but are not limited to investment in streets, sewer, water, and drainage systems, electrical and data utilities, shoreline stabilization improvements, parks, and landscaping. These costs are estimated to total $154.1 million in nominal terms.[28] In addition, construction of structured parking will be needed to replace the existing surface parking and to serve a portion of Project-related demand.

Building Construction and Other Improvements

The total cost for other private vertical improvements, including the office and residential buildings, are anticipated to total $1.3 billion in nominal terms.[29] These costs will be privately funded through a combination of private investment sources.

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[27] Horizontal Project Budget, 2/22/13; includes inflation.

[28] Horizontal Project Budget, 2/22/13; includes inflation.

[29] Horizontal Project Budget, 2/22/13; includes inflation. Excludes costs for Parcel D parking facility and Pier 48.

3. AVAILABLE FUNDING FOR THE PROJECT

a. Predevelopment

SWL 337 Associates LLC will privately finance the predevelopment costs. Reimbursement for these costs is anticipated to come from the sale of Development Rights on the two initial parcels to be developed, [30] and if necessary, additional parcels in future phases. The Port will not receive any ground rent for these parcels, instead devoting such land value to Master Developer reimbursement. By fully repaying the predevelopment costs as soon as possible, the City will minimize the amount of equity return owed to SWL 337 Associates LLC. In the unlikely event that the value of the two initial parcels is insufficient to reimburse the predevelopment costs and associated returns (described below), the Term Sheet contains provisions for how the City would reimburse the outstanding balance.

As provided in the Term Sheet, SWL 337 Associates LLC cost reimbursements for predevelopment and infrastructure will include a 20 percent annual cost of funds. This cost of funds is within the typical range for a major, long-term mixed-use project of this scale, considering the risks associated with potential future market conditions, and cost uncertainty.

In addition, the Term Sheet includes consideration for a minimum level of return requirement, or “equity multiple” of 1.5 times equity, necessary to attract financing; without this consideration, it will be difficult for the Project to attract equity financing given the significant amount of investment, risk-reward profile, and due diligence required.

b. Project Infrastructure

SWL 337 Associates LLC will provide initial financing for the construction of project infrastructure, except in cases where financing can be obtained for a lower cost of funds. Any financing will be reimbursed and augmented from the following sources:

- Sale of Development Rights – A portion of the development value of any given parcel, which will depend on the parcel’s development capacity, type of development allowed, and ground lease payments required.

- Proceeds of Community Facilities District (CFD) –CFD debt payments will be secured by a special tax lien on the property lessees. A portion of IFD revenues generated by the value created by the Project are intended to pay the CFD debt service. CFD special taxes not required for debt service may be used for “pay as you go” funding.

- Proceeds of Infrastructure Financing District (IFD) – Tax increment may be used to pay Horizontal Development Costs on a pay-as-you-go basis, to service tax increment bond

[30] Most likely to be Parcels A and B

financing used to pay Qualified Project Costs, to repay CFD debt, or for any other reason authorized by IFD law.[31]

- IFD tax increment revenues not otherwise required for debt service ("Pay-Go")– As noted above, additional IFD revenues will be available to fund infrastructure on a pay-as-you-go basis, since only a portion of the revenues will be committed to debt service due to coverage requirements. Once all IFD-eligible infrastructure has been completed and debt has been serviced, the tax increment will go to the General Fund. If the proposed Port IFD policy is adopted, a portion of the remaining tax increment could also flow to the Harbor Fund for infrastructure improvements consistent with the IFD financing plan.

Detailed terms and conditions related to the sale of Development Rights, financing district revenues and debt issuance, and rent payments are further described in the Term Sheet. The Term Sheet also identifies other funding options that will be explored, including state and federal incentives that might be available for horizontal and vertical construction of the Project, such as for brownfield remediation, transit-oriented development, and sustainability pilot programs; general obligation bonds for certain parks; housing mortgage revenue bonds; revenue bonds for infrastructure; and GreenFinanceSF bond financing for energy and water conservation and renewable energy improvements to buildings.[32]

c. Building Construction and Other Improvements

Private funds will be used for construction of all residential and commercial uses, including all costs for building design and construction, City impact fees, and other agency fees.

The Port and Master Developer have begun discussion with the San Francisco Municipal Transportation Agency ("SFMTA") to explore the feasibility of SFMTA financing and operating the Parking Structure. The structure would be funded by SFMTA through some combination of parking revenues from the structure, and other local, State and federal revenues dedicated to this purpose. In any case, the Port's contribution to the Parking Structure would be limited to providing the land and facilitating the final financing structure for the facility, as described in this report. Neither the City's General Fund nor the Port will provide funding for the Parking Structure.

[31] Term Sheet, February 22, 2013, Sec. 13b.

[32] Term Sheet, February 22, 2013, Sec. 19.

4. LONG-TERM OPERATING AND MAINTENANCE COSTS

The increase in public facilities needed to serve the Project, additional parks and open space amenities, and the addition of new residents, employees, and visitors will generate demand for public services. This chapter summarizes a number of key issues facing City departments and the Port that will be further refined during the course of environmental review and addressed through a combination of Project mitigation measures. Any funding required is likely to come from a combination of Project-generated public revenues, one-time and ongoing Project fees, special taxes or assessments, or other sources to be determined. Public facilities and services will be evaluated in greater detail during the environmental review process to determine specific need, implementation and funding.

a. Public Open Space

Parks and open spaces will be owned by, and will remain under the jurisdiction of, the Port, and will be managed and programmed by Master Developer, subject to Port approval and conditions of the BCDC major permit applicable to the Project site. Maintenance of the parks and open spaces will be funded by special taxes imposed on Vertical Developers through the maintenance CFD. Delivery of these parks, totaling approximately eight acres, will be phased over the course of development.[33]

b. Police

The SFPD will respond to police needs and calls for service generated by the Project. The Project area is located within the Bayview District of San Francisco Police Department (SFPD). The Bayview District is one of ten districts in the City, though the district boundaries may be realigned in the future as new development occurs in the City. The Project area is also adjacent to the new Public Safety Building currently under construction, which will house the SFPD's Command Center Headquarters and the Southern District Police Station. The Port currently contracts with the SFPD to provide two officers that respond to calls for service on Port property. It is assumed that this current level of service by the contracted officers will continue.

The Project's demand for additional police service will be generated by the new office, residential, and retail uses and related residential and employment activity, as well as by events and visitors to the parks and open space, and by new activity on Pier 48. SFPD indicates that the Project will result in a range of types of incidents requiring police responses including retail theft, traffic accidents, burglaries, and other public nuisances in the neighborhood; the specific level and types of impacts will depend on the Project's design, visibility, configuration, and access.[34]

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[33] Term Sheet, February 22, 2013, Sec. 15.; verified by Katherine Petruccione, Department of Recreation and Parks (February 19, 2013).

[34] Interview with Lieutenant Roualdes, 12/26/12.

The CEQA process is anticipated to address specific impacts and potential mitigations that may be required for this project. Based on preliminary discussions with SFPD, it is estimated that the Project's increased population and employment will require an additional patrol unit; the Project will add about 8,300 residents and employees, approximately double the current daytime population within the Mission Bay area, which is currently served by a patrol unit. On a full-time basis, this patrol translates into about five additional officers. Depending on the demand for additional supervisorial and other specialized law enforcement services in addition to patrol, the number of required sworn officers could be greater. Based on five officers at an average cost of $143,926 per officer[35], the additional cost would total $719,630.

c. Fire and EMS

The San Francisco Fire Department (SFFD) deploys services with the closest station responding, supplemented by additional resources based on the nature of the call. Responding stations include Stations 35, 29, 25 and 8. Emergency Medical Service (EMS) is provided by ambulances which "float" at different positions around the City, depending on coverage requirements. Approximately one-third of ambulance costs are recovered, on average, from fees and charges.[36]

A new Fire Station #4 will be housed within the new Public Safety Building under construction immediately south of the Project. The new station is intended to provide service to a number of new development projects planned along the waterfront, and will serve existing development. This station is expected to open in the Fall of 2014 and will include a ladder truck, fire engine, and nine firefighters at all times. Demand from the Project will contribute to the need for the new station, including its equipment and staffing, along with other growth and development in the City. The SFFD indicates that services from the new station will be sufficient to handle the increase in development at the Project without incurring additional costs or adversely affecting existing services levels, assuming that no current stations serving the area are closed.[37] Although no additional costs would be incurred due to the Project, assuming the new station were already operational, an allocation of Citywide costs to the Project would indicate a cost share of $1.5 million.[38]

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[35] Average cost per officer includes salary, benefits per Lieutenant Roualdes, 2/20/2013.

[36] Interview with Captain Zanoff, CCSF Fire Department, 9/11/12.

[37] Interview with Assistant Deputy Chief Ken Lombardi, CCSF Fire Department, 12/27/12.

[38] Assumes 550 incidents annually based on Citywide average of 64 incidents/year per 1,000 service population (population and jobs). This represents approximately 20 percent of the average for stations Citywide, each station with an average cost of $7.7 million based on 43 stations and total budget of $332.9 million.

d. SFMTA

The San Francisco Municipal Transportation Agency (SFMTA) will be responsible for providing a broad range of transportation related services and facilities to the Project. Currently, SFMTA is preparing a comprehensive assessment of services and facilities that will be affected by a number of large planned development projects in the general vicinity of the Project. The purpose of the assessment is to anticipate and assure a balanced, financially-sustainable transportation network designed to accommodate future growth, including the Project.

The development of the Project may be determined to have a number of impacts on SFMTA and other public transportation providers, including additional operations and maintenance costs for increased transit service required to handle increased ridership on lines serving the Project. Additional capital rolling stock and expanded facilities to maintain it may be required. Additional traffic control during Giants events will continue to be required, although transportation patterns will change as a result of the Project. The development of the Project will also require SFMTA to address parking management.

The feasibility of an E Line rail transit terminal loop in the vicinity of the Site to enhance public transportation options is being explored. The issue of feasibility may include a discussion of providing a financing mechanism under which landowners benefitting from the loop would contribute to the cost of construction, operation, and maintenance of the tracks, operating infrastructure and terminal service facilities integral to the loop.

The Developer will implement a Transportation Demand Management Plan ("TDMP") that will provide a comprehensive strategy to manage the transportation demands created by the Mission Rock project and set goals and incentivize the associated travel behavior to sustain a desired multi-modal transportation balance. The mixed-use nature of the Project's land use program, its rich transit options, and proximity to San Francisco's resources and services mandate that single-occupancy vehicle trips be reduced. Market-based pricing strategies for parking will be supported by innovative programs to reduce automobile dependence, and promote the use of public transit and other modes of travel including walking and biking. The transportation strategy at Mission Rock is based on reducing vehicle miles traveled by fostering multiple modes of sustainable transportation, emphasizing non-automobile travel such as pedestrian, bicycle, and public transit options.[39]

The TDMP will incorporate smart and sustainable transportation planning principles, including optimal parking management strategies by the SFMTA, to address the transportation needs of the Project, consistent with the City's Transit First, Better Streets, Climate Action, and Transportation Sustainability Plans and Policies. The TDMP will outline a series of implementation strategies intended to effectively manage the transportation demands created by the Project. The goal of these strategies will be to minimize the Project's dependence on the automobile and to optimize the inclusion of non-auto travel modes providing access to the Project.

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[39] Term Sheet, February 22, 2013, Sec. 22.

The costs for these programs will be funded by a range of mechanisms. Public tax revenues and fees may help to mitigate SFMTA costs. SFMTA is funded through a combination of local, State and Federal sources as well as from fee revenues and other potential sources to be determined, including Developer funding. These and other issues, mechanisms and funding sources will be further evaluated in detail in future studies as part of the SFMTA-led transportation assessment and the CEQA process.

Port and Master Developer also have begun discussions with the San Francisco Municipal Transportation Agency ("SFMTA") to explore the feasibility of SFMTA financing and operating the Parking Structure. In any case, the Port's contribution to the Parking Structure would be limited to providing the land and supporting this transaction through approval of required documents. SFMTA operating the parking structure would provide significant advantages to the City, such as ensuring that this garage would fit into the entire portfolio of City garages currently managed by the SFMTA and facilitating the implementation of overall parking management policies for the City, such as demand based pricing and related technology. SFMTA financing of the facility is another potential option, and would require the annual garage revenue to fully support administration costs, debt service, and some funding for the transportation network.

e. DPW

Development-related funding sources will cover the street and sidewalk maintenance services commonly provided by the Department of Public Works (DPW). The Project may create a private entity to perform these services or contract them out to DPW.[40] Regardless, based on the lengths of streets, sidewalks, and other pedestrian ways within the Project, DPW estimates annual street sweeping and litter removal costs at approximately $14,000.[41] Additional costs will be incurred periodically for resurfacing and other major maintenance needs which are anticipated to be funded through IFD funds.

[40] Interview with Larry Stringer, Department of Public Works, 1/11/12.

[41] Per Larry Stringer, 3/3/13.

5. DEBT LOAD TO BE CARRIED BY THE CITY OR THE PORT

The Project proposes to use a portion of newly created property tax funds from the Project, collected through an Infrastructure Financing District (IFD), to help pay for the horizontal development costs required by the Project. The IFD obligations will be secured by property taxes (and possessory interest taxes) paid by the Project lessees and property owners, and will not obligate the City's General Fund or the Port's Harbor Fund. The property tax increment may be used to repay IFD bonds, or to pay debt service on CFD bonds, as described below.

The Project may use CFD bonds to reimburse infrastructure costs, with CFD debt service to be paid by IFD revenues. The CFD bonds will be secured by special taxes paid by Project lessees, and will not obligate the City's General Fund or the Port's Harbor Fund, though such taxes may negatively impact land value and the Port's corresponding revenues.

Although specific financing vehicles will be refined as the financial planning continues, it is expected that the annual IFD revenues, which are estimated to total $10.9 million annually at full buildout, will repay debt service on $140 million of net proceeds from bonds. The specific mix of CFD and IFD bonds will be determined based on future market conditions, and on the appropriate mix necessary to minimize financing costs.

APPENDIX A:

Fiscal Analysis

Table 1
Fiscal Results Summary, Ongoing Revenues (2013 dollars)*
Seawall Lot 337 and Pier 48

Item	Total
Annual General Revenue	
Property Tax in Lieu of VLF	$1,537,000
Sales Tax	$633,000
Gross Receipts Tax	$6,169,000
Parking Tax (City and County of SF @ 20%)	$423,000
Property Transfer Tax	$1,958,000
Subtotal	**$10,720,000**
Annual Other Dedicated and Restricted Revenue	
Parking Tax (MTA 80%)	$1,691,000
Public Safety Sales Tax	$316,000
SF County Transportation Authority Sales Tax	$316,000
Subtotal	**$2,323,000**
Possessory Interest Taxes (1)	**$8,453,000**
Total, General plus Other Dedicated and Restricted Revenues	**$21,496,000**

* Represent direct incremental public tax revenues attributable to SWL 37 and Pier 48.
Numbers have been rounded to the nearest thousand.

(1) Until project infrastructure costs are fully paid, the full $0.65 per possessory interest tax dollar generated from the site will be utilized to fund bond debt service and on a pay-go basis to fund infrastructure costs through an IFD approved by the Board of Supervisors.

Table 2
Fiscal Results Summary, One-Time Revenues (2013 dollars)
Seawall Lot 337 and Pier 48

Item	Total
Development Impact Fees (1)	
Jobs Housing Linkage - §413	$32,729,000
Affordable Housing-- §415 (2)	$0
Child Care	$1,424,000
TIDF - §411.3 (3)	$18,364,000
Total: Development Impact Fees	$52,517,000
Other One-Time Revenues	
Sales Taxes During Construction	$3,933,000
Gross Receipts Tax During Construction	$3,720,000
Total: Other One-Time Revenues	$7,653,000
Total One-Time Revenues	**$60,170,000**

(1) Impact fee rates as of January 17, 2013. Fee estimates per San Francisco Planning Dept.
See Table A-4 for details on fee calculations.
(2) Project will provide inclusionary units and will not be subject to Affordable Housing Fee.
(3) Pending City legislation may modify the existing TIDF.
* Numbers have been rounded to the nearest thousand.

Table 3
Population and Employment
Seawall Lot 337 and Pier 48

Item	Assumptions		Total
Population	2.2	persons per unit	2,076
Employment (FTEs)			
Residential	15	units per FTE	63
Office	225	sq.ft. per FTE	5,702
Retail	300	sq.ft. per FTE	571
Manufacturing (Pier 48)			200
Parking	270	spaces per FTE	10
Total			6,547
Total			**8,623**

Table 4
San Francisco Citywide Population and Employment
Seawall Lot 337 and Pier 48

Item	Total
Population (1)	820,349
Employment (2)	982,000
Total	**1,802,349**

1) Cal. Dept. of Finance, 2012
2) Cal. Employment Development Dept., 2012

Table A-1
Project Description Summary
Seawall Lot 337 and Pier 48

Item	Gross Bldg. Sq.Ft.	Units / Spaces	
Retail (1)	171,400	na	
Office	1,283,000	na	
Residential	920,000	944	units
Parking	1,097,500	2,816	spaces
Manufacturing (Pier 48) (2)	171,200	na	
Total	**3,643,100**		

*Note: while the development strategy relies on flexible zoning, the evaluated scenario reflects one likely program on site.

(1) Includes 161,400 sq.ft. of retail at SWL337 and 10,000 sq.ft. at Pier 48.
(2) Additional "valley space" outside the sheds will also be leased to the Pier 48 tenant.

Sources: SWL 337 Associates, LLC and Economic & Planning Systems, Inc.

Table A-2
San Francisco Revenue Summary (2013 dollars)
Seawall Lot 337 and Pier 48

Item	Calculation Reference	Annual Total
Annual General Revenue		
Property Tax in Lieu of VLF	*Table A-6*	$1,537,000
Sales Tax	*Table A-8*	$633,000
Parking Tax (CCSF 20%)	*Table A-9*	$423,000
Gross Receipts Tax	*Table A-10*	$6,169,000
Property Transfer Tax	*Table A-7*	$1,958,000
Subtotal		**$10,720,000**
Annual Other Dedicated and Restricted Revenue		
Public Safety Sales Tax	*Table A-8*	$316,000
San Francisco County Transportation Authority Sales Tax	*Table A-8*	$316,000
Parking Tax (MTA 80%)	*Table A-9*	$1,691,000
Subtotal		**$2,323,000**
Possessory Interest Taxes	*Table A-5*	**$8,453,000**
TOTAL REVENUES		**$21,496,000**

Source: Economic & Planning Systems, Inc.

Table A-3
San Francisco One-Time Revenue Summary (2013 dollars)
Seawall Lot 337

Item	One-Time Total
Development Impact Fees	$52,517,000
Sales Taxes During Construction	$3,933,000
Gross Receipts Tax During Construction	$3,720,000
TOTAL REVENUES	**$60,170,000**

Table A-4
San Francisco City Development Impact Fee Revenue Estimate
Seawall Lot 337 and Pier 48

Item	**Residential**	**Office** *per gross building sq. ft.*	**Retail**	**TOTAL**
New Development (sq.ft.) (1)	920,000	1,283,000	161,400	
New Residential Units	944			
City Fees (per gross building sq.ft., except for "Affordable housing" (2)				
Jobs Housing-§413	$0.00	$22.83	$21.30	**$32,728,710**
Affordable Housing-§415 (3)	$0.00	$0.00	$0.00	**$0**
Child Care	$0.00	$1.11	$0.00	**$1,424,130**
TIDF (§411.3)	$0.00	$12.64	$13.30	**$18,363,740**
Subtotal (per sq.ft.)	-	$36.58	$34.60	
Total Development Impact Fee	$0	$46,932,140	$5,584,440	**$52,516,580**
Other In-Lieu Impact Fees				
Public Art - Installation or Fee	$0.00	1% const. cost	1% const. cost	
Street Trees	1 tree per 20' frontage, with an additional tree per remaining 10'. In-lieu fee is $1,744/tree that can't be planted.			

(1) No fees assumed related to the parking garage or improvements and use of Pier 48.
(2) All impact fees are preliminary as of 1/23/13. Inclusionary affordable housing provided onsite, therefore no housing fees are calculated.
(3) Project is providing affordable inclusionary housing onsite, therefore no in lieu fees are calculated.

Sources: City of San Francisco, and Economic & Planning Systems, Inc.

Table A-5
Possessory Interest Tax Estimate (2013 dollars)
Seawall Lot 337 and Pier 48

Item	Assumptions		Total
Land Use		**Dev. Cost**	**Secured A.V. (6)**
Infrastructure		$107,500,000	*none assumed*
Commercial (1)		$668,300,000	$794,300,000
Residential (2)		$432,700,000	$516,600,000
Parking		$120,000,000	*none assumed*
Total		**$1,328,500,000**	**$1,310,900,000**
			Tax
Gross Secured Possessory Interest Tax	1.0% of new AV excluding overrides (7)		$13,109,000
(less) Existing Possessory Interest Tax (3)			($104,658)
Net New Possessory Interest Tax			$13,004,342
Possessory Interest Tax (4)			
Net New General Fund Share (after ERAF) (5)	65.00% of total tax increase		**$8,452,822**
SF Unified School District	7.70% of total tax increase		**$1,001,334**

Notes to Table A-5
(1) Includes office, retail, and Pier 48 uses ($18.4 mill. development cost assumed for Pier 48).
(2) Includes parcels A, J, F, and K.
(3) Annual tax payment by the San Francisco Giants for the Project site.
(4) Property tax allocations from Rincon Hill Infrastructure Financing District documentation.
(5) Includes special funds set aside for Library, Open Space, and Children's Fund.
(6) Estimated value (constant dollars) for tax purposes increased approximately 20% in year of stabilized occupancy.
Based on projected vertical costs available for bonding discounted by inflation.
(7) Does not include potential additional 10% CSD services tax for maintenance
or other special taxes, assessments or bonds above 1% tax factor

Sources: City of San Francisco, and Economic & Planning Systems, Inc.

Table A-6
Property Tax in Lieu of VLF Estimate (2013 dollars)
Seawall Lot 337 and Pier 48

Item	Assumptions	Total
Citywide Total Assessed Value (1)		$147,299,540,000
Project Assessed Value		$1,310,900,000
Growth in Citywide AV due to Project		0.89%
Total Citywide Property Tax in Lieu of Vehicle License Fee (VLF) (2)		$172,710,000
Net New Property Tax in Lieu of VLF (3)		**$1,537,042**

(1) Based on the CCSF FY11 total taxable assessed value recorded by Controller's office, City and County of San Francisco.
(2) City and County of San Francisco Annual Appropriation Ordinance for Fiscal Year Ending June 30, 2013, page 124.
(3) Equals the increase in Citywide AV due to the Project multiplied by the current Citywide Property Tax In Lieu of VLF.

Sources: City of San Francisco, and Economic & Planning Systems, Inc.

Table A-7
Property Transfer Tax (2013 dollars)
Seawall Lot 337 and Pier 48

Item	Assumptions		Total
<u>Annual Transfer Tax From Building Sales</u>			
Residential Value			
Residential Assessed Value (AV)	$516,600,000		
Avg. Sales Value	6.7%	annual turnover	$34,440,000
Transfer Tax From Residential Buildings	*(avg. sale once/15 years)*		$747,800
Commercial Value			
SWL 337 Non-Residential Value	$794,300,000		
Avg. Sales Value	6.7%	annual turnover	$52,953,333
Transfer Tax From Commercial Buildings	*(avg. sale once/15 years)*		$1,210,633
Ongoing Annual Average Transfer Tax (constant $)			**$1,958,433**

(1) Assumes all residential buildings are rental units, and sales of all buildings average once/15 years.

Tax rate on the first $10 million ranges from $6.80/$1,000 (first $1 million of sales), $7.50/$1,000 ($1 million to $5 million), and $20/$1,000 ($5 million to $10 million), an average of $13.68/$1,000 of sales. $25/$1,000 applies to amount above $10 million.

Sources: City of San Francisco, and Economic & Planning Systems, Inc.

Table A-8
Sales Tax Estimates (2013 dollars)
Seawall Lot 337 and Pier 48

Item	Assumptions		Total
Taxable Sales From New Residential Uses			
Average Annual Rental Payment (1)	$38,074	per household	
Average Annual HH Income (2)	21%		$181,801
Average HH Retail Expenditure (1)	27%		$49,731
Residential Units			944
Total New Retail Sales from Households			$46,925,286
New Taxable Retail Sales Captured in San Francisco	80%	of retail expenditures	$37,540,229
Net New Sales Tax From Residential Uses	1.0%	of taxable sales	**$375,402**
Taxable Sales From Commercial Space			
Retail Sq.Ft.			171,400
Retail Taxable Sales	$300	per sq.ft.	$51,420,000
Sales Tax to San Francisco	1.0%	of taxable sales	$514,200
(less) New On-Site Residential Sales (2)	25%	of commercial sales	($128,550)
(less) Shift From Existing Sales (3)	25%		($128,550)
Net New Sales Tax From Retail Space			**$257,100**
Annual Sales Tax Allocation			
Sales Tax to the City General Fund	1.00%		**$632,502**
Public Safety Sales Tax (4)	0.50%	of taxable sales	**$316,251**
San Francisco County Transportation Authority (3)	0.50%	of taxable sales	**$316,251**
SF Public Financing Authority (Schools) (4)	0.25%	of taxable sales	**$158,126**
One-Time Sales Taxes on Construction Materials and Supplies			
Total Development Value			$1,310,900,000
Supply/Materials Portion of Construction Cost	60.00%		$786,540,000
San Francisco Capture of Taxable Sales	50.00%		$393,270,000
Sales Tax to San Francisco	1.0%	of taxable sales	**$3,932,700**

(1) Based on blended rent assumptions with average household expenditure based on typical household spending as reported for the San Francisco MSA by the State Board of Equalization.
(2) A portion of new sales from San Francisco residents are assumed captured by retail in the Project (calculated above).
(3) Reflects a deduction of retail sales that could be captured elsewhere in San Francisco were the Project not built.
(4) Sales tax proportions for these entities are as reported by Controller's Office.

Sources: SWL 337 Associates LLC, State Board of Equalization, and Economic & Planning Systems, Inc.

Table A-9
Parking Tax (2013 dollars)
Seawall Lot 337 and Pier 48

Item	**Assumption**		**Total**
Total Spaces (1)			2,816
Parking Revenues			
Annual Total (2)	$16	per day	$13,156,352
(less) existing parking revenues (3)			-$4,700,000
Net Increase			$8,456,352
San Francisco Parking Tax	25%	of revenue	**$2,114,088**
Parking Tax Allocation to General Fund/Special Programs	*20%*	*of tax proceeds*	$422,818
Parking Tax Allocation to Municipal Transp. Fund	*80%*	*of tax proceeds*	$1,691,270

(1) This analysis assumes that all Project parking will generate parking tax, based on parking program.
(2) Not including parking tax; assumes 80% occupancy.
(3) Total existing parking revenues, excluding taxes, are deducted to estimate net increase due to Project.
Parking Facility Operating Report, Nov. 2011

Sources: SWL 337 Associates LLC, and Economic & Planning Systems, Inc.

Table A-10
Gross Receipts Tax Estimates (2013 dollars)
Seawall Lot 337 and Pier 48

Item	GR Allocated to SF for GR Tax (1)	Gross Revenue Tier (2) *up to $1m*	*$1m - $2.5m*	*$2.5m - $25m*	*$25m+*	Gross Receipts Tax
Annual Impacts						
Retail	$46,210,000	*0.075%*	*0.100%*	*0.135%*	*0.160%*	$62,384
Office (3)	$1,061,428,000	*0.400%*	*0.460%*	*0.510%*	*0.560%*	$5,413,283
Manufacturing	$70,068,000	*0.125%*	*0.205%*	*0.370%*	*0.475%*	$308,299
Parking	$13,156,000	*0.075%*	*0.100%*	*0.135%*	*0.160%*	$17,761
Subtotal	$1,190,862,000					$5,801,726
Rent (4)						
Retail	$6,170,000	*0.285%*	*0.285%*	*0.300%*	*0.300%*	$18,510
Office	$78,520,000	*0.285%*	*0.285%*	*0.300%*	*0.300%*	$235,560
Manufacturing	$2,054,400	*0.285%*	*0.285%*	*0.300%*	*0.300%*	$5,855
Residential	$35,926,000	*0.285%*	*0.285%*	*0.300%*	*0.300%*	$107,778
Subtotal	$122,670,400					$367,703
Total Gross Receipts	**$1,313,532,400**					**$6,169,429**
Project Construction						
Total Development Value (5)	$1,330,000,000					
Direct Construction Cost (6)	$930,000,000	*0.300%*	*0.350%*	*0.400%*	*0.450%*	**$3,720,000**

*Note: reflects tax implementation after the payroll tax is phased out.

(1) Rounded; gross receipts for retail, office, and manufacturing uses are based on direct output of onsite uses, from IMPLAN.
(2) Given uncertainty about business size among various categories, this analysis applies a tax rate in the third tier, assuming an average gross revenue of $2.5 to $25 million per business. The actual gross receipts will depend on the size of business in each category and their gross receipts generated within the City. Manufacturing is based on 2/3 top tier, 1/3 to third tier.
(3) 90% of gross receipts are assumed to be subject to the tax as businesses with receipts below $1 million and employment outside of San Francisco will be exempt.
(4) Based on the monthly rent of $3.00 per sq.ft. for retail (NNN), $5.10 per sq.ft. for class A office (FS), $1.00 per sq.ft. (GI) for Manufacturing, and $3,172 per unit for blended residential uses.
(5) Based on vertical development cost plus infrastructure cost.
(6) As a planning estimate, 70% is assumed to represent direct construction costs.

Sources: City of San Francisco; IMPLAN; SWL 337 Associates LLC; and Economic & Planning Systems.

APPENDIX B:

Economic Analysis

Table B-1
Summary Annual Economic Impacts at Buildout (2013 dollars)
Seawall Lot 337 and Pier 48

Impact Category	Total
Ongoing Project Employment[1]	Annual Average
Direct	6,550
Indirect	1,390
Induced	3,160
Total Employment	**11,100**
Annual Total Economic Output	**$2,106,295,000**
One-Time Construction-Related Employment	Job-Years
Direct	6,370
Indirect	1,490
Induced	2,270
Total Employment	**10,130**
Total Economic Output During Construction	**$2,055,958,000**

[1] Reflects full-time equivalents, including jobs generated by uses on SWL 337 and Pier 48.

Source: IMPLAN 2010; and Economic & Planning Systems.

Table B-2
Annual Economic Impacts by Land Use at Buildout (2013 dollars)
Seawall Lot 337 and Pier 48

Land Use	Impact Type	Jobs	Gross Impacts: Employment (FTEs)	Gross Impacts: Economic Output
Retail	Direct	571	571	$53,911,833
	Indirect	97	88	$18,455,727
	Induced	113	98	$18,060,879
	Total	**782**	**758**	**$90,428,439**
Office Commercial	Direct	5,702	5,702	$1,179,363,940
	Indirect	1,413	1,282	$255,088,500
	Induced	3,464	3,049	$550,803,516
	Total	**10,579**	**10,034**	**$1,985,255,955**
Manufacturing (1)	Direct	200	200	$70,067,872
	Indirect	48	47	$11,386,613
	Induced	53	48	$8,565,275
	Total	**302**	**296**	**$90,019,760**
Parking (2)	Direct	10	10	$8,500,000
	Indirect	6	5	$4,733,651
	Induced	4	3	$3,443,365
	Total	**20**	**18**	**$16,677,017**
Residential	Direct	63	63	$8,642,745
	Indirect	12	9	$2,455,425
	Induced	17	13	$2,835,489
	Total	**92**	**86**	**$13,933,659**
Total Ongoing Impacts	Direct	6,547	6,547	$1,250,418,518
	Indirect	1,528	1,385	$280,733,303
	Induced	3,599	3,164	$575,143,249
	Total	**11,674**	**11,095**	**$2,106,295,070**
One-Time Impacts				
Construction	Direct	6,687	6,373	$1,328,447,436
	Indirect	1,656	1,494	$307,972,541
	Induced	2,594	2,272	$419,538,166
	Total	**10,937**	**10,138**	**$2,055,958,144**

1) Based on IMPLAN brewery sector, adjusted by EPS based on production increase relative to existing production.
2) Parking direct output based on projected parking revenue net of existing revenue (excluding tax).

Source: IMPLAN 2010; and Economic & Planning Systems.

Table B-3
Land Uses and Onsite Employment Estimates
Seawall Lot 337 and Pier 48

Land Use	Lot	Gross Sq. Ft.	Units/ Spaces	Employment Density[1]	Estimated Jobs
Nonresidential					
Office	Seawall Lot 337	1,283,000	-	225	5,702
Retail	Seawall Lot 337	161,400	-	300	538
Retail	Pier 48	10,000	-	300	33
					571
Manufacturing	Pier 48	171,200	-	856	200
Residential[2]	Seawall Lot 337	920,000	944	15	63
Parking	Seawall Lot 337	1,097,500	2,816	270	10
Total Project		**3,643,100**			**6,547**

[1] Building sq. ft. per employee for office, retail, and manufacturing uses; or Dwelling units per employee for residential; and parking spaces per employee for parking.

[2] Residential jobs include building services, waste management, domestic services, child care, etc.

Sources: SWL 337 Associates, LLC ; and Economic & Planning Systems, Inc.

EXHIBIT F

ADDITIONAL INFORMATION ON DEVELOPER EXPERIENCE AND FINANCIAL CAPACITY

Developer Experience
San Francisco Baseball Associates, LLV ("SFBA") maintains an in-house real estate development team as its wholly-owned subsidiary, Giants Development Services, LLC ("GDS"). GDS consists of staff with extensive depth of experience entitling and developing real estate in San Francisco and across the country, from Washington DC to Los Angeles. Jon Knorpp, previously represented Wilson Meany Sullivan (WMS) during the period when WMS was part of the Developer entity at the time. He has been with the Developer team since submittal of the SWL 337 RFP. Whether with WMS or Giants Development Services, Mr. Knorpp has served as a senior partner overseeing design, development and construction for several of the firm's major projects. He was also an integral member of the senior management team of Wilson/Equity Office, including its transition to WMS, through 2004.

From 2004 through 2007, Mr. Knorpp was a Principal with MacFarlane Partners where he led urban development activities throughout the U.S. and Mexico, including acquisitions, entitlements, project design, engineering, construction, and marketing. Prior to Wilson/Equity Office, Mr. Knorpp was a Senior Vice President for Catellus Urban Group where he led the development of the residential/retail elements of the Mission Bay master plan which includes 6,000 high-density housing units and 550,000 square feet of retail; Vice President - Development and Partner for Emerald Fund where he developed condominium/apartment and mixed-use properties in San Francisco; and a Senior Development Manager for Forest City Properties Corporation which developed high density apartment/mixed-use communities in California and Nevada including Bayside Village, the first large-scale apartment project in the South Beach neighborhood of San Francisco.

The San Francisco Giants organization, ownership group and management team have extensive real estate experience. The organization successfully developed AT&T Park, the award-winning home of the Giants baseball team. The ballpark has been consistently recognized as one of the best sporting venues in the world. The Giants also developed Scottsdale Stadium in Arizona, also known as one of the best Spring Training venues in baseball. Both AT&T Park and Scottsdale Stadium are long term public-private partnerships, where the Giants management has acted as steward of public land in the development of assets that generate economic benefits to the respective municipalities.

The Giants ownership team includes several prominent real estate professionals that have been responsible for significant development projects across the United States (e.g., DUMBO in Brooklyn, New York). This experienced ownership team guides the Giants strategic decisions and investments, and has identified the SWL 337 real estate development as a significant priority for the future of the ballclub.

As with every development entity, the Developer has compiled an external consultant team of architects, designers, engineers, transportation planners, environmental experts, and more. This external team, largely the same as reviewed as part of RFP submittals, has deep roots in San Francisco, particularly in working with the Port of San Francisco and the former San Francisco Redevelopment Agency. Specific projects of internal and external staff include the Ferry Building, the Transbay Center, The Exploratorium, Mission Bay Redevelopment, and Treasure Island Redevelopment.

Organization	**Key Leadership**
San Francisco Baseball Associates LLC	Laurence Baer, John Yee, Jack Bair
Giants Development Services, LLC	Jack Bair, Jon Knorpp, Fran Weld
Coblentz Patch Duffy Bass	Pam Duffy, Harry O’Brien, Josh Steinhauer
Sheppard Mullin	David Madway
Perkins + Will	Karen Alschuler, Cathy Simon
Nibbi Bros.	Larry Nibbi, Bob Nibbi
Hathaway Dinwiddie Construction Co.	Garry O’Reilly, Ed Conlon
Century Urban	Bryant Sparkman
EPS	Richard Berkson
Hargreaves Associates	Brian Jencek
Atelier Ten	Claire Maxfield, Emma Marchant
Adavant Consulting	Jose Farran
Moffat & Nichol	Dilip Trivedi, Bo Jensen
BKF	Todd Adair
KPFF	Marc Press
Harrison Consulting	Bob Harrison
ARS Code	Tony Sanchez-Corea

Developer Financial Capacity

For the year ended December 31, 2011 SFBA reported revenues in the low to mid hundreds of millions with net income in the low tens of millions. Assets as of December 31, 2011 were in the mid hundreds of millions with equity in the mid tens of millions figures. SFBA also has access to a revolving line of credit in the mid tens of millions which has been provided by a major US bank. The credit is secured by revenues received from Major League Baseball (MLB), trademarks and intellectual property rights. The credit line expires in March of 2015. SFBA has historically not utilized this facility. There are no outstanding borrowings under this credit facility.

For the eleven month period ended November 30, 2012, SFBA reported total assets in the mid hundreds of millions with equity in the high tens of millions. The latter represents a substantial increase over the company’s fiscal year December 31, 2011 position. SFBA reported cash and cash equivalents totaling the high tens of millions, with approximately 40 percentage of the total invested in money market investments.

SFBA operations will benefit in the future from a new agreement that MLB has negotiated with broadcasters for broadcast rights to MLB games. The company expects to receive additional revenues in the low tens of millions starting in 2014 when the new broadcast rights agreement becomes effective.