

\$75,000,000
City and County of San Francisco
Redevelopment Financing Authority
2009 Series A
Taxable Tax Allocation Revenue Bonds
(San Francisco Redevelopment Projects)
TAXABLE

\$17,625,000
City and County of San Francisco
Redevelopment Financing Authority
2009 Series B
Tax Allocation Revenue Bonds
(San Francisco Redevelopment Projects)
TAX-EXEMPT

Dated: Date of Original Delivery

Due: August 1, as shown on the inside front cover

This cover page contains information for quick reference only. It is *not* intended to be a summary of all factors relevant to an investment in the Bonds. Investors must read the entire Official Statement before making any investment decisions.

INTRODUCTION
see pages 1-5

The 2009 Series A Taxable Tax Allocation Revenue Bonds (the "2009 Series A Bonds") and the 2009 Series B Tax Allocation Revenue Bonds (the "2009 Series B Bonds") (collectively, the "Bonds," and each, a "Series of Bonds") are being issued by the City and County of San Francisco Redevelopment Financing Authority (the "Authority") pursuant to separate Indentures of Trust, each dated as of September 1, 2009, and each by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Pursuant to several loan agreements (each, a "2009 Loan Agreement") relating to each Series of Bonds, each dated as of September 1, 2009, by and among the Authority, the Redevelopment Agency of the City and County of San Francisco (the "Agency") and the Trustee, the Authority will loan the proceeds from each Series of Bonds to the Agency. The loan with respect to each 2009 Loan Agreement is evidenced by a Note dated as of September 1, 2009, by the Agency for the benefit of the Trustee and the Authority.

THE BONDS
see pages 10-16

The principal of the Bonds is payable upon their respective stated maturities on August 1 of each year. Interest on the Bonds will be payable semiannually on February 1 and August 1, commencing February 1, 2010.

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

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS—2009 Series A Bonds Redemption Provisions," "2009 Series B Bonds Redemption Provisions" and "General Redemption Provisions."

The proceeds of the 2009 Series A Bonds will be used to (i) finance certain redevelopment activities of the Agency, including low and moderate income housing, (ii) pay capitalized interest on the 2009 Series A Bonds through February 1, 2010, (iii) fund certain Reserve Accounts held by the Trustee on behalf of the Agency pursuant to the 2009 Series A Loan Agreements (hereinafter defined), and (iv) pay certain costs related to the issuance of the 2009 Series A Bonds.

The Agency will use the proceeds of the 2009 Series B Bonds to (i) finance certain redevelopment activities of the Agency, (ii) pay capitalized interest on the 2009 Series B Bonds through February 1, 2010, (iii) fund certain Reserve Accounts held by the Trustee on behalf of the Agency pursuant to the 2009 Series B Loan Agreements (hereinafter defined), and (iv) pay certain costs related to the issuance of the 2009 Series B Bonds.

SECURITY FOR THE BONDS
see pages 16-27

Each Series of Bonds will be secured primarily by payments made by the Agency to the Authority pursuant to the related 2009 Loan Agreements entered into with respect to the respective 2009 Related Project Areas (as defined herein). The obligations of the Agency under the 2009 Loan Agreements are secured by a pledge of the Agency's share of certain property tax revenues derived from the respective 2009 Related Project Areas. While the Authority has agreed not to issue additional bonds secured by the 2009 Loan Agreements, the Agency may incur additional indebtedness, which is payable from the same tax revenues as the 2009 Loan Agreements, and on an equal priority basis, so long as certain conditions precedent have been met at the time such indebtedness is incurred, as described herein. Certain tax revenues received by the Agency are subject to a prior lien. See "SECURITY FOR THE BONDS – Senior Obligations."

Each of the Reserve Accounts is subject to replenishment from Tax Revenues (defined herein) from the Contributing Cross-Collateralization Project Areas (defined herein) on a basis subordinate to certain outstanding indebtedness. See "SECURITY FOR THE BONDS – Cross-Collateralization for Reserve Accounts."

RISK FACTORS
see pages 89-97

An investment in the Bonds involves risk. Potential investors in the Bonds should review the entire Official Statement to evaluate an investment in the Bonds. See "CERTAIN RISKS TO BOND OWNERS" for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

LIMITED LIABILITY

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE PRIMARILY FROM AMOUNTS PAYABLE BY THE AGENCY TO THE AUTHORITY PURSUANT TO THE 2009 LOAN AGREEMENTS AND CERTAIN AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS HELD UNDER THE APPLICABLE INDENTURE AND THE RELATED 2009 LOAN AGREEMENTS. NO OTHER PERSON OR GOVERNMENTAL ENTITY, INCLUDING THE CITY AND COUNTY OF SAN FRANCISCO (THE "CITY"), HAS ANY DUTY TO MAKE BOND PAYMENTS OR PAYMENTS ON THE 2009 LOAN AGREEMENTS. NEITHER THE AUTHORITY NOR THE AGENCY HAS PLEDGED ANY OTHER TAX REVENUES, PROPERTY OR ITS FULL FAITH AND CREDIT TO THE PAYMENT OF DEBT SERVICE ON THE BONDS OR THE 2009 LOAN AGREEMENTS. ALTHOUGH THE AGENCY RECEIVES CERTAIN TAX INCREMENT REVENUES, NEITHER THE AGENCY NOR THE AUTHORITY HAS ANY TAXING POWER.

BOND AND TAX OPINIONS
see pages 106-108

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, Bond Counsel, subject, however to certain qualifications, under existing law, the interest on the 2009 Series B Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

In the further opinion of Bond Counsel, interest on the 2009 Series A Bonds and the 2009 Series B Bonds is exempt from California personal income taxes. Interest on the 2009 Series A Bonds is subject to all applicable federal income taxation. See "TAX MATTERS" herein.

DELIVERY

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Agency by its General Counsel and for the Authority by its General Counsel and for the Authority and the Agency by Alexis S. M. Chiu, Esq., San Francisco, California, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. It is anticipated that the 2009 Series A Bonds and 2009 Series B Bonds will be available for delivery through the facilities of DTC in New York, New York on or about September 3, 2009.

Piper Jaffray & Co.
Siebert Brandford Shank & Co., LLC
2009 Series A Bonds

De La Rosa & Co.
Stone & Youngberg
2009 Series B Bonds

SERIES A MATURITY SCHEDULE

\$75,000,000
City and County of San Francisco
Redevelopment Financing Authority
2009 Series A Taxable Tax Allocation Revenue Bonds
(San Francisco Redevelopment Projects)
\$11,240,000 Serial Bonds
(Base CUSIP Number: 79771P)

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP [†] Suffix
2010	\$3,830,000	3.850%	3.920%	N27
2011	3,525,000	4.600	4.670	N35
2012	3,885,000	5.400	5.460	N43

\$9,640,000 6.550% Term Bonds due August 1, 2014, Yield 6.700% CUSIP[†] No. 79771P N68
\$11,340,000 7.375% Term Bonds due August 1, 2016, Yield 7.620% CUSIP[†] No. 79771P N84
\$24,540,000 8.000% Term Bonds due August 1, 2019, Yield 8.110% CUSIP[†] No. 79771P P33
\$18,240,000 8.250% Term Bonds due August 1, 2024, Yield 8.510% CUSIP[†] No. 79771P P41

SERIES B MATURITY SCHEDULE

\$17,625,000
City and County of San Francisco
Redevelopment Financing Authority
2009 Series B Tax Allocation Revenue Bonds
(San Francisco Redevelopment Projects)
\$10,000,000 Serial Bonds
(Base CUSIP Number: 79771P)

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP [†] Suffix	Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP [†] Suffix
2010	\$585,000	4.000%	1.850%	L52	2015	\$1,045,000	5.000%	4.130%	M28
2011	835,000	4.000	2.390	L60	2016	1,095,000	5.000	4.420	M36
2012	870,000	4.000	2.930	L78	2017	1,155,000	5.000	4.690	M44
2013	905,000	4.000	3.340	L86	2018	1,255,000	5.000	4.940	M51
2014	940,000	4.000	3.800	L94	2019	1,315,000	5.125	5.140	M69

\$2,010,000 6.125% Term Bonds due August 1, 2028, Yield 6.090%^c CUSIP[†] No. 79771P M77
\$2,120,000 6.500% Term Bonds due August 1, 2032, Yield 6.520% CUSIP[†] No. 79771P M85
\$3,495,000 6.625% Term Bonds due August 1, 2039, Yield 6.640% CUSIP[†] No. 79771P M93

[†] Copyright 2009, American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. None of the Authority, the Agency or the Underwriters takes any responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including but not limited to a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of either Series of the Bonds.

^c Yield to optional redemption date on August 1, 2019.

CITY AND COUNTY OF SAN FRANCISCO REDEVELOPMENT FINANCING AUTHORITY

Board Members

(Agency Commission Members)

Ramon Romero, *President*

Rick Swig, *Vice President*

London Breed

Linda A. Cheu

Francee Covington

Leroy King

Darshan Singh

REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO

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James B. Morales, *Agency General Counsel*

Gina Solis, *Secretary*

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Benjamin Rosenfield, *Controller*

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Bevan Dufty, *District 8*

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Eric Mar, *District 1*

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Trustee

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Bond Counsel

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Alexis S. M. Chiu, Esq.
San Francisco, California

No dealer, broker, salesperson or other person has been authorized by the Authority, the Agency or the City and County of San Francisco (the “City”) to give any information or to make any representations in connection with the offer or sale of the Bonds other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful.

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

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

All summaries of the 2009 Indentures and the 2009 Loan Agreements (each as defined herein), and of statutes and other documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Bond and the Authority, the Agency or the City.

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

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

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
INTRODUCTION..... 1	THE AGENCY..... 45
General..... 1	History and Purpose..... 45
Purpose..... 2	Authority and Personnel..... 45
Security for the Bonds..... 2	Powers and Controls..... 46
Reserve Account; Cross-Collateralization..... 3	
Limited Obligation..... 4	TAX REVENUES AND DEBT SERVICE..... 47
Risk Factors..... 4	Historical and Current Tax Revenues..... 47
Continuing Disclosure..... 4	Pending Tax Appeals..... 48
Availability of Documents..... 5	Historical and Current Tax Revenues for Each Reserve Account Cross-Collateralization
PLAN OF FINANCE..... 5	Project Area..... 49
SOURCES AND USES OF FUNDS..... 8	Property Foreclosures..... 88
DEBT SERVICE SCHEDULES..... 9	CERTAIN RISKS TO BOND OWNERS..... 89
THE BONDS..... 10	Concentration of Tax Base..... 89
Description of the Bonds..... 10	Estimates of Tax Revenues..... 89
Book-Entry Only System..... 11	Reduction in Tax Base..... 90
2009 Series A Bonds Redemption Provisions..... 11	Natural Disasters and Seismic Risks..... 90
2009 Series B Bonds Redemption Provisions..... 13	State Budgets..... 91
General Redemption Provisions..... 15	Reductions in Unitary Values..... 93
SECURITY FOR THE BONDS..... 16	Appeals to Assessed Values..... 93
General..... 16	Hazardous Substances..... 94
The 2009 Indentures..... 16	Reduction in Inflation Rate..... 94
The 2009 Loan Agreements..... 17	Delinquencies..... 95
Reserve Accounts..... 17	Investment Funds..... 95
Cross-Collateralization of Reserve Accounts..... 18	Bankruptcy and Foreclosure..... 95
Additional Bonds..... 22	Levy and Collection of Taxes..... 95
Parity Debt..... 23	Changes in the Law..... 96
Parity Prior Loans..... 23	Loss of Tax Exemption..... 96
Senior Obligations..... 27	Risk of Tax Audit..... 96
THE RESERVE ACCOUNT CROSS- COLLATERALIZATION PROJECT AREAS..... 27	Secondary Market..... 96
Reserve Account Cross-Collateralization	Parity Obligations..... 97
Project Areas with Prior Loans..... 29	Bonds Are Limited Obligations..... 97
Reserve Account Cross-Collateralization	Limited Recourse on Default..... 97
Project Areas without Prior Loans..... 37	LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS..... 97
PLEDGE OF TAX REVENUES..... 38	Property Tax Limitations: Article XIII A..... 97
General..... 38	Property Tax Collection Procedures..... 98
Tax Revenues..... 38	Limitations on Receipt of Additional Taxing
Allocable Tax Revenues..... 40	Entity Revenue..... 100
Teeter Plan..... 41	Taxation of Unitary Property..... 101
Tax Revenues Allocable to the Agency..... 41	Non-Unitary Utility Properties..... 101
Low and Moderate Income Housing	Appropriations Limitations: Article XIII B of the State Constitution..... 101
Requirements..... 42	Low and Moderate Income Housing..... 102
Assembly Bill 1290..... 42	Limitation on Tax Revenues..... 102
Senate Bill 211..... 43	Certain Required Payments of Tax Revenues to Taxing Entities..... 103
Senate Bill 2113 and Related Redevelopment	Future Initiatives..... 106
Law Provisions..... 44	TAX MATTERS..... 106
THE AUTHORITY..... 45	2009 Series B Bonds..... 106
	2009 Series A Bonds..... 108

INFORMATION REPORTING AND BACKUP WITHHOLDING.....	108	RATINGS.....	109
NO LITIGATION.....	108	FINANCIAL STATEMENTS.....	110
CONTINUING DISCLOSURE.....	108	FISCAL CONSULTANT REPORT.....	110
LEGAL OPINIONS	109	UNDERWRITING	110
FINANCIAL ADVISOR.....	109	MISCELLANEOUS	111

APPENDICES

APPENDIX A	Agency's Audited Financial Statements for the Year ended June 30, 2008	A-1
APPENDIX B	Fiscal Consultant Report.....	B-1
APPENDIX C	Summary of Principal Legal Documents	C-1
APPENDIX D	Form of Continuing Disclosure Certificates	D-1
APPENDIX E	Forms of Bond Counsel Final Opinions.....	E-1
APPENDIX F	DTC and the Book-Entry Only System.....	F-1

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OFFICIAL STATEMENT

\$75,000,000
City and County of San Francisco
Redevelopment Financing Authority
2009 Series A
Taxable Tax Allocation Revenue Bonds
(San Francisco Redevelopment Projects)
TAXABLE

\$17,625,000
City and County of San Francisco
Redevelopment Financing Authority
2009 Series B
Tax Allocation Revenue Bonds
(San Francisco Redevelopment Projects)
TAX-EXEMPT

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, table of contents and appendices hereto (collectively, the “Official Statement”), is to provide certain information in connection with the offering by the City and County of San Francisco Redevelopment Financing Authority (the “Authority”) of its \$75,000,000 aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2009 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects) (the “2009 Series A Bonds”) and its \$17,625,000 aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2009 Series B Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects) (the “2009 Series B Bonds” and together with the 2009 Series A Bonds, the “Bonds”). Each of the 2009 Series A Bonds and the 2009 Series B Bonds are sometimes referred to herein as a “Series of Bonds.” The Bonds are being issued in accordance with Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Bond Law”), resolutions of the Authority and the Redevelopment Agency of the City and County of San Francisco (the “Agency”) adopted June 16, 2009, and August 4, 2009 (together, the “Resolution”), and separate Indentures of Trust relating to each Series of Bonds, each dated as of September 1, 2009 (respectively, the “2009 Series A Indenture” and the “2009 Series B Indenture,” and collectively, the “2009 Indentures”), each by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated July 11, 1989 (the “Joint Powers Agreement”), between the City and County of San Francisco (the “City”) and the Agency. The Joint Powers Agreement was entered into pursuant to the provisions of Chapter 5 of Division 7 of Title 1 of the California Government Code, commencing with Section 6500 (the “Act”).

Pursuant to seven (7) different loan agreements with respect to the 2009 Series A Bonds, each dated as of September 1, 2009 (the “2009 Series A Loan Agreements”), and four (4) different loan agreements with respect to the 2009 Series B Bonds, each dated as of September 1, 2009 (the “2009 Series B Loan Agreements,” and collectively with the 2009 Series A Loan Agreements, the “2009 Loan Agreements”), each by and among the Authority, the Agency and the Trustee, the Authority will loan the proceeds of the Bonds to the Agency. The repayment obligation of the Agency under each 2009 Loan Agreement is evidenced by a Note dated as of September 1, 2009 (each, a “2009 Note,” and together, “the “2009 Notes”), by the Agency for the benefit of the Trustee and the Authority, and is secured by a pledge of certain tax revenues and other amounts derived from a specific redevelopment project area. See “PLAN OF FINANCE” and “SECURITY FOR THE BONDS.”

Purpose

The Agency will use the proceeds of the 2009 Series A Bonds to: (i) finance certain redevelopment activities of the Agency within or of benefit to the 2009 Series A Related Project Areas (hereinafter defined), including certain low and moderate income housing developments, (ii) pay capitalized interest on the 2009 Series A Bonds through February 1, 2010, (iii) fund Reserve Accounts held by the Trustee on behalf of the Agency pursuant to the 2009 Series A Loan Agreements, and (iv) pay certain costs related to the issuance of the 2009 Series A Bonds. The Agency will use the proceeds of the 2009 Series B Bonds to: (i) finance certain redevelopment activities of the Agency within or of benefit to the 2009 Series B Related Project Areas (hereinafter defined), (ii) pay capitalized interest on the 2009 Series B Bonds through February 1, 2010, (iii) fund Reserve Accounts held by the Trustee on behalf of the Agency pursuant to the 2009 Series B Loan Agreements, and (iv) pay certain costs related to the issuance of the 2009 Series B Bonds. See “PLAN OF FINANCE.”

Security for the Bonds

The Bonds of each Series will be secured primarily by payments made by the Agency to the Authority pursuant to the 2009 Loan Agreements related to such Series of Bonds. The total amount payable by the Agency to the Authority under the 2009 Series A Loan Agreements is equal to the amount necessary to pay the debt service on the 2009 Series A Bonds, and the total amount payable by the Agency to the Authority under the 2009 Series B Loan Agreements is equal to the amount necessary to pay the debt service on the 2009 Series B Bonds.

The repayment obligation of the Agency under each 2009 Loan Agreement is evidenced by a 2009 Note and secured by a pledge of, and except as indicated below, first lien upon, certain tax revenues and other amounts allocated and paid to the Agency derived primarily from taxes assessed on certain property within various redevelopment project areas established by the Agency (the “Project Areas”) specified for each Series of Bonds, as further described herein under “PLEDGE OF TAX REVENUES – Tax Revenues” (the “Tax Revenues”).

Each 2009 Series A Loan Agreement is secured, respectively, by a pledge of Tax Revenues from one of the following Project Areas: the Bayview Hunters Point Redevelopment Project Area, Project Area B (the “Bayview Hunters Point Redevelopment Project Area B”); the Mission Bay North Project Area; the Mission Bay South Project Area; the Rincon Point-South Beach Redevelopment Project Area¹; the Transbay Redevelopment Project Area; the Western Addition Redevelopment Project Area A-2²; and the Yerba Buena Center Approved Redevelopment Project Area D-1 (the “Yerba Buena Center Redevelopment Project Area”) (collectively, the “2009 Series A Related Project Areas”).

Each 2009 Series B Loan Agreement is secured, respectively, by a pledge of Tax Revenues from one of the following Project Areas: the Bayview Hunters Point Redevelopment Project Area B; the South of Market Redevelopment Project Area³; the Transbay Redevelopment Project Area; and the Yerba Buena Center Redevelopment Project Area (collectively, the “2009 Series B Related Project Areas”).

¹ The 2009 Series A Loan Agreement with respect to the Rincon Point-South Beach Redevelopment Project Area is secured on a subordinate basis to the South Beach Harbor Bonds (as defined herein) with respect to the Tax Revenues generated by the South Beach Harbor Project. See “SECURITY FOR THE BONDS – Senior Obligations.”

² The 2009 Series A Loan Agreement with respect to the Western Addition Redevelopment Project Area A-2 is secured on a subordinate basis to certain payments to be made to certain school entities with respect to Tax Revenues generated by the Western Addition Redevelopment Project Area A-2. See “SECURITY FOR THE BONDS – Senior Obligations.”

³ The 2009 Series B Loan Agreement with respect to the South of Market Redevelopment Project Area may be secured on a subordinate basis to certain payments to be made to certain school entities with

The 2009 Series A Related Project Areas and the 2009 Series B Related Project Areas are collectively referred to as the “2009 Related Project Areas.” See “PLAN OF FINANCE” and “THE RESERVE ACCOUNT CROSS-COLLATERALIZATION PROJECT AREAS.”

The California Community Redevelopment Law, constituting Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code (the “Redevelopment Law”) provides a means for financing redevelopment projects through the use of tax revenues. Under this financing mechanism, the taxable valuation of the property within a redevelopment project area last equalized prior to the effective date of the ordinance approving the redevelopment plan, or “base roll,” is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll are allocated to the applicable redevelopment agency, and subject to certain limitations discussed herein, may be pledged by the redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as previously described. The allocation of tax increment revenues generated by the Project Areas are subject to the annual appropriation process as a part of the review of the Agency’s budget by the Board of Supervisors of the City (the “Board of Supervisors”). See “PLEDGE OF TAX REVENUES.”

Reserve Account; Cross-Collateralization

Under each of the 2009 Loan Agreements, the Agency is required to maintain a Reserve Account in the amount of the Reserve Requirement as defined therein. The Agency has determined that, because proceeds of the 2009 Series A Bonds expected to be used, and proceeds of certain prior bonds used or to be used, to finance or refinance low and moderate income housing through loans made with respect to the 2009 Related Project Areas, Hunters Point Redevelopment Project Area⁴, India Basin Industrial Park Redevelopment Project Area (the “India Basin Redevelopment Project Area”), Merged Embarcadero-Lower Market (Golden Gateway) Redevelopment Project Area/South of Market Redevelopment Project Area/Federal Office Building Redevelopment Project Area (the “Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area”) (collectively, the “Reserve Account Cross-Collateralization Project Areas”) will benefit, or benefited, all of the Agency’s Project Areas, Tax Revenues in the amount of approximately \$789 million⁵ from such Project Areas (except Tax Revenues from the Mission Bay North Project Area and the Mission Bay South Project Area) may be used, on a subordinate basis to the payment of debt service on the 2009 Loan Agreements (including the 2009 Loan Agreements with respect to the Mission Bay North Project Area and Mission Bay South Project Area), Parity Debt (as defined herein), the Prior Loan Agreements (as defined herein), and certain debt on a parity with the debt under the Prior Loan Agreements, by the Agency to make up all or a portion of any deficiencies in the Reserve Accounts established under the 2009 Loan Agreements or in the reserve accounts established under loan agreements with the Authority previously entered into by the Agency to assist in the financing of redevelopment activities of the Agency in the Reserve Account Cross-

respect to the Tax Revenues generated by the South of Market Redevelopment Project Area. See “SECURITY FOR THE BONDS – Senior Obligations.”

⁴ The Hunters Point Redevelopment Project Area has been merged into the Bayview Hunters Point Redevelopment Project Area as Project Area A. Such area will be referred to herein as the “Hunters Point Redevelopment Project Area.”

⁵ Such amount will change in dollar amount and as a percentage of debt service as the 2009 Loans and Prior Loan Agreements (as defined herein) are repaid and Parity Debt (as defined herein) is incurred and will increase by and to the extent of any proceeds of the 2009 Series A Loan Agreements that are ultimately transferred from the Loan Proceeds Account to the Low and Moderate Income Housing Fund.

Collateralization Project Areas (the “Prior Loan Agreements”). In the event of a deficiency in the Reserve Accounts, the Agency has covenanted to replenish such amounts to the extent of certain tax revenues from the Reserve Account Cross-Collateralization Project Areas, except the Mission Bay North Project Area and the Mission Bay South Project Area (together, the “Contributing Cross-Collateralization Project Areas” and each, a “Contributing Cross-Collateralization Project Area”). Tax Revenues from the Mission Bay North Project Area and the Mission Bay South Project Area will not be used for the payment of debt service on, or the replenishment of any reserve account established under, the 2009 Loan Agreement or any Prior Loan Agreement with respect to any other Project Area, including any of the other Reserve Account Cross-Collateralization Project Areas, but Tax Revenues from the Contributing Cross-Collateralization Project Areas may be used on a subordinate basis for the replenishment of the Reserve Accounts established under the 2009 Series A Loan Agreements or any Prior Loan Agreements with respect to the Mission Bay North Project Area and the Mission Bay South Project Area. See “SECURITY FOR THE BONDS—Cross-Collateralization of Reserve Accounts.”

Limited Obligation

The Bonds are limited obligations of the Authority entitled, ratably and equally, to the benefits of the related 2009 Indenture and are payable solely from and secured by an assignment and pledge of the Authority’s interest in certain loan repayments (the “2009 Series A Loans” and the “2009 Series B Loans,” and collectively, the “2009 Loans”) to be made by the Agency under the 2009 Series A Loan Agreements and the 2009 Series B Loan Agreements, as the case may be. The Agency’s obligations under the 2009 Series A Loan Agreements and the 2009 Series B Loan Agreements are secured, on a parity with the Agency’s obligations under the Prior Loan Agreements, by a pledge of Tax Revenues derived from the 2009 Series A Related Project Areas and the 2009 Series B Related Project Areas, as the case may be. See “SECURITY FOR THE BONDS—Cross-Collateralization of Reserve Accounts,” “—Parity Prior Loans,” and “—Senior Obligations.” Under the conditions stated herein, the Agency may incur additional indebtedness payable from Tax Revenues on a parity with the Agency’s obligations under the 2009 Loan Agreements. See “SECURITY FOR THE BONDS—Parity Debt.”

Risk Factors

Certain events could affect the ability of the Agency to make the payments under the 2009 Loan Agreements and the ability of the Authority to pay debt service on the Bonds when due. See “CERTAIN RISKS TO BOND OWNERS” for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds.

Continuing Disclosure

The Agency has covenanted for the benefit of Owners and Beneficial Owners to provide certain financial information and operating data relating to the Agency not later than six months after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2009 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed with the Municipal Securities Rulemaking Board (the “MSRB”). The notices of material events will be filed with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D—“FORM OF CONTINUING DISCLOSURE CERTIFICATES.” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

The Agency has never failed to comply in any material respect with any previous undertaking in accordance with S.E.C. Rule 15c2-12 to provide Annual Disclosure Reports or notices of material events.

Availability of Documents

This Official Statement contains brief descriptions of, among other things, the Bonds, the 2009 Loan Agreements, the 2009 Indentures, the 2009 Related Project Areas, the Reserve Account Cross-Collateralization Project Areas, the security and sources of payment for the Bonds, the Continuing Disclosure Certificates, the Authority, the Agency and certain other documents. Such summaries do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, and the descriptions herein are qualified in their entirety by the forms thereof and the information with respect thereto included in such documents, and with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors' rights generally. Any capitalized term used herein and not otherwise defined herein shall have the meanings given to such terms as set forth in the 2009 Indentures or the 2009 Loan Agreements. Copies of the 2009 Indentures and the 2009 Loan Agreements are available for inspection during business hours at the office of the Trustee in San Francisco, California. See APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

PLAN OF FINANCE

The Bonds are being issued by the Authority for the purpose of making the 2009 Loans to the Agency. Each 2009 Loan is separately secured by Tax Revenues from the 2009 Related Project Area to which it relates, as described below. A Reserve Account is established under each of the 2009 Loan Agreements. Each Reserve Account is required to be maintained at a level at least equal to the applicable Reserve Requirement as defined therein. The Reserve Requirements for each of the 2009 Loan Agreements will be cash funded from proceeds of the Series of Bonds to which it relates. See "SECURITY FOR THE BONDS—Reserve Accounts."

Net proceeds from the sale of each Series of Bonds will be used for the following:

2009 Series A Bonds

Proceeds from the sale of the 2009 Series A Bonds will be used for general redevelopment purposes, including financing the development, rehabilitation, and preservation of low and moderate income housing. Additionally, proceeds from the sale of the 2009 Series A Bonds deposited into the Loan Proceeds Account may be available to make required payments to the Supplemental Educational Revenue Augmentation Fund. See "CERTAIN RISKS TO BOND OWNERS – State Budgets" herein.

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2009 Series B Bonds

The Agency currently plans to use proceeds from the sale of the 2009 Series B Bonds as set forth below; provided, however, that the Agency reserves the right to spend such proceeds on other eligible projects and the Agency makes no assurance that the proceeds of the 2009 Series B Bonds will be sufficient to complete all of the projects listed below.

Bay View Hunters Point (Area B)

Area C Planning (CEQA Analyses/EIR, Plan Adoption); Historic Preservation Survey,
Activity Node Planning
Model Block Streetscape Design and Improvements
Opera House Improvements
Façade and Tenant Improvements

South of Market

Alley improvements
South of Market Health Center shell construction

Transbay

Landscape architecture and construction of open spaces on Essex Street.

Yerba Buena Center

Jessie Square Plaza improvements
Park and Facilities improvements
706 Mission cultural complex (Mexican Museum)
Other cultural facilities

The following lists the 2009 Related Project Areas for each Series of Bonds and the par amounts of the related 2009 Loan Agreements:

2009 Series A Loan Agreements

2009 Series A <u>Related Project Areas</u>	<u>2009 Loan Amount</u>	Percent of Par Amount of <u>2009 Series A Bonds</u>
Bayview Hunters Point (Area B)	\$5,980,000	8.0%
Mission Bay North	2,920,000	3.9%
Mission Bay South	4,680,000	6.2%
Rincon Point – South Beach	29,680,000	39.6%
Transbay	1,340,000	1.8%
Western Addition A-2	3,525,000	4.7%
Yerba Buena Center	<u>26,875,000</u>	<u>35.8%</u>
TOTAL	\$75,000,000	100.0%

2009 Series B Loan Agreements

<u>2009 Series B Related Project Areas</u>	<u>2009 Loan Amount</u>	<u>Percent of Par Amount of 2009 Series B Bonds</u>
Bayview Hunters Point (Area B)	\$2,800,000	15.9%
South of Market	2,905,000	16.5%
Transbay	2,330,000	13.2%
Yerba Buena Center	<u>9,590,000</u>	<u>54.4%</u>
TOTAL	\$17,625,000	100.0%

Amounts payable under the 2009 Loan Agreements related to each 2009 Related Project Area are secured by a pledge of Tax Revenues from such 2009 Related Project Area, which pledge is on a parity with the pledge of such Tax Revenues securing the Prior Loan Agreements (if any) related to such 2009 Related Project Area, including the pledge of such Tax Revenues to secure Parity Prior Loans (if any) and any future Parity Debt (as defined herein). See “SECURITY FOR THE BONDS–Parity Debt” and “–Parity Prior Loans.” See also “SECURITY FOR THE BONDS–Senior Obligations.”

In the event of a deficiency in any Reserve Account, the Agency has covenanted to replenish such amounts to the extent Tax Revenues from the Contributing Cross-Collateralization Project Areas are available therefore. See “SECURITY FOR THE BONDS–Cross-Collateralization of Reserve Accounts.”

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SOURCES AND USES OF FUNDS

Following are tables of sources and uses of funds with respect to the Bonds.

2009 Series A Bonds

	Bayview Hunters Point (Area B)	Mission Bay North	Mission Bay South	Rincon Point – South Beach	Transbay	Western Addition A 2	Yerba Buena Center	Total
Sources:								
Par Amount	\$5,980,000.00	\$2,920,000.00	\$4,680,000.00	\$29,680,000.00	\$1,340,000.00	\$3,525,000.00	\$26,875,000.00	\$75,000,000.00
Less Net Discount	(45,900.25)	(20,347.60)	(32,660.70)	(489,349.50)	(9,345.90)	(26,619.20)	(181,331.55)	(805,554.70)
TOTAL SOURCES	\$5,934,099.75	\$2,899,652.40	\$4,647,339.30	\$29,190,650.50	\$1,330,654.10	\$3,498,380.80	\$26,693,668.45	\$74,194,445.30
Uses:								
Low and Moderate Income Housing Fund	\$5,095,409.98	\$2,497,965.24	\$3,996,733.93	\$12,513,331.87	\$1,149,024.71	\$2,993,099.96	\$11,719,600.03	\$39,965,165.72
Loan Proceeds Account ⁽¹⁾	-	-	-	12,437,733.18	-	-	11,262,266.82	23,700,000.00
Reserve Account	598,000.00	292,000.00	468,000.00	2,968,000.00	134,000.00	352,500.00	2,687,500.00	7,500,000.00
Costs of Issuance ⁽²⁾	65,537.42	27,796.40	51,327.83	312,393.34	10,072.33	36,898.90	282,584.70	786,610.92
Revenue Fund ⁽³⁾	175,152.35	81,890.76	131,277.54	959,192.11	37,557.06	115,881.94	741,716.90	2,242,668.66
TOTAL USES	\$5,934,099.75	\$2,899,652.40	\$4,647,339.30	\$29,190,650.50	\$1,330,654.10	\$3,498,380.80	\$26,693,668.45	\$74,194,445.30

⁽¹⁾ Amounts deposited in the Loan Proceeds Account may be used by the Agency to make the payments required by Sections 33690 and 33690.5 of the California Health and Safety Code. See "CERTAIN RISKS TO BOND OWNERS – State Budgets" herein. To the extent not so used, such amounts will be transferred by the Agency to its Low and Moderate Income Housing Fund.

⁽²⁾ Includes legal, financing and consultant fees, rating agencies' fees, underwriters' discounts, and other miscellaneous expenses.

⁽³⁾ Represents capitalized interest through February 1, 2010.

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2009 Series B Bonds

	Bayview Hunters Point (Area B)	South of Market	Transbay	Yerba Buena Center	Total
Sources:					
Par Amount	\$2,800,000.00	\$2,905,000.00	\$2,330,000.00	\$9,590,000.00	\$17,625,000.00
Less Net Discount/Plus Premium	(4,084.80)	6,120.10	(2,839.60)	197,374.40	196,570.10
TOTAL SOURCES	\$2,795,915.20	\$2,911,120.10	\$2,327,160.40	\$9,787,374.40	\$17,821,570.10
Uses:					
Redevelopment Fund	\$2,398,000.00	\$2,500,000.00	\$2,000,000.00	\$8,500,000.00	\$15,398,000.00
Reserve Accounts	280,000.00	290,500.00	233,000.00	959,000.00	1,762,500.00
Costs of Issuance ⁽¹⁾	42,728.12	47,272.74	31,753.73	147,629.40	269,383.99
Revenue Fund ⁽²⁾	75,187.08	73,347.36	62,406.67	180,745.00	391,686.11
TOTAL USES	\$2,795,915.20	\$2,911,120.10	\$2,327,160.40	\$9,787,374.40	\$17,821,570.10

⁽¹⁾ Includes legal, financing and consultant fees, rating agencies' fees, underwriters' discounts, and other miscellaneous expenses.

⁽²⁾ Represents capitalized interest through February 1, 2010.

DEBT SERVICE SCHEDULES

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

2009 Series A Bonds Debt Service Schedule

Fiscal/Bond Year ⁽¹⁾	Principal	Interest	Annual Debt Service
2010	\$3,830,000	\$2,727,570 ⁽²⁾	\$6,557,570 ⁽²⁾
2011	3,525,000	5,307,685	8,832,685
2012	3,885,000	5,145,535	9,030,535
2013	4,325,000	4,935,745	9,260,745
2014	5,315,000	4,652,458	9,967,458
2015	5,435,000	4,304,325	9,739,325
2016	5,905,000	3,903,494	9,808,494
2017	6,460,000	3,468,000	9,928,000
2018	7,045,000	2,951,200	9,996,200
2019	11,035,000	2,387,600	13,422,600
2020	2,260,000	1,504,800	3,764,800
2021	2,055,000	1,318,350	3,373,350
2022	3,670,000	1,148,813	4,818,813
2023	4,925,000	846,038	5,771,038
2024	5,330,000	439,725	5,769,725
TOTAL	\$75,000,000	\$45,041,336	\$120,041,336

⁽¹⁾ Debt service is presented on a lagging bond year basis (ending August 1) payable from revenues relating to the applicable Fiscal Year (ending the immediately preceding June 30).

⁽²⁾ Net of capitalized interest through February 1, 2010, in the amount of \$2,242,669.

2009 Series B Bonds Debt Service Schedule

Fiscal/Bond Year ⁽¹⁾	Principal	Interest	Annual Debt Service
2010	\$585,000	\$476,375 ⁽²⁾	\$1,061,375 ⁽²⁾
2011	835,000	929,350	1,764,350
2012	870,000	895,950	1,765,950
2013	905,000	861,150	1,766,150
2014	940,000	824,950	1,764,950
2015	1,045,000	787,350	1,832,350
2016	1,095,000	735,100	1,830,100
2017	1,155,000	680,350	1,835,350
2018	1,255,000	622,600	1,877,600
2019	1,315,000	559,850	1,874,850
2020	140,000	492,456	632,456
2021	155,000	483,881	638,881
2022	165,000	474,388	639,388
2023	165,000	464,281	629,281
2024	180,000	454,175	634,175
2025	280,000	443,150	723,150
2026	290,000	426,000	716,000
2027	310,000	408,238	718,238
2028	325,000	389,250	714,250
2029	350,000	369,344	719,344
2030	1,345,000	346,594	1,691,594
2031	205,000	259,169	464,169
2032	220,000	245,844	465,844
2033	230,000	231,544	461,544
2034	245,000	216,306	461,306
2035	265,000	200,075	465,075
2036	280,000	182,519	462,519
2037	305,000	163,969	468,969
2038	1,050,000	143,763	1,193,763
2039	1,120,000	74,200	1,194,200
TOTAL	\$17,625,000	\$13,842,169	\$31,467,169

(1) Debt service is presented on a lagging bond year basis (ending August 1) payable from revenues relating to the applicable Fiscal Year (ending the immediately preceding June 30).

(2) Net of capitalized interest through February 1, 2010, in the amount of \$391,686.

THE BONDS

Description of the Bonds

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

The Bonds will be dated the date of their delivery to the original purchasers thereof. The Bonds will bear or accrue interest at the rates per annum and will mature, subject to redemption provisions set forth hereinafter, on the dates and in the principal amounts all as set forth on the inside cover page hereof. If the Bonds are not in book-entry form, then the principal of the Bonds and any redemption premium are

payable upon presentation and surrender thereof, at maturity or upon prior redemption thereof, at the corporate trust office of the Trustee (the “Trust Office”) in San Francisco, California.

Interest on the Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2010 (each an “Interest Payment Date”). Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated after the close of business on the 15th day of the month preceding an Interest Payment Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to January 15, 2010, in which event it shall bear interest from the date of delivery of the Bonds to the original purchasers thereof, provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has been previously paid or made available for payment thereon or from the date of delivery of the Bonds to the original purchasers thereof if no interest has been paid on such Bond.

Book-Entry Only System

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

Payments of principal of, premium, if any, and interest evidenced by the Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Bonds. Each such payment to DTC or its nominee will be valid and effective to fully discharge all liability of the Authority or the Trustee with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid.

The Authority and the Trustee cannot and do not give any assurance that DTC’s Direct Participants or Indirect Participants will distribute to Beneficial Owners (i) payments of interest, principal or premiums, if any, with respect to the Bonds, (ii) confirmation of ownership interests in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the Bonds, or that DTC’s Direct Participants or Indirect Participants will do so on a timely basis.

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

2009 Series A Bonds Redemption Provisions

Optional Redemption. The 2009 Series A Bonds maturing on or prior to August 1, 2019, are not subject to optional redemption. The 2009 Series A Bonds maturing on or after August 1, 2020, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, by such maturity or maturities as shall be directed by the Agency (or in the absence of such direction, *pro rata* by maturity and by lot within a maturity), from prepayments of any of the 2009 Series A Loans made at the option of the Agency pursuant to the terms of the 2009 Series A Loan Agreements or from any other source of available moneys.

Such optional redemptions may be made on or after August 1, 2019, on any date with respect to which such 2009 Series A Loan prepayments or other moneys shall have been made available subject to prior notice as provided in the 2009 Series A Indenture, at a redemption price equal to 100% of the principal amount of the 2009 Series A Bonds to be redeemed, without premium, plus accrued but unpaid interest to the date fixed for redemption.

For purposes of selecting 2009 Series A Bonds for redemption, the 2009 Series A Bonds will be deemed to be composed of \$5,000 portions and any such portions may be redeemed separately. If less than all of the 2009 Series A Bonds of any maturity are called for redemption at any one time, and so long as such 2009 Series A Bonds are in book-entry form with DTC as the owner, DTC will determine by lot the amount of interests of each Direct Participant in such maturity to be redeemed. In the case of a partial redemption of the 2009 Series A Bonds, the Trustee, if such 2009 Series A Bonds are no longer held in book-entry form, will select the 2009 Series A Bonds within each maturity to be redeemed by lot. The 2009 Series A Bonds will be selected for redemption among maturities by the Authority on such basis that the remaining payment of principal and interest on the 2009 Series A Loan Agreements will be sufficient on a timely basis to pay debt service on the 2009 Series A Bonds, as will be demonstrated in a report of an Independent Financial Consultant (as defined in the 2009 Indentures).

Mandatory Sinking Fund Redemption. The 2009 Series A Term Bonds maturing on August 1, 2014, are subject to mandatory sinking fund redemption in part, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, on each August 1 during the period from August 1, 2013, through August 1, 2014, in the aggregate principal amounts set forth in the following table; *provided*, however, that in lieu of mandatory sinking fund redemption thereof, such 2009 Series A Term Bonds may be purchased by the Authority as described below.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2013	\$4,325,000
2014†	5,315,000

† Maturity.

The 2009 Series A Term Bonds maturing on August 1, 2016, are subject to mandatory sinking fund redemption in part, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, on each August 1 during the period from August 1, 2015, through August 1, 2016, in the aggregate principal amounts set forth in the following table; *provided*, however, that in lieu of mandatory sinking fund redemption thereof, such 2009 Series A Term Bonds may be purchased by the Authority as described below.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2015	\$5,435,000
2016†	5,905,000

† Maturity.

The 2009 Series A Term Bonds maturing on August 1, 2019, are subject to mandatory sinking fund redemption in part, at a redemption price equal to 100% of the principal amount thereof to be

redeemed, plus accrued interest thereon to the date of redemption, without premium, on each August 1 during the period from August 1, 2017, through August 1, 2019, in the aggregate principal amounts set forth in the following table; *provided*, however, that in lieu of mandatory sinking fund redemption thereof, such 2009 Series A Term Bonds may be purchased by the Authority as described below.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2017	\$6,460,000
2018	7,045,000
2019†	11,035,000

† Maturity.

The 2009 Series A Term Bonds maturing on August 1, 2024, are subject to mandatory sinking fund redemption in part, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, on each August 1 during the period from August 1, 2020, through August 1, 2024, in the aggregate principal amounts set forth in the following table; *provided*, however, that in lieu of mandatory sinking fund redemption thereof, such 2009 Series A Term Bonds may be purchased by the Authority as described below.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2020	\$2,260,000
2021	2,055,000
2022	3,670,000
2023	4,925,000
2024†	5,330,000

† Maturity.

In lieu of redemption of the 2009 Series A Term Bonds pursuant to the preceding paragraphs, the Authority may purchase such 2009 Series A Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Authority may in its discretion determine. The par amount of any of such 2009 Series A Term Bonds so purchased by the Authority in any twelve-month period ending on June 1 in any year shall be credited towards and shall reduce the par amount of such 2009 Series A Term Bonds required to be redeemed on the next succeeding August 1.

2009 Series B Bonds Redemption Provisions

Optional Redemption. The 2009 Series B Bonds maturing on or prior to August 1, 2019, are not subject to optional redemption. The 2009 Series B Bonds maturing on or after August 1, 2020, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, by such maturity or maturities as shall be directed by the Agency (or in the absence of such direction, *pro rata* by maturity and by lot within a maturity), from prepayments of any of the 2009 Series B Loans made at the option of the Agency pursuant to the terms of the 2009 Series B Loan Agreements or from any other source of available moneys. Such optional redemptions may be made on or after August 1, 2019, on any date with respect to which such 2009 Series B Loan prepayments or other moneys shall have been made

available subject to prior notice as provided in the 2009 Series B Indenture, at a redemption price equal to 100% of the principal amount of the 2009 Series B Bonds to be redeemed, without premium, plus accrued but unpaid interest to the date fixed for redemption.

For purposes of selecting 2009 Series B Bonds for redemption, the 2009 Series B Bonds will be deemed to be composed of \$5,000 portions and any such portions may be redeemed separately. If less than all of the 2009 Series B Bonds of any maturity are called for redemption at any one time, and so long as such 2009 Series B Bonds are in book-entry form with DTC as the owner, DTC will determine by lot the amount of interests of each Direct Participant in such maturity to be redeemed. In the case of a partial redemption of the 2009 Series B Bonds, the Trustee, if such 2009 Series B Bonds are no longer held in book-entry form, will select the 2009 Series B Bonds within each maturity to be redeemed by lot. The 2009 Series B Bonds will be selected for redemption among maturities by the Authority on such basis that the remaining payment of principal and interest on the 2009 Series B Loan Agreements will be sufficient on a timely basis to pay debt service on the 2009 Series B Bonds, as will be demonstrated in a report of an Independent Financial Consultant.

Mandatory Sinking Fund Redemption. The 2009 Series B Term Bonds maturing on August 1, 2028, are subject to mandatory sinking fund redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, on each August 1 during the period from August 1, 2020, through August 1, 2028, in the aggregate principal amounts set forth in the following table; *provided*, however, that in lieu of mandatory sinking fund redemption thereof, such 2009 Series B Term Bonds may be purchased by the Authority as described below.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2020	\$140,000
2021	155,000
2022	165,000
2023	165,000
2024	180,000
2025	280,000
2026	290,000
2027	310,000
2028†	325,000

† Maturity.

The 2009 Series B Term Bonds maturing on August 1, 2032, are subject to mandatory sinking fund redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, on each August 1 during the period from August 1, 2029, through August 1, 2032, in the aggregate principal amounts set forth in the following table; *provided*, however, that in lieu of mandatory sinking fund redemption thereof, such 2009 Series B Term Bonds may be purchased by the Authority as described below.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2029	\$350,000
2030	1,345,000
2031	205,000
2032†	220,000

† Maturity.

The 2009 Series B Term Bonds maturing on August 1, 2039, are subject to mandatory sinking fund redemption in part by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, on each August 1 during the period from August 1, 2033, through August 1, 2039, in the aggregate principal amounts set forth in the following table; *provided*, however, that in lieu of mandatory sinking fund redemption thereof, such 2009 Series B Term Bonds may be purchased by the Authority as described below.

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
2033	\$230,000
2034	245,000
2035	265,000
2036	280,000
2037	305,000
2038	1,050,000
2039†	1,120,000

† Maturity.

In lieu of redemption of the 2009 Series B Term Bonds pursuant to the preceding paragraphs, the Authority may purchase such 2009 Series B Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Authority may in its discretion determine. The par amount of any of such 2009 Series B Term Bonds so purchased by the Authority in any twelve-month period ending on June 1 in any year shall be credited towards and shall reduce the par amount of such 2009 Series B Term Bonds required to be redeemed on the next succeeding August 1.

General Redemption Provisions

Notice of Redemption; Effect of Redemption; Rescission. Notice of redemption will be mailed by first class mail no less than 15 (or 30, if required by a Depository) nor more than 60 days prior to the redemption date (i) to DTC or (ii) in the event that the book-entry only system is discontinued, to the respective registered owners of the Bonds designated for redemption at their addresses appearing on the bond registration books and to certain securities depositories and information services. Neither failure to receive such notice nor any defect in the notice so mailed nor any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner to notify the Beneficial Owner so affected will affect the sufficiency of the proceedings for redemption of such Bonds or the cessation of accrual of interest on the redemption date.

From and after the date fixed for redemption, if funds available for the payment of the principal of, and premium, if any, and interest on, the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the applicable 2009 Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. The Authority may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be canceled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the 2009 Indentures. If any redemption is rescinded or canceled in accordance with the applicable 2009 Indenture, the Trustee will mail notice of such rescission or cancellation in the same manner as notice of such redemption was originally provided.

Transfer and Exchange. If the Bonds of any Series are not in book-entry form, then such Series of Bonds may be transferred or exchanged at the Trust Office of the Trustee, provided that the Trustee shall not be required to register the transfer or exchange of (i) any Series of Bonds during the period established by the Trustee for selection of such Series of Bonds for redemption, or (ii) any Series of Bonds selected by the Trustee for redemption pursuant to the related Indenture, or (iii) any Series of Bonds during the period after the 15th day of the month preceding an Interest Payment Date through and including such Interest Payment Date. So long as Cede & Co. is the registered owner of the Bonds, transfers and exchanges of the Bonds will be subject to book-entry procedures. See APPENDIX F–“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Mutilated, Lost, Destroyed or Stolen Bonds. The Authority and the Trustee will, under certain circumstances, replace Bonds which have been mutilated, lost, destroyed or stolen. The Authority may require payment of a reasonable fee and of the expenses which may be incurred by the Authority and the Trustee for each such new Bond issued to replace a Bond which has been mutilated, lost, destroyed or stolen.

SECURITY FOR THE BONDS

General

Under the 2009 Indenture related to each Series of Bonds, all of the Authority’s right, title and interest in and to the Agency’s payments of principal and interest under the related 2009 Loan Agreements are pledged to secure the payment of the principal, premium, if any, and interest payable with respect to the related Series of Bonds. Such payments under the related 2009 Loan Agreements constitute the sole source of payment of principal, redemption premium, if any, and interest payable with respect to each Series of Bonds (except to the extent amounts, including the proceeds of such Series of Bonds and investment earnings on amounts held under the related 2009 Indenture, are available for such payment).

Any substantial reduction of the amount of Tax Revenues available to the Agency as a source of repayment of the 2009 Loans may have a material adverse impact on the ability of the Authority to pay the principal of and interest on the Bonds. See “PLEDGE OF TAX REVENUES.” The 2009 Indenture related to each Series of Bonds provides the Trustee with the power to enforce, either jointly with the Authority or separately, all of the rights of the Authority under the related 2009 Loan Agreements.

The 2009 Indentures

The Bonds are limited obligations of the Authority entitled to the benefits of the related 2009 Indenture, and are payable solely from and secured by the funds and accounts held by the Trustee pursuant to such 2009 Indenture, and by an assignment and pledge of the Authority’s interest in the payments of principal and interest made by the Agency under the related 2009 Loan Agreements. See APPENDIX C–“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS–SUMMARY OF 2009 SERIES A INDENTURE

AND 2009 SERIES B INDENTURE.” The 2009 Loans are secured, and therefore the Bonds of each Series are secured, by a pledge of the Tax Revenues from the 2009 Related Project Areas. See “PLEDGE OF TAX REVENUES” herein.

The 2009 Loan Agreements

Each Series of Bonds is secured by a pledge of Revenues (as defined in the respective 2009 Indenture), consisting primarily of the loan payment installments, which the Agency is required to pay to the Authority pursuant to the related 2009 Loan Agreements. Except as set forth below, the 2009 Loan Agreements and all Parity Prior Loans are secured by a pledge of and first lien on the Tax Revenues allocated and paid to the Agency from the 2009 Related Project Areas. See “PLAN OF FINANCE” and “PLEDGE OF TAX REVENUES–Tax Revenues.” Each 2009 Loan is evidenced by a Note dated as of September 1, 2009, by the Agency for the benefit of the Trustee and the Authority. Each 2009 Loan is secured additionally by a pledge of and first lien upon all of the moneys in the Reserve Account established pursuant to the related 2009 Loan Agreement. See “–Reserve Accounts.”

The 2009 Loan Agreement with respect to the Rincon Point-South Beach Redevelopment Project Area is secured on a subordinate basis to the South Beach Harbor Bonds with respect to the Tax Revenues generated by the South Beach Harbor Project portion of the Rincon Point-South Beach Redevelopment Project Area. See “SECURITY FOR THE BONDS–Senior Obligations.”

The 2009 Loan Agreement with respect to the Western Addition Redevelopment Project Area A-2 is secured on a subordinate basis to certain payments to be made to certain school entities with respect to the Tax Revenues generated by the Western Addition Redevelopment Project Area A-2. See “SECURITY FOR THE BONDS–Senior Obligations.”

The 2009 Loan Agreement with respect to the South of Market Redevelopment Project Area may be secured on a subordinate basis to certain payments to be made to certain school entities with respect to the Tax Revenues generated by the South of Market Redevelopment Project Area. See “SECURITY FOR THE BONDS–Senior Obligations.”

Under the terms of each 2009 Loan Agreement, the Agency may issue or incur Parity Debt with respect to the related 2009 Related Project Area. See “SECURITY FOR THE BONDS–Parity Debt” herein.

Reserve Accounts

Each of the 2009 Loan Agreements establishes a Reserve Account to be held by the Trustee for the benefit of the Authority and the Owners of the related Series of Bonds. The amount on deposit in each Reserve Account is required to be maintained at the applicable Reserve Requirement at all times prior to the payment of the related 2009 Loan in full. Amounts on deposit in a Reserve Account secure only the 2009 Loan to which the 2009 Loan Agreement relates; and are not pledged or available to make payments with respect to any obligations other than the 2009 Loan to which it relates. The Agency has elected to fund the Reserve Requirements under the 2009 Series A Loan Agreements with proceeds of the 2009 Series A Bonds and to fund the Reserve Requirements under the 2009 Series B Loan Agreements with proceeds of the 2009 Series B Bonds. See APPENDIX C–“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS–SUMMARY OF 2009 SERIES A LOAN AGREEMENTS AND 2009 SERIES B LOAN AGREEMENTS –Reserve Accounts” and “SECURITY FOR THE BONDS–Cross-Collateralization of Reserve Accounts” below.

Cross-Collateralization of Reserve Accounts

The Agency has determined that approximately 65% of the aggregate proceeds of the 2009 Loans and the loans made pursuant to the Prior Loan Agreements (the “Prior Loans”) have been or will be used for low and moderate income housing purposes to benefit all of the Reserve Account Cross-Collateralization Project Areas. Consequently, each 2009 Loan Agreement provides that, if at any time, there are insufficient moneys in the Reserve Account under such 2009 Loan Agreement or any Prior Loan Agreement, to transfer to the Trustee when due the full amount required to be so transferred to the Trustee in accordance with the applicable provisions of such 2009 Loan Agreement or Prior Loan Agreements, the Agency shall cause Tax Revenues in the amount of such insufficiency to be paid to the Trustee from one or more other Contributing Cross-Collateralization Project Areas (as listed below); provided, however, that the obligation to pay any such insufficiency (i) shall be subordinate to the payment of scheduled debt service on the 2009 Loan Agreements, Parity Debt, the Prior Loan Agreements, and certain debt on a parity with the debt under the Prior Loan Agreements and (ii) shall be allocated pro rata among all the Contributing Cross-Collateralization Project Areas, calculated by multiplying a fraction, the numerator of which is the amount of the total excess Allocable Tax Revenues (as defined herein) of the applicable Contributing Cross-Collateralization Project Area and the denominator of which is the total excess Allocable Tax Revenues available for the Contributing Cross-Collateralization Project Areas that do not have insufficiencies, by the amount of such insufficiency, and, provided, further, that the aggregate obligation of the applicable Project Area and the other Contributing Cross-Collateralization Project Areas to pay such insufficiencies shall not exceed the aggregate of the amount of bond proceeds deposited in the Low and Moderate Income Housing Fund of the Agency pursuant to the 2009 Loan Agreements and the Prior Loan Agreements (plus applicable reserves and financing costs, including, without limitation, interest paid on such amounts).

A list of the “Contributing Cross-Collateralization Project Areas” is set forth below.

Contributing Cross-Collateralization Project Areas

Bayview Hunters Point Redevelopment Project Area B
Hunters Point Redevelopment Project Area
India Basin Redevelopment Project Area
Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area
Rincon Point–South Beach Redevelopment Project Area
South of Market Redevelopment Project Area
Transbay Redevelopment Project Area
Western Addition Redevelopment Project Area A-2
Yerba Buena Center Redevelopment Project Area

See tables under “TAX REVENUES AND DEBT SERVICE–Historical and Current Tax Revenues for Each Reserved Account Cross-Collateralization Project Area.” **The Mission Bay North Project Area and the Mission Bay South Project Area are not Contributing Cross-Collateralization Project Areas.**

Based upon the foregoing, the Agency has concluded that an aggregate amount of approximately \$789 million¹ (which amount does not exceed the aggregate amount of the bond proceeds deposited in the Low and Moderate Income Housing Fund as provided above plus applicable reserves and financing costs, including, without limitation, interest paid on such amounts) in Tax Revenues from all of the Agency’s

¹ Such amount will change in dollar amount and as a percentage of debt service as the 2009 Loans and Prior Loan Agreements (as defined herein) are repaid and Parity Debt (as defined herein) is incurred and will increase by and to the extent of any proceeds of the 2009 Series A Loan Agreements that are ultimately transferred from the Loan Proceeds Account to the Low and Moderate Income Housing Fund.

Contributing Cross-Collateralization Project Areas (the “Available Allocable Tax Revenues from Contributing Cross-Collateralization Project Areas”) would be available on a cumulative basis to replenish the Reserve Accounts established under the 2009 Loan Agreements and the Prior Loan Agreements. The obligation to use Tax Revenues from any Contributing Cross-Collateralization Project Area to reimburse the reserve account established under any 2009 Loan Agreement or Prior Loan Agreement related to any other Project Area is, in all respects, secured by a pledge and lien, junior and subordinate to the obligation of the Agency to apply Tax Revenues for the Contributing Cross-Collateralization Project Area to the payment of indebtedness including any 2009 Loan, any parity debt, any Prior Loan and any other form of indebtedness including bonded indebtedness, if any, related specifically to that Project Area.

The table below shows the Available Allocable Tax Revenues from Contributing Cross-Collateralization Project Areas on an annual basis.

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Available Allocable Tax Revenues from Contributing Cross-Collateralization Project Areas ⁽¹⁾

Fiscal Year Ending June 30	Allocable Tax Revenues from Contributing Cross-Collateralization Project Areas ⁽²⁾⁽³⁾	Contributing Cross-Collateralization Project Area Parity Prior Debt Service	2009 Series A Bonds Debt Service ⁽⁴⁾⁽⁵⁾	2009 Series B Bonds Debt Service ⁽⁴⁾	Total Debt Service	Available Allocable Tax Revenues from Contributing Cross-Collateralization Project Areas ⁽⁶⁾
2010	\$110,487,323	\$58,208,778	\$6,557,570	\$1,061,375	\$65,827,723	\$44,659,600
2011	110,311,681	58,113,739	8,832,685	1,764,350	68,710,775	41,600,907
2012	110,144,479	57,974,993	9,030,535	1,765,950	68,771,478	41,373,001
2013	109,977,009	58,060,910	9,260,745	1,766,150	69,087,805	40,889,204
2014	109,938,061	58,313,770	9,967,458	1,764,950	70,046,178	39,891,883
2015	109,916,375	56,105,107	9,739,325	1,832,350	67,676,782	42,239,593
2016	109,894,255	55,212,341	9,808,494	1,830,100	66,850,935	43,043,320
2017	109,871,692	55,281,578	9,928,000	1,835,350	67,044,928	42,826,764
2018	109,848,679	55,251,928	9,996,200	1,877,600	67,125,728	42,722,950
2019	109,825,205	45,425,204	13,422,600	1,874,850	60,722,654	49,102,551
2020	109,801,262	28,827,554	3,764,800	632,456	33,224,810	76,576,452
2021	109,776,840	32,186,045	3,373,350	638,881	36,198,276	73,578,564
2022	109,751,929	32,182,655	4,818,813	639,388	37,640,855	72,111,074
2023	109,726,521	31,161,950	5,771,038	629,281	37,562,269	72,164,252
2024	109,700,604	31,177,683	5,769,725	634,175	37,581,583	72,119,021
2025	80,843,297	18,865,157	-	723,150	19,588,307	61,254,990
2026	80,816,333	18,862,934	-	716,000	19,578,934	61,237,399
2027	80,788,830	18,871,272	-	718,238	19,589,510	61,199,321
2028	80,760,777	18,871,289	-	714,250	19,585,539	61,175,238
2029	80,732,162	18,862,023	-	719,344	19,581,367	61,150,796
2030	80,702,976	17,882,642	-	1,691,594	19,574,236	61,128,740
2031	76,828,507	17,902,505	-	464,169	18,366,674	58,461,833
2032	76,803,163	17,880,461	-	465,844	18,346,305	58,456,858
2033	76,777,313	17,887,689	-	461,544	18,349,233	58,428,080
2034	76,750,945	17,876,118	-	461,306	18,337,425	58,413,520
2035	76,724,050	17,885,144	-	465,075	18,350,219	58,373,830
2036	76,674,520	16,616,976	-	462,519	17,079,494	59,595,026
2037	76,646,539	10,781,214	-	468,969	11,250,183	65,396,356
2038	76,617,997	-	-	1,193,763	1,193,763	75,424,235
2039	76,588,885	-	-	1,194,200	1,194,200	75,394,685
TOTAL	\$2,824,028,209	\$942,529,660	\$120,041,337	\$31,467,169	\$1,094,038,165	

(1) Numbers are rounded.

(2) Based on Fiscal Year 2009-10 assessed valuation and Fiscal Year 2009-10 Allocable Tax Revenues. See "PLEDGE OF TAX REVENUES – Allocable Tax Revenues" herein for a definition of Allocable Tax Revenues. Allocable Tax Revenues decline as overrides decline to zero in Fiscal Year 2012-13 and as Project Areas reach their final date to collect Tax Revenues

(3) Allocable Tax Revenues from the Original Area of the Yerba Buena Center Redevelopment Project Area can be used to pay debt service on the Outstanding Bonds beyond the final date to collect tax increment. The full amount of projected Allocable Tax Revenues from the Original Area is shown in 2020 through 2024. However the only amount that the Agency can claim from the Original Project Area is what is needed for debt service and replenishment of the cross-collateralized reserve fund. Excludes Allocable Tax Revenues from Mission Bay North and Mission Bay South Project Areas, which if included, would increase the Available Allocable Tax Revenues from the Contributing Cross-Collateralization Project Areas for Mission Bay North and Mission Bay South Project Areas only.

(4) 2009 Debt Service net of capitalized interest through February 1, 2010.

(5) Includes debt service with respect to 2009 Series A Loans for Mission Bay North and Mission Bay South Project Areas.

(6) Available Allocable Tax Revenues from Contributing Cross-Collateralization Project Areas are equal to the Allocable Tax Revenues from the Contributing Cross-Collateralization Project Areas less Contributing Cross-Collateralization Project Area Parity Prior Debt Service, 2009 Series A Bonds Debt Service and 2009 Series B Bonds Debt Service and subject in all cases to the cap on Available Allocable Tax Revenues from Contributing Cross-Collateralization Project Areas, which is currently approximately \$789 million. Such amount would increase by and to the extent any proceeds of the 2009 Series A Loan Agreements are ultimately transferred from the Loan Proceeds Account to the Low and Moderate Income Housing Fund. Because the cap currently exceeds the Available Allocable Tax Revenues from Contributing Cross-Collateralization Project Areas, it does not currently restrict amounts available.

Source: Redevelopment Agency of the City and County of San Francisco, Urban Analytics and Underwriters.

Upon the issuance of the Bonds, the Tax Revenues from the Contributing Cross-Collateralization Project Areas that may be used for the Reserve Account Cross-Collateralization Project Areas to maintain a Reserve Account in the amount of the Reserve Requirement for the 2009 Loan Agreements or Prior Loan Agreements are limited to the following maximum amounts (which have been computed by taking the maximum of tax increment available to each such Project Area and subtracting therefrom an amount equal to the sum of (i) the amount of tax increment previously collected by the Agency with respect to such Project Area and (ii) the amount of tax increment that will be needed to pay debt service on all outstanding indebtedness with respect to such Project Area): the Original Area of the South of Market Redevelopment Project Area, in the amount of \$109,886,540 and the Original Area of the Yerba Buena Center Redevelopment Project Area, in the amount of \$33,260,716. For the Western Expansion Area of the South of Market Redevelopment Project Area, the Emporium Site Area of the Yerba Buena Center Redevelopment Project Area, the Bayview Hunters Point Redevelopment Project Area B, the Western Addition Redevelopment Project Area A-2, and the Embarcadero – Lower Market Approved Redevelopment Project Area E-1 (the “Golden Gateway Redevelopment Project Area”), the Hunters Point Redevelopment Project Area, the India Basin Redevelopment Project Area, the Transbay Redevelopment Project Area and the Rincon Point-South Beach Redevelopment Project Area, the tax increment revenues are not limited, except as set forth in SB 2113 (as defined herein) and related provisions of law. See “PLEDGE OF TAX REVENUES—Senate Bill 2113 and Related Redevelopment Law Provisions.” See the table entitled “Reserve Account Cross-Collateralization Project Area Plan Summaries” under “THE RESERVE ACCOUNT CROSS-COLLATERALIZATION PROJECT AREAS” herein.

If the Agency does not have sufficient Tax Revenues from a particular Project Area to transfer an amount equal to the portion of the insufficiencies for the other Reserve Accounts that have been apportioned to that Project Area, then the Agency will have an obligation to continue making transfers of Tax Revenues to the Trustee as such Tax Revenues become available until an amount equal to such apportionment has been transferred to the Trustee. Such obligation to pay Tax Revenues shall be an indebtedness of the Agency within the meaning of the Redevelopment Law.

In the event there shall be, at any time or from time to time, insufficient moneys in a Reserve Account to transfer to the Trustee when due the full amount required to be so transferred to the Trustee in accordance with the applicable provisions of the related 2009 Loan Agreement and such insufficiency shall be paid from tax revenues from an unrelated Contributing Cross-Collateralization Project Area, the Agency will thereafter cause the first available surplus Tax Revenues in the amount of such insufficiency to be returned to the applicable Special Funds of the unrelated Contributing Cross-Collateralization Project Area.

If the Agency and the Board of Supervisors determine with respect to any future indebtedness of the Agency that any portion of a redevelopment project to be financed with the proceeds of such future indebtedness are of benefit to the Contributing Cross-Collateralization Project Areas, then the Agency may provide in the applicable indebtedness instrument with respect to such future indebtedness that provisions of like force and effect to the provisions of the 2009 Loan Agreements previously described shall apply with respect to any reserve fund established for such future indebtedness, and such provisions of such indebtedness instrument shall be deemed to be on a parity with the provisions of the 2009 Loan Agreements. See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

The Mission Bay North Project Area and the Mission Bay South Project Area are not Contributing Cross-Collateralization Project Areas and Tax Revenues from such Project Areas will not be used for the payment of debt service or replenishment of Reserve Accounts on the 2009 Loan Agreement with respect to any other Project Area. However, Tax Revenues from the Contributing Cross-Collateralization Project Areas may be used on a subordinate basis for the payment of debt service or replenishment of Reserve Accounts on the 2009 Loan Agreements with respect to the Mission Bay North Project Area and the Mission Bay South Project Area.

Notwithstanding the cross-collateralization described above, amounts on deposit in a Reserve Account secure only the 2009 Loan to which the 2009 Loan Agreement relates and are not pledged or available to make payment with respect to any obligation other than the 2009 Loan to which it relates.

Pursuant to Assembly Bill 1290 adopted by the California Legislature in 1993, every redevelopment project in the State of California (the “State”) was required to have adopted a time limit to repay indebtedness (a “Debt Repayment Limit”) after which bonded indebtedness may no longer be paid, subject to certain pre-existing debt. Pursuant to Section 33333.7 of the Redevelopment Law, the Redevelopment Plans for the Golden Gateway, Hunters Point and India Basin Redevelopment Project Areas were amended to extend the date to incur and repay indebtedness and to eliminate the limit on the receipt of tax increment for the exclusive purpose of financing low and moderate income housing. Pursuant to Sections 33333.8 and 33333.6(e)(4)(B) of the Redevelopment Law, the Redevelopment Plan for the Rincon Point-South Beach Redevelopment Project Area was amended to extend the time limit for the receipt of tax increment to repay indebtedness and to suspend the limits on the amount of debt that can be outstanding at any one time from the issuance of tax increment bonds and the total amount of tax increment funds that the Agency may receive for the exclusive purpose of financing low and moderate income housing. Pursuant to Sections 33333.8, 33333.7 and 33333.6(e)(4)(B) of the Redevelopment Law, the Redevelopment Plan for the Western Addition Redevelopment Project Area A-2 was amended to extend the time limit to incur debt and for receipt of tax increment to repay indebtedness and to suspend the limit on the amount of tax increment funds for the exclusive purpose of financing low and moderate income housing. For the Golden Gateway portion of the Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area and the Hunters Point and India Basin Redevelopment Project Areas, the Debt Repayment Limit is January 1, 2044. For the South of Market portion of the Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area, the Debt Repayment Limit is June 11, 2030, as to property tax increment received from the original project area and December 16, 2035, as to property tax increment received from the Western Expansion Area that was added to the original project area in 2005. For the Yerba Buena Center Redevelopment Project Area, the Debt Repayment Limit is January 1, 2020, as to property tax increment received from the original project area and October 13, 2045, as to property tax increment received from the Emporium Site Area that was added to the original project area in 2000. For the Mission Bay North Project Area, the Debt Repayment Limit is October 26, 2043, for the Mission Bay South Project Area, the Debt Repayment Limit is November 2, 2043, for the Transbay Redevelopment Project Area, the Debt Repayment Limit is June 21, 2050, and for the Bayview Hunters Point Redevelopment Project Area B, the Debt Repayment Limit is June 1, 2051. As a result, the effect of the Cross Collateralization described herein will decline as Project Areas reach their respective Debt Repayment Limits. See “CERTAIN RISKS TO BOND OWNERS—Reduction in Tax Base.”

Additional Bonds

Under each of the 2009 Indentures, the Authority has covenanted that no additional bonds, notes or other indebtedness will be issued or incurred which are payable in whole or in part out of the Revenues. Under each of the 2009 Loan Agreements, the Agency has covenanted not to enter into any obligations which are secured by a pledge of any Tax Revenues senior to the pledge of Tax Revenues under the 2009 Loan Agreements. However, in addition to the 2009 Loans, and subject to the requirements of the 2009 Loan Agreements, the Agency may issue or incur Parity Debt with respect to such 2009 Loans in such principal amount as shall be determined by the Agency. See “SECURITY FOR THE BONDS—Parity Debt” and “—Parity Prior Loans” herein.

Parity Debt

In addition to the 2009 Loans and the Parity Prior Loans (as defined herein), the Agency may issue or incur bonds, notes or other obligations, enter into any agreement or otherwise incur any loans, advances or indebtedness, which are secured by a lien on all or any part of the Tax Revenues with respect to any of the 2009 Related Project Areas, which is on a parity with the lien established under the 2009 Loan Agreement for that 2009 Related Project Area (“Parity Debt”) in such principal amount as shall be determined by the Agency, subject to the following specific conditions which are conditions precedent to the issuance and delivery of such Parity Debt:

(a) No event of default under the applicable 2009 Loan Agreement or the applicable Parity Prior Loan Agreements (as defined herein) shall have occurred and be continuing, and the Agency shall otherwise be in compliance with all covenants set forth in such 2009 Loan Agreement.

(b) The Tax Revenues received or to be received for the then current Fiscal Year based on the most recent taxable valuation of property in the related 2009 Related Project Area as evidenced in a written document from an appropriate official of the City, exclusive of State subventions and taxes levied to pay outstanding bonded indebtedness, shall at least be equal to one hundred percent (100%) of Maximum Annual Debt Service on the 2009 Loan, the Parity Prior Loans, if any, and Parity Debt with respect to the related 2009 Related Project Area, which will be outstanding immediately following the issuance of such Parity Debt, and Allocable Tax Revenues for the then current Fiscal Year based on the most recent assessed valuation of property in the related 2009 Related Project Area as evidenced in written documentation from an appropriate official of the City shall be at least equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on the 2009 Loans, the Parity Prior Loans, if any, and Parity Debt, with respect to the related 2009 Related Project Area, which will be outstanding immediately following the issuance of such Parity Debt.

(c) The Agency shall certify that the aggregate principal of and interest on the 2009 Loans, any Parity Prior Loans, any Parity Debt (including the Parity Debt to be incurred) and Subordinate Debt coming due and payable will not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency with respect to the 2009 Related Project Area after the issuance of such Parity Debt

(d) The Agency shall fund a reserve account relating to such Parity Debt in an amount equal to the Reserve Requirement therefor.

(e) The Agency shall deliver to the Trustee a certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in clauses (a), (b), (c) and (d) above have been satisfied.

Parity Prior Loans

Reserve Account Cross-Collateralization Project Areas. In addition to the 2009 Loan Agreements, the Agency has previously entered into certain parity prior loan agreements (the “Parity Prior Loan Agreements”) creating its obligations under Prior Loans (the “Parity Prior Loans”) with respect to certain of the Reserve Account Cross-Collateralization Project Areas in connection with the issuance by the Authority of certain tax allocation revenue bonds (the “Parity Prior Bonds”). Each of the Parity Prior Loan Agreements is secured by a pledge and a lien upon Tax Revenues from the Project Area to which it relates co-equal and on a parity to the lien of any 2009 Loan Agreement that relates to the same Project Area. The Parity Prior Loans, the Parity Prior Bonds and the outstanding balances as of August 1, 2009, consist of the following:

Parity Prior Loans
Outstanding Principal Amounts⁽¹⁾
(As of August 1, 2009)

Bonds	Bayview Hunters Point (Area B)	Golden Gateway	Hunters Point	India Basin	Mission Bay North	Rincon Point- South Beach	South of Market	Transbay	Western Addition, A2	Yerba Buena	TOTAL
1990	-	-	-	-	-	\$59,687.43	-	-	\$114,873.53	\$44,515.69	\$219,076.65
1991	-	-	\$23,151.97	\$89,620.53	-	255,125.23	-	-	144,156.97	105,441.35	617,496.05
1993B	-	-	191,567.78	295,251.62	-	1,642,433.94	-	-	3,207,670.72	1,338,144.27	6,675,068.33
1998C	-	-	386,270.40	-	-	1,676,066.40	-	-	2,788,389.45	1,895,139.15	6,745,865.40
1998D	-	\$548,033.35	686,537.55	-	-	-	-	-	3,526,018.95	12,593,412.15	17,354,002.00
2003A	-	29,175,000.00	-	-	-	7,525,000.00	-	-	4,075,000.00	-	40,775,000.00
2003B	-	590,000.00	-	-	-	2,355,000.00	-	-	3,700,000.00	41,805,000.00	48,450,000.00
2003C	-	-	-	-	-	-	-	-	-	12,180,000.00	12,180,000.00
2004A	-	-	1,190,137.93	1,834,269.10	-	21,797,998.22	-	-	21,746,167.12	25,731,427.63	72,300,000.00
2004C	-	-	-	-	-	7,020,000.00	-	-	-	-	7,020,000.00
2004D	-	7,447,480.22	-	-	-	12,110,000.00	-	-	1,019,119.41	17,168,400.37	37,745,000.00
2005A	-	8,015,000.00	-	-	-	3,330,000.00	-	-	5,465,000.00	-	16,810,000.00
2005B	-	2,565,000.00	-	-	-	-	-	-	3,265,000.00	-	5,830,000.00
2005C	-	9,175,000.00	2,965,000.00	3,110,000.00	-	-	-	-	5,440,000.00	17,835,000.00	38,525,000.00
2006A	-	32,406,330.80	-	-	3,725,000.00	3,320,000.00	-	-	-	9,230,000.00	48,681,330.80
2007A	\$4,170,000.00	-	-	-	13,635,000.00	69,835,000.00	7,965,000.00	5,935,000.00	-	14,825,000.00	116,365,000.00
2007B	-	51,290,000.00	630,000.00	555,000.00	-	16,085,000.00	-	-	4,235,000.00	8,260,000.00	81,055,000.00
TOTAL	\$4,170,000.00	\$141,211,844.37	\$6,072,665.63	\$5,884,141.25	\$17,360,000.00	\$147,011,311.22	\$7,965,000.00	\$5,935,000.00	\$58,726,396.15	\$163,011,480.61	\$557,347,839.23

⁽¹⁾ Outstanding principal amounts do not include accreted interest with respect to capital appreciation bonds.

The Agency's obligations under the Parity Prior Loan Agreements are set forth in the Estimated Annual Debt Service Coverage Table for each Reserve Account Cross-Collateralization Project Area set forth under the caption "TAX REVENUES AND DEBT SERVICE—Historical and Current Tax Revenues for Each Reserve Account Cross-Collateralization Project Area." The obligations of the Agency under the Parity Prior Loans, which have an outstanding aggregate principal amount of \$557,347,839.23 (as of August 1, 2009) (not including accreted interest with respect to capital appreciation bonds), are on a parity with the obligations of the Agency under the 2009 Loan Agreements.

Below is a table that sets forth information regarding the reserve accounts for the Parity Prior Bonds. The Reserve Account with respect to each of the 2009 Loan Agreements will be funded by cash in the amount of the Reserve Requirement, as defined in each of the 2009 Loan Agreements.

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Parity Prior Bond Reserve Accounts

Series	Balance	Trustee	Description	Credit Enhancement Ratings (Mdys/SP/Fitch)	Related Project Area(s)	Surety Dated	Surety Expiration
Cross-Collateralized Reserve Funds							
1990	\$973,892	BNY	Wells Fargo Adv Trsry Money Market	-	-		-
1990	\$2,235,116	BNY	FGIC Reserve Fund Surety	WD	-	12/6/1990	8/1/2020
1991	\$1,235,884	BNY	Money Market Fund	-	Cross-collateralized (HP, IB, RPSB, WADD, YBC)	-	-
1998C	\$1,066,702	BNY	Wells Fargo Adv Trsry Plus Money Market	-	Cross-collateralized	-	-
1998D	\$2,456,239	BNY	Wells Fargo Adv Trsry Plus Money Market	-	Cross-collateralized	-	-
2003A (Taxable)	\$7,802,500	US Bank	FGIC Reserve Fund Surety	WD	Cross-collateralized (GG, YBC, WADD, RPSB)	-	-
2003B	\$5,128,000	US Bank	FGIC Reserve Fund Surety	WD	Cross-collateralized (GG, YBC, WADD, RPSB)	-	-
2003C	\$1,513,000	US Bank	FGIC Reserve Fund Surety	WD	Cross-collateralized	-	-
2004A	\$8,296,000	BNY	FGIC Reserve Fund Surety	WD	Cross-collateralized	4/7/2004	-
2004B (Taxable)	\$443,500	BNY	FGIC Reserve Fund Surety	WD	Cross-collateralized	4/7/2004	-
2004C	\$541,465	BNY	Money Market Fund	-	RPSB	-	-
2004D (Taxable)	\$3,729,810	BNY	FSA Surety	Aa3/AAA/AA+	Cross-collateralized	7/15/2004	8/1/2030
2005A (Refunding)	\$1,689,328	US Bank	Money Market Fund	-	Cross-collateralized	-	-
2005A (Refunding)	\$345,950	US Bank	Ambac Reserve Fund Surety	Caa2/CC/WD	Cross-collateralized	-	-
2005B (Taxable Refunding)	\$809,000	US Bank	Ambac Reserve Fund Surety	Caa2/CC/WD	Cross-collateralized	-	-
2005C (Taxable)	\$4,212,398	US Bank	Ambac Reserve Fund Surety	Caa2/CC/WD	Cross-collateralized	-	-
2006A (Taxable)	\$1,023,500	BNY	MBIA Surety	Baa1/A/--	Cross-Coll, MBN Cross-coll	-	8/1/2036
2007A (Taxable)	\$754,155	BNY	Money Market, Dreyfus Gov't Cash Mgmt	-	Cross-collateralized	-	-
2007A (Taxable)	\$1,251,832	BNY	MBIA Surety	Baa1/A/--	Cross-collateralized (MBN)	11/8/2007	8/1/2037
2007A (Taxable)	\$1,571,000	BNY	MBIA Surety	Baa1/A/--	Cross-collateralized (YBC)	11/8/2007	8/1/2019
2007A (Taxable)	\$796,500	BNY	MBIA Surety	Baa1/A/--	Cross-collateralized (SOMA)	11/8/2007	8/1/2029
2007A (Taxable)	\$6,983,500	BNY	MBIA Surety	Baa1/A/--	Cross-collateralized (SB)	11/8/2007	8/1/2037
2007B (Refunding)	\$9,305,561	BNY	Money Market, Dreyfus Gov't Cash Mgmt	-	Cross-Coll, Merged Cross-coll	-	-
2007B (Refunding)	\$76,950	BNY	MBIA Surety	Baa1/A/--	Cross-Coll, MBN Cross-coll (Merged)	11/8/2007	8/1/2018
Total	\$64,241,782						
<div>Total Cash\$18,023,226</div> <div>Total FGIC Sureties\$25,418,116</div> <div>Total Ambac Sureties\$5,367,348</div> <div>Total MBIA Sureties\$11,703,282</div> <div>Total FSA Sureties\$3,729,810</div> <div>GG= Golden Gateway Redevelopment Project Area</div> <div>HP= Hunters Point Redevelopment Project Area</div> <div>IB= India Basin Redevelopment Project Area</div> <div>MBN= Mission Bay North Project Area</div> <div>RPSB= Rincon Point – South Beach Redevelopment Project Area</div> <div>SOMA= South of Market Redevelopment Project Area</div> <div>WADD= Western Addition Redevelopment Project Area A-2</div> <div>YBC=Yerba Buena Center Redevelopment Project Area A-2</div> <div>Merged= Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area</div>							
<div>Notes:</div> <div>Tax revenue from MBN cannot be used to replenish any other project area's reserves but other project area revenues may be used to replenish MBN reserve accounts</div> <div>BNY= Bank of New York Mellon</div> <div>WD= Withdrawn</div>							

Source: Redevelopment Agency of the City and County of San Francisco; Public Financial Management, Inc.

Senior Obligations

South Beach Harbor Bonds. In December 1986, the Agency issued \$23,900,000 Variable Rate Demand Refunding Bonds, 1986 Issue A (Refunding Bonds) (the “South Beach Harbor Bonds”). The pledge of the Agency to pay Tax Revenues under the Prior Loan Agreements and the 2009 Loan Agreements relating to the Rincon Point-South Beach Redevelopment Project Area are subordinate to the pledge for the South Beach Harbor Bonds with respect to Tax Revenues generated from the South Beach Harbor Project, consisting of a small boat harbor comprised of approximately 695 berths (the “South Beach Harbor Project”). As of June 1, 2009, the South Beach Harbor Bonds had a remaining principal balance of approximately \$6.3 million. The South Beach Harbor Bonds mature on December 1, 2016.

The payment of principal, premium, if any, and interest on the South Beach Harbor Bonds are required to be secured by a letter of credit until such time as the South Beach Harbor Bonds are converted to a fixed rate. The South Beach Harbor Bonds are special, limited obligations of the Agency and, except to the extent payable out of moneys attributable to the South Beach Harbor Bonds proceeds, are payable solely from an account secured by a first pledge on the revenues and certain tax revenues generated by the South Beach Harbor Project. This tax revenue derives from the assessed valuation of certain property, primarily boats, in the South Beach Harbor Project, which is excluded from the assessed valuation reported to the Agency by the Controller. The South Beach Harbor Bonds are not secured by Tax Revenues generated by other areas within the Rincon Point–South Beach Redevelopment Project Area.

Western Addition Redevelopment Project Area A-2. Section 33333.7 of the Redevelopment Law, under which the redevelopment plan for the Western Addition Redevelopment Project Area A-2 was amended, requires that school entities receive the amount of revenue they would otherwise receive in the absence of redevelopment. As the plan amendment removed the January 1, 2009, plan limitation on the issuance of debt, this payment requirement is assumed to go into effect in the 2009-10 fiscal year. The two school entities subject to this requirement – the San Francisco Unified School District and the San Francisco Community College District – receive approximately 12.24% of tax increment revenue in the Western Addition Redevelopment Project Area A-2. The revenue amount deriving from this percentage, less the amount paid to these taxing entities through statutory passthrough payments, is deducted from tax increment revenue prior to determining revenue available for new debt service.

South of Market Redevelopment Project Area. As discussed further below under “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Limitations on Receipt of Additional Taxing Entity Revenue,” a portion of the Allocable Tax Revenues in the Original Area of the South of Market Redevelopment Project Area may be payable as a senior obligation to the San Francisco Unified School District and the San Francisco Community College District under Health and Safety Code Section 33676 as it existed when that project area was formed in 1990. This amount, approximately \$54,179 in 2009-10, would be paid directly to the school districts prior to the distribution of tax increment to the Agency, in the event the Agency claims the full amount of allocable tax revenues. As a general practice, the Agency does not claim the full amount of the Allocable Tax Revenues in any given year and the school districts receive the payments under Section 33676 through the normal property tax allocation process.

THE RESERVE ACCOUNT CROSS-COLLATERALIZATION PROJECT AREAS

The following table provides plan limitation and other summary information regarding the Reserve Account Cross-Collateralization Project Areas that currently generate tax increment revenues for the Agency.

Reserve Account Cross-Collateralization Project Area Plan Summaries

Project Area	Approximate Area Size (acres)	Plan Adoption Date	Plan Limit Termination Dates		Revenue Limits (\$000)		Approximate Amount Remaining ⁽²¹⁾	Bonded Limit ⁽²²⁾ (\$000)
			Last Day to Incur Debt	Plan Duration	Last Day to Repay Debt	Total Tax Increment Limit		
Bayview Hunters Point (Area B)	1,361	06/01/06	06/01/36 ⁽¹⁰⁾	06/01/36	06/01/51	No limit	N/A	400,000 ⁽²³⁾
Golden Gateway ⁽¹⁾	51	05/25/59	01/01/14	01/01/09	01/01/44	No limit ⁽²⁰⁾	N/A	No limit
Hunters Point ⁽¹⁾	137	01/20/69	01/01/14	01/01/09	01/01/44	No limit ⁽²⁰⁾	N/A	No limit
India Basin ⁽¹⁾	126	01/20/69	01/01/14	01/01/09	01/01/44	No limit ⁽²⁰⁾	N/A	No limit
Mission Bay North ⁽²⁾	65 ⁽⁸⁾	10/26/98	10/26/28 ⁽¹¹⁾	10/26/28	10/26/43	No limit	N/A	190,000 ⁽²⁴⁾
Mission Bay South ⁽³⁾	238 ⁽⁹⁾	11/02/98	11/02/28 ⁽¹²⁾	11/02/28	11/02/43	No limit	N/A	450,000 ⁽²⁵⁾
Rincon Point-South Beach ⁽⁴⁾	115	01/05/81	01/05/21 ⁽¹³⁾	01/05/21	No limit ⁽⁴⁾	No limit ⁽¹⁵⁾	N/A	No limit ⁽⁴⁾
South of Market ⁽⁵⁾	69							
Original Area		06/11/90	06/11/20	06/11/20	06/11/30	200,000	115,843	80,000 ⁽²⁶⁾
Western Expansion Area		12/16/05	12/16/25 ⁽¹⁴⁾	06/11/20	12/16/35	No limit	N/A	80,000 ⁽²⁶⁾
Transbay	40	06/21/05	06/21/35 ⁽¹⁵⁾	06/21/35	06/21/50	No limit	N/A	800,000 ⁽²⁷⁾
Western Addition, A2 ⁽⁶⁾	277	10/13/64	No limit ⁽¹⁶⁾	01/01/09 ⁽¹⁸⁾	No limit ⁽¹⁹⁾	No limit ⁽²⁰⁾	N/A	No limit
Yerba Buena Center ⁽⁷⁾	87							
Original Area		04/25/66	01/01/10	01/01/10	01/01/20	600,000	83,889	No limit
Emporium Site Area		10/13/00	10/13/30 ⁽¹⁷⁾	10/13/30	10/13/45	No limit	N/A	110,000 ⁽²⁸⁾

- (1) The redevelopment plans of Golden Gateway, Hunters Point, and India Basin were amended in January 2005 pursuant to Section 33333.7 of the Redevelopment Law to extend the date to incur indebtedness and the debt repayment period for the exclusive purpose of financing low and moderate income housing. See "PLEDGE OF TAX REVENUES—Senate Bill 2113 and Related Redevelopment Law Provisions." For each such project, the date to incur indebtedness was extended to January 1, 2014 (or such earlier date on which the Agency has fulfilled its SB2113 replacement housing obligations), and the repayment period to January 1, 2044.
- (2) Tax Revenues from the Mission Bay North Project Area will not be available for payment of debt service or Reserve Account replenishment on the 2009 Loan Agreement with respect to any other Project Area. See "SECURITY FOR THE BONDS—Cross-Collateralization of Reserve Accounts."
- (3) Tax Revenues from the Mission Bay South Project Area will not be available for payment of debt service or Reserve Account replenishment on the 2009 Loan Agreement with respect to any other Project Area. See "SECURITY FOR THE BONDS—Cross-Collateralization of Reserve Accounts."
- (4) The redevelopment plan of Rincon Point-South Beach was amended on May 18, 2007, pursuant to Sections 33333.8 and 33333.6(e)(4)(B) of the Redevelopment Law to extend the time limit for the receipt of tax increment revenue to repay indebtedness as well as to suspend the limits on the amount of debt that can be outstanding at any one time from the issuance of tax increment bonds and on the receipt of tax increment for the exclusive purpose of financing low and moderate income housing.
- (5) Western Expansion Area was added to South of Market by amendment of its plan. South of Market Original Area total tax increment limit was raised to \$200 million pursuant to amendment of its plan adopted December 6, 2005. Pursuant to its Plan, the maximum amount of bonded indebtedness that can be outstanding at any one time is \$80,000,000. Prior to issuance of the Bonds, the amount of bonded indebtedness outstanding is \$7,965,000.
- (6) The redevelopment plan of Western Addition, A-2, was amended on December 19, 2008, pursuant to Sections 33333.8, 33333.7 and 33333.6(e)(4)(B) of the Redevelopment Law to extend the time limit to incur debt and for receipt of tax increment to repay indebtedness and to suspend the limit on the amount of tax increment funds for the exclusive purpose of financing low and moderate income housing.
- (7) Emporium Site Area was added to Yerba Buena Center by amendment of its plan. Yerba Buena Center's plan duration and debt repayment period extended by one year pursuant to Section 33333.6(e)(2)(C) of the Redevelopment Law.
- (8) Of the 65 acres that make up the Mission Bay North Project Area, Tax Revenues are generated from approximately 20 to 25 acres.
- (9) Of the 238 acres that make up the Mission Bay South Project Area, Tax Revenues are generated from approximately 60 to 65 acres.
- (10) The Agency may not incur debt for purposes other than financing low and moderate income housing after June 1, 2026.
- (11) The Agency may not incur debt for purposes other than financing low and moderate income housing after October 26, 2018.
- (12) The Agency may not incur debt for purposes other than financing low and moderate income housing after November 2, 2018.
- (13) The Agency may not incur debt for purposes other than financing low and moderate income housing after January 1, 2021.
- (14) After June 11, 2020, indebtedness may be incurred only for the purpose of fulfilling the Agency's housing obligations pursuant to Section 33333.8(a) of the Redevelopment Law.
- (15) The Agency may not incur debt for purposes other than financing low and moderate income housing after June 21, 2025.
- (16) The Agency may not incur debt for purposes other than financing low and moderate income housing.
- (17) The Agency may not incur debt for purposes other than financing low and moderate income housing after October 13, 2020.

- (18) The provisions of the redevelopment plan of Western Addition, A2, terminated on January 1, 2009, but has been extended for the purpose of funding the Agency's affordable housing obligations, among other things.
- (19) The Agency may not repay debt for purposes other than financing low and moderate income housing after January 1, 2019.
- (20) The limit on the receipt of tax increment was eliminated for the exclusive purpose of financing low and moderate income housing pursuant to Sections 33333.7 and 33333.8(e) of the Redevelopment Law. See "PLEDGE OF TAX REVENUES—Senate Bill 2113 and Related Redevelopment Law Provisions."
- (21) Amount remaining consists of the total tax increment under the Plan revenue limit less the sum of (i) tax increment received to date and (ii) debt service to be paid under existing loan agreements. Figures are as of August 1, 2009.
- (22) This limit represents the amount of bonded indebtedness that can be outstanding at any one time.
- (23) Prior to issuance of the Bonds, bonded indebtedness in the aggregate principal amount of \$4,170,000 with respect to Bayview Hunters Point (Area B) is outstanding.
- (24) Prior to issuance of the Bonds and the Authority's 2009 Series C Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project) (the "2009 Series C Bonds"), which is expected to be issued approximately concurrently with the issuance of the Bonds, bonded indebtedness in the aggregate principal amount of \$66,140,000 with respect to Mission Bay North is outstanding.
- (25) Prior to issuance of the Bonds and the Authority's 2009 Series D Tax Allocation Revenue Bonds (Mission Bay South Redevelopment Project) (the "2009 Series D Bonds"), which is expected to be issued approximately concurrently with the issuance of the Bonds, no bonded indebtedness with respect to Mission Bay South is outstanding.
- (26) The aggregate principal amount of bonds for both the Original Area and the Western Expansion may not exceed the bonded limit. Prior to issuance of the Bonds, bonded indebtedness in the aggregate principal amount of \$7,965,000 with respect to South of Market is outstanding.
- (27) Prior to issuance of the Bonds, bonded indebtedness in the aggregate principal amount of \$5,935,000 with respect to Transbay is outstanding.
- (28) Prior to issuance of the Bonds, no bonded indebtedness with respect to Yerba Buena Center Emporium Site Area is outstanding.

Source: Redevelopment Agency of the City and County of San Francisco and Urban Analytics.

Reserve Account Cross-Collateralization Project Areas with Prior Loans

Bayview Hunters Point Redevelopment Project - Project Area B

The Bayview Hunters Point Redevelopment Plan was adopted by the Board of Supervisors on May 23, 2006 and approved by the Mayor on June 1, 2006, through a plan amendment process and includes two distinct geographic areas: the previous Hunters Point Redevelopment Project Area ("Project Area A") and the larger land area added as "Project Area B".

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

An estimated 34,000 people reside within Project Area B and in fiscal year 2009-10, the assessed values of real property was approximately \$1.6 billion and the number of properties subject to property taxes exceeded 3,350.

The Bayview Hunters Point Redevelopment Project – Project Area B is also a 2009 Related Project Area.

Embarcadero-Lower Market (“Golden Gateway”) Redevelopment Project Area

The Redevelopment Plan for the Embarcadero-Lower Market (Golden Gateway) Redevelopment Project Area was adopted by the Board of Supervisors on May 25, 1959, and subsequently amended nine times. The most recent amendment became effective in January 2005 pursuant to SB 2113, Section 33333.6(e)(A) of the Redevelopment Law, to extend the time limits for the establishment of indebtedness and repayment of indebtedness for the exclusive purpose of financing low and moderate income housing.

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

While the project is completed, additional public funds will be utilized in the future to accomplish the provision of affordable housing. Based on the Board of Supervisors’ adoption on January 11, 2005, of an ordinance pursuant to Health and Safety Code section 33333.7 (an “SB 2113 ordinance”), the Agency is authorized to issue new debt through 2014, the payment of which may be secured by Tax Revenues from the Embarcadero-Lower Market (Golden Gateway) Project Area, solely for the purpose of financing affordable housing.

See also “Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area” below.

Hunters Point Redevelopment Project Area (Now Known as Bayview Hunters Point Redevelopment Project Area - Project Area A)

The Board of Supervisors approved the Hunters Point Redevelopment Plan for the Hunters Point Redevelopment Project Area on January 20, 1969, and amended the Redevelopment Plan on August 24, 1970, December 1, 1986, and December 12, 1994.

Based on the Board of Supervisors’ adoption on January 11, 2005 of an ordinance implementing the SB 2113 provisions contained in Section 33333.7 of the Redevelopment Law, the Agency is authorized to issue new debt through 2014 for the exclusive purpose of financing low- and moderate-income housing, the payment of which may be secured by Tax Revenues from the Hunters Point Project Area. However such ordinance does not extend the term of the Hunters Point Redevelopment Plan, which expired on January 1, 2009, pursuant to Section 33333.6 of the Redevelopment Law.

On May 23, 2006, an ordinance was adopted amending the Hunters Point Redevelopment Plan to create the Bayview Hunters Point Redevelopment Plan and Project Area, which among other things, added new territory. The territory formerly known as the Hunters Point Redevelopment Project Area is now known as Bayview Hunters Point Redevelopment Project Area A (“Project Area A”). Project Area A is a 137-acre hilly tract located in the southeastern sector of San Francisco. It is bounded by Fairfax Avenue on the north, Griffith Street on the east, Palou Avenue on the south and Mendell Street on the west. It extends five blocks on its east-west axis and ten blocks in the north-south direction. The areas to the west and south of Project Area A consist of modest, well-maintained single-family homes. Low-income public housing is situated east and northeast of Project Area A, while the India Basin Redevelopment Project Area abuts to the north.

The provisions of the Bayview Hunters Point Redevelopment Plan add a height requirement for development in Project Area A but otherwise retain the policies contained in the original Hunters Point

Redevelopment Plan, which provided for the rehabilitation of a residential neighborhood of mixed-income housing. Pursuant to the Hunters Point Redevelopment Plan, over 1,760 new rental, co-op, condominium and ownership units have been constructed and 122 homes have been rehabilitated. Complimentary community improvements include major new roadways and their associated streetscape improvements, a number of neighborhood parks, community facilities and schools.

India Basin Redevelopment Project Area

The Board of Supervisors approved the India Basin Industrial Park Redevelopment Plan on January 20, 1969, and amended it on December 1, 1986, April 20, 1987, and December 12, 1994. The Redevelopment Plan was adopted to remove blight that was characterized by unsafe, incompatible and overcrowded commercial and industrial buildings; inadequate utilities and drainage; dilapidated streets, poor soil conditions, and economic stagnation. Based on the Board of Supervisors' adoption on January 11, 2005, of an ordinance pursuant to Health and Safety Code section 33333.7 (an "SB 2113 ordinance"), the Agency is authorized to issue new debt through 2014, the payment of which may be secured by Tax Revenues from the India Basin Redevelopment Project Area to generate funds for the exclusive purpose of financing low- and moderate-income housing.

The India Basin Redevelopment Project Area encompasses approximately 126 acres in the southeastern section of San Francisco. It is bounded by Third Street on the west, Jennings Street on the east, Arthur Avenue on the north and Hudson Avenue and Galvez Avenue on the south.

Among the principal objectives of the Redevelopment Plan was the establishment of labor-intensive industries in the area in order to provide job opportunities for the residents of the Bayview Hunters Point community. The India Basin Redevelopment Project Area is now a thriving industrial park consisting of a major distribution facility for the U.S. Postal Service, a number of light industrial, commercial, service and multimedia businesses, and some retail businesses, located at Bayview Plaza at the southeast corner of Third Street and Evans Avenue.

Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area

In November 1995, the Board of Supervisors adopted ordinances providing for the merger of the South of Market Earthquake Recovery Redevelopment Project Area and the Golden Gateway Redevelopment Project Area. At the same time that the plan for the Federal Office Building Project Area (the "FOB Project Area") was adopted, the Board of Supervisors adopted ordinances merging the FOB Project Area. When these ordinances became effective, the FOB Project Area became part of the previously merged project areas (the FOB Project Area, the South of Market Earthquake Recovery Redevelopment Project Area and the Golden Gateway Redevelopment Project Area, together the "Merged Project Area").

In connection with the Authority's 2005 Series C Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects) (the "2005 Series C Bonds"), and the Authority's 2006 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects) (the "2006 Series A Bonds"), the Agency's obligations under the 2005 Series C and 2006 Series A Loan Agreements relating to the Golden Gateway Redevelopment Project Area are secured by tax increment solely from that Project Area, rather than all of the Merged Project Area. Additionally, with respect to the Authority's 2007 Series A Taxable Tax Allocation Bonds (San Francisco Redevelopment Projects) (the "2007 Series A Bonds"), and the 2009 Series B Bonds, the Agency's obligations under the 2007 Series A Loan Agreement and the 2009 Series B Loan Agreement relating to the South of Market Redevelopment Project Area are secured by tax increment solely from that Project Area, rather than all of the Merged Project Area. For purposes of demonstrating debt service coverage for the applicable 2005 Series C and 2006 Series A Loan Agreements and the 2007 Series A and 2009 Series B Loan Agreements, the Agency

has performed the calculation with respect to each of the Merged Project Area, the Golden Gateway Redevelopment Project Area and the South of Market Redevelopment Project Area and has, with respect to the calculation for the Golden Gateway Redevelopment Project Area and the South of Market Redevelopment Project Area, made specific allocations of all of the amounts due under the loan agreements relating to the Merged Project Area to the Golden Gateway Redevelopment Project Area or the South of Market Redevelopment Project Area. See the table under the caption “Tax Revenues and Debt Service–Historical and Current Tax Revenues for Each Reserve Account Cross-Collateralization Project Area – Golden Gateway (Embarcadero-Lower Market) Redevelopment Project Area.”

Mission Bay North Project Area

The Redevelopment Plan for the Mission Bay North Project Area was adopted by the Board of Supervisors on October 26, 1998. The Mission Bay North Project Area is an approximately 65-acre area located in the southeastern section of the City, bounded by Seventh Street on the west, Fourth and Third Streets on the east, Townsend and King Streets on the North and Mission Creek on the South. Of the 65 acres that make up the Mission Bay North Project Area, Tax Revenues are generated from only approximately 20 to 25 acres.

Formerly rail yards, underutilized industrial and warehouse and vacant land, the Mission Bay North Project Area is a mixed-use, mixed-income neighborhood, well-served by public transit including Caltrain and MUNI. The area includes a mix of market rate and affordable housing, new parks and open space, a new public library and retail to serve residents and the larger community.

Development in the Mission Bay North Project Area began in 2000. The build-out of the Mission Bay North Project Area is nearing completion. To date, 2,835 residential units have been built in 14 projects, including 674 affordable units. Completed market rate projects include the Beacon, a 595 unit condominium project that also contains a new Safeway grocery store, as well as the Arterra, a 269 unit LEED-certified condominium project, major rental developments by AvalonBay Communities, and condominium projects developed by Signature Properties and Opus West. These developments include 130,000 square feet of retail space. Park and open space development in the Mission Bay North Project Area is complete, and a new branch library serving Mission Bay and the larger community has opened. Only one parcel (129 units) remains undeveloped in the Mission Bay North Project Area.

The Mission Bay North Project Area is also a 2009 Related Project Area.

Rincon Point-South Beach Redevelopment Project Area

The Rincon Point-South Beach Redevelopment Project Area was established by the adoption of a Redevelopment Plan for the area by the City’s Board of Supervisors on January 5, 1981, and was amended on January 23, 1984; November 25, 1991; May 11, 1992; December 12, 1994; March 24, 1997; July 7, 1997; and August 18, 1997.

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

Prior to redevelopment, the Rincon Point-South Beach Redevelopment Project Area was characterized by under-utilized industrial and warehouse space, an excessive amount of surface area devoted to street and rail right-of-ways, and an extensive amount of surface area either vacant or devoted to open storage and parking.

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

In May 2007, the Board of Supervisors adopted an ordinance pursuant to Section 33333.6(e)(4)(B) of the Redevelopment Law to amend this Project Area's Redevelopment Plan to enable the creation of debt and the receipt of Tax Revenues for the purpose of funding affordable housing. Such ordinance was amended on August 7, 2007, to remove certain items that were not required by state law.

The Rincon Point-South Beach Project Area is also a 2009 Related Project Area.

South of Market Redevelopment Project Area

The South of Market Redevelopment Project Area, created in 1990 as an earthquake recovery redevelopment project area, was originally adopted to repair damage caused by the 1989 Loma Prieta Earthquake. Since 1990, the Agency has been able to: 1) provide earthquake recovery assistance to residents and businesses; 2) improve housing opportunities by funding the construction or rehabilitation of more than 1,100 affordable housing units and funding quality-of-life upgrades in single room occupancy (SRO) hotels; 3) fund the construction on Sixth Street of new, widened sidewalks with new street trees and street lights, which were completed in February 2006; 4) since 2003, provide more than 80 façade and tenant improvement loans to property owners and neighborhood-serving businesses on Sixth Street and provide street cleaning services for Sixth Street; and 5) collaborate with community nonprofits that provide health care, performing arts, and cultural services that contribute to the identity of the area.

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

The South of Market Redevelopment Project Area, including the Western Expansion Area, is approximately 69 acres in size and located in the central city area of San Francisco. Such Project Area is roughly bounded by Stevenson, Mission and Natoma Streets on the north, Fifth Street on the east, Harrison Street on the south and Seventh Street on the west. Its focus is the Sixth Street corridor, a mixed-use community located between Market and Harrison Streets and characterized by a prevalence of older residential and commercial buildings, including many SRO hotels, several commercial and light industrial uses, and a large number of vacant ground-floor spaces. The remainder of the South of Market

Redevelopment Project Area consists mainly of a combination of older residential and commercial buildings, as well as the new Bessie Carmichael School and the new Victoria Manalo Draves Park.

It is expected that additional public funds will be needed for a number of years to achieve the goals of the South of Market Redevelopment Project Area. The Agency expects to raise most of these funds through the sale of future bonds, the repayment of which may be secured by Tax Revenues from the South of Market Redevelopment Project Area.

The South of Market Redevelopment Project Area is also a 2009 Related Project Area.

See also “Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area” above.

Transbay Redevelopment Project Area

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

The most significant feature of the Transbay Redevelopment Project Area, the existing Transbay Terminal and its ramps, comprise an underutilized and outmoded transportation facility with serious structural, health and safety deficiencies. The remainder of such Project Area is composed primarily of vacant and underutilized properties and older buildings, many of which are substantially deteriorated and/or unreinforced masonry buildings. All of these conditions constitute blight that the Redevelopment Plan for the Transbay Redevelopment Project Area (the “Transbay Redevelopment Plan”) will address.

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

- Construction of a major new multi-modal transit terminal on the site of the existing Transbay Terminal and extension of Peninsula Corridor rail service to the new terminal (Caltrain Extension) – the Transbay Joint Powers Authority is responsible for planning, designing, building, and eventually operating the new Transbay Transit Center and Caltrain Downtown Extension, but will receive financial support from certain redevelopment activities, as discussed below;
- Redevelopment of vacant and underutilized land in the Transbay Redevelopment Project Area into a vibrant mixed-use, transit-oriented neighborhood consisting of more than 2,700 new housing units, approximately 1,000 of which will be affordable to very low-, low-, and moderate-income households;
- Construction of public improvements throughout the area including two new public parks, new pedestrian-oriented alleys, widened sidewalks and other active recreation spaces.

A major portion of the tax increment has been pledged to the Transbay Joint Powers Authority to help pay the cost of rebuilding the Transbay Terminal. The Transbay Redevelopment Plan provides that the Agency will allocate and pay to or on behalf of the Transbay Joint Powers Authority all State Parcel Net Tax Increment (as defined below) to pay costs associated with the construction and design of the Transbay Terminal. However, in the event that the Transbay Terminal Project is terminated, all State Parcel Net Tax Increment will revert to the City’s General Fund for distribution in accordance with the Redevelopment Law and the Transbay Redevelopment Plan. As used herein and in the Transbay Redevelopment Plan, the term “State Parcel Net Tax Increment” means all property tax increment revenues attributable to those parcels acquired by the City and/or the Transbay Joint Powers Authority from the State of California pursuant to a certain cooperative agreement, allocated to and received by

Agency, but specifically excluding certain charges, fees, costs or other amounts the Agency is required to pay the City or other government entities or to set aside in any funds. State Parcel Net Tax Increment is excluded from the definition of Tax Revenues for the Transbay Redevelopment Project Area and is not pledged to or security for the repayment of the 2009 Loan Agreements related to the Transbay Redevelopment Project Area. See “PLEDGE OF TAX REVENUES – Tax Revenues.”

The remaining tax increment generated in the Transbay Redevelopment Project Area will be used for Agency activities. Approximately 50 percent of the total tax increment allocated for Agency activities will fund the Agency’s affordable housing program. By state law, 35 percent of all new housing units built in the Transbay Redevelopment Project Area must be affordable to very low- to moderate-income households. The remaining tax increment will be used for planning, site preparation and development, public facilities, infrastructure and utilities, circulation improvements, building rehabilitation, façade improvements, historic preservation, economic development and other non-housing projects and activities.

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

The Transbay Redevelopment Project Area is also a 2009 Related Project Area.

Western Addition Redevelopment Project Area A-2

The Western Addition Redevelopment Project Area A-2 Redevelopment Plan was adopted by the Board of Supervisors on October 13, 1964 and was amended on August 3, 1970, June 6, 1976, December 15, 1986, November 9, 1987, August 10, 1992, October 3, 1994, April 19, 2005, and December 19, 2008. The Western Addition A2 Redevelopment Plan expired on January 1, 2009. The Agency can no longer collect tax increment for activities that are not related to the Agency’s replacement housing obligation as provided by SB 2113.

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

The Western Addition Redevelopment Project Area A-2 is largely built out. Fillmore Center, a 1,113-unit mixed-use development completed in 1990, financed in part by tax-exempt bonds, has been moderately renovated and was sold to a new ownership group in December 2004. With the expiration of the Redevelopment Plan for the Area, the Agency began its transitional activities in earnest in late 2005 and primarily focused on the development of the remaining Agency parcels in the project area and toward strengthening the economic vitality of the Fillmore Jazz Preservation District.

The following Agency housing parcels, in the former project area, are under contract with developers: 1345 Turk Street, a 32-unit affordable for-sale condominium project with Michael Simmons

Property Development, Inc; Parcel G, 120 units of supportive housing, with Community Housing Partnership and Mercy Housing; and the Mary Helen Rogers Senior Community, formerly known as Parcel C, 100 units of Senior Housing with Michael Johnson and Chinatown Community Development Corporation.

The Agency completed the development of Parkview Terrace, formerly known as Parcel A, 101 units of senior housing developed by Chinatown Community Development Corporation and A.F. Evans; completed the sale of 1210 Scott Street to the Jewish High School of the Bay and used the \$4 million from the sale of the property for the Agency's Certificate of Preference Program; the Agency served as issuer with respect to \$26 million in Multifamily Housing Revenue bonds for Nihonmachi Terrace; and Martin Luther King/Marcus Garvey ("MLK/MG") – Agency agreement with the MLK/MG Co-op for rehabilitation work on the development. To date there has been \$5 million issued for this work – developer is Related Companies of California.

The opening of the Fillmore Heritage Center, a 13 story mixed-use development which houses eighty one-, two- and three-bedroom condominiums offering 68 Market-Rate and 12 affordable homes, all of which have been sold, added a significant incentive to creation of the Fillmore Jazz Preservation District (the "Jazz District") as a San Francisco destination. The Fillmore Heritage Center also is home to the world-famous Yoshi's San Francisco Jazz Club and Japanese Restaurant, 1300 on Fillmore Restaurant, a Jazz Heritage Center art gallery, screening room and historical display, and the Agency owned public parking garage.

Over the last year, the Agency has created a small business development strategy with the creation of the Community Benefits Fund Grant Program. By program end, the Agency will have issued \$360,000 in grants to small existing and start-up businesses that are intended to enhance the Jazz District by creating more foot traffic in the area. In addition, the Agency provided additional public funds to 1300 on Fillmore, Rassales Jazz Club, Sheba Piano Lounge, Yoshi's, Traina Public Relations, a Marketing Consultant, The Puccini Group, a Restaurant Consultant, and the Office of Economic and Workforce Development for ongoing marketing activities for the district and workforce development and predevelopment for the Muni Substation. These funds are needed over the next several years to accomplish the goals of the Western Addition A-2 Redevelopment Plan in the Fillmore Jazz Preservation District.

The Western Addition Redevelopment Project Area A-2 is also a 2009 Related Project Area.

Yerba Buena Center Redevelopment Project Area

The Board of Supervisors of the City approved the Yerba Buena Center Redevelopment Plan on April 25, 1966 and amended such Redevelopment Plan on July 26, 1971, October 9, 1973, September 13, 1976, August 8, 1977, August 13, 1979, November 2, 1981, December 1, 1986, November 21, 1994, January 27, 1997 and August 3, 2000.

The Yerba Buena Center Redevelopment Project Area comprises an approximately 87-acre area that formerly consisted of dilapidated hotels, commercial and industrial buildings and open parking lots. The project is located southwest of San Francisco's downtown office and retail districts and extends from Market Street on the north to Harrison Street on the south, and from Second Street on the east to Fourth Street on the west.

The Yerba Buena Center Redevelopment Project Area is San Francisco's key cultural, convention and visitor district. At the heart of such Project Area is the 6-acre Yerba Buena Gardens, which includes the Esplanade, the Martin Luther King Memorial, the Children's Center with a childcare center, an ice rink/bowling alley, and a playground with the historic Playland carousel, which are built over the Moscone North and South convention halls. The cultural facilities developed by or in partnership with

the Agency include the Center for the Arts, the Museum of Modern Art, the Zeum arts and technology center, the Museum of the African Diaspora, the Contemporary Jewish Museum and, still in the planning, the Mexican Museum. The Yerba Buena Center Redevelopment Project Area includes major visitor facilities developed through the Agency, including the Marriot, Four Seasons, W, Westin Market Street, and St. Regis Hotels, which total over 2,500 hotel rooms. Major commercial developments include several office projects, the 260,000 square foot Metreon cinema and retail complex, and the redeveloped Bloomingdale's and Westfield Shopping Centre on the site of the former Emporium department store, which connect Union Square to this burgeoning district. Residential development includes over 2,500 units, including both luxury rental and condominium units and over 1,400 units of affordable senior housing. Though easily accessible by public transportation, additional parking to this Project Area has been provided by the expansion to the nearby Fifth and Mission Street garage and construction of the 450-car Jessie Square garage.

The Yerba Buena Center Redevelopment Project Area is also a 2009 Related Project Area.

Reserve Account Cross-Collateralization Project Areas without Prior Loans

Federal Office Building Redevelopment Project Area

The Federal Office Building Project Area was adopted by the Board of Supervisors of the City on and merged into and was amended on October 14, 1997. It is a single-purpose project area created to provide a new federal office building in San Francisco and is 5 acres in size. Construction of the federal office building has been completed.

Mission Bay South Project Area

The Mission Bay South Redevelopment Plan was adopted by the Board of Supervisors in November 1998.

The Mission Bay South Project Area consists of approximately 238 acres of land located approximately two miles south of the financial district of the City, and south of Mission Creek and AT&T Park, the waterfront baseball stadium for the San Francisco Giants (which is not in the District). Of the 238 acres that make up the Mission Bay South Project Area, Tax Revenues are generated from approximately 60 to 65 acres. The Project Area is bounded on the south by Mariposa Street, on the east by San Francisco Bay, on the north by Mission Creek, and on the west by Seventh Street and the Interstate 280 Freeway.

The Mission Bay South Project Area was formerly rail yards, underutilized warehouse and vacant industrial land. The goal of the Mission Bay South Redevelopment Plan is to create a mixed-use, mixed-income neighborhood, with new jobs, housing, open space and public services. At full build-out, the Mission Bay South Project Area will contain approximately 3,090 housing units, of which at least 37 percent will be affordable. The Mission Bay UCSF campus, a life science campus for teaching and research, and UCSF's planned hospital serving children, women and cancer patients are integral components of the Project Area. Surrounding the UCSF campus is land designated for 4.5 million square feet of private life science and biotechnology lab and office space. The plan also calls for a 500-room hotel, more than 41 acres of new parks and open space, a new public school and new fire and police stations. The area is already well-served by public transit, including the existing CalTrain railroad station located at the southwest corner of Fourth and Townsend Street and MUNI's new Third Street "light-rail" line, which runs directly to the City's financial district, and which commenced operation at the beginning of 2007. At least \$400 million in new infrastructure, including new roads and sewer and storm water infrastructure, will be constructed.

To date, UCSF has completed six buildings, including four research centers, a campus housing project, and the campus community center, along with related parking. In addition, seven commercial buildings totaling more than 1.7 million square feet of private biotechnology lab space and office space have been completed or are under construction, including the new headquarters for FibroGen, Inc. and space for the pharmaceutical company Pfizer. The first market rate condominium project, the 99-unit Radiance developed by BOSA California, opened in July 2009, and the second residential project, a 192-unit rental project by Urban Housing Group opened in April 2009. Schematic design work is underway for the first Agency-sponsored affordable housing project, a 150-unit family rental project. Three new parks have been constructed and schematic designs have been completed or are underway for five additional parks. Construction of the new 4th Street, the area's neighborhood-serving retail corridor, and several other significant infrastructure projects, are underway. Finally, planning has begun on the new fire and police stations.

The Mission Bay South Project Area is also a 2009 Related Project Area.

See APPENDIX B – “FISCAL CONSULTANT REPORT – The Redevelopment Plans.” The Agency's Audited Financial Statements for the year ended June 30, 2008, appears as APPENDIX A hereto.

PLEDGE OF TAX REVENUES

General

The Redevelopment Law authorizes the financing of redevelopment projects through the use of tax increment revenues. This financing mechanism provides that the taxable valuation of the property within a project area on the property tax roll last equalized prior to the effective date of the ordinance that adopts the redevelopment plan becomes the base year valuation. Thereafter, the increase in taxable valuation becomes the increment upon which taxes are levied and allocated to the applicable agency. Redevelopment agencies have no authority to levy property taxes, but must instead look to this allocation of tax revenues to finance their activities.

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

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

(ii) That portion of the levied taxes in excess of the amount described in paragraph (i) is deposited into a special fund of the applicable redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness incurred by, such agency to finance or refinance activities in or related to such project area.

Tax Revenues

The term “Tax Revenues” as defined in each 2009 Loan Agreement (other than the 2009 Loan Agreement relating to the Mission Bay North Project Area, the 2009 Loan Agreement relating to the

Mission Bay South Project Area and the 2009 Loan Agreement relating to the Transbay Redevelopment Project Area) means: all taxes annually allocated within the limitation of the Redevelopment Plan of, and paid to the Agency with respect to, the related Project Area following the date of delivery of the Bonds, pursuant to the Redevelopment Law and Section 16 of Article XVI of the State Constitution and other applicable State laws and as provided in the Redevelopment Plan for such Project Area, including all payments, subventions and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations (but excluding subvention payments to the Agency with respect to personal property within the related Project Area) and including that portion of such taxes (if any) otherwise required by the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the related 2009 Loan and any related Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the related Project Area, but excluding all other amounts of taxes required to be deposited into the Low and Moderate Income Housing Fund, Investment Earnings and all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law unless such payments are subordinated to payments due under the related 2009 Loan Agreement pursuant to Section 33607.5(e) of the Redevelopment Law. See “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Certain Required Payments of Tax Revenues to Taxing Entities” hereinafter. Each 2009 Loan is secured by and payable from the Tax Revenues from the related 2009 Related Project Area and the amounts held in the Reserve Account established under the related 2009 Loan Agreement.

The term “Tax Revenues” as defined in the 2009 Loan Agreements relating to the Mission Bay North Project Area and Mission Bay South Project Area means: all taxes annually allocated within the limitation of the Redevelopment Plan of, and paid to the Agency with respect to, the Mission Bay North Project Area or the Mission Bay South Project Area, respectively, following the date of delivery of the Bonds, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and other applicable State laws and as provided in the Redevelopment Plan for such Project Area, and required to be deposited in the Low and Moderate Income Housing Fund of the Agency, provided that such amount shall never be less than 20% of the taxes allocated and paid to the Agency under the Redevelopment Plan for such Project Area.

The term “Tax Revenues” as defined in the 2009 Loan Agreement relating to the Transbay Redevelopment Project Area means: all taxes annually allocated within the limitation of the Redevelopment Plan of, and paid to the Agency with respect to, the Transbay Redevelopment Project Area following the date of delivery of the Bonds, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and other applicable State laws and as provided in the Redevelopment Plan for such Project Area, including all payments, subventions and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations (but excluding payments to the Agency with respect to personal property within the Transbay Redevelopment Project Area pursuant to Sections 16110, *et seq.*, of the California Government Code); and including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the 2009 Loan and any Parity Debt relating to the Transbay Redevelopment Project Area (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area, but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and Investment Earnings, and also excluding (i) all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law unless such payments are subordinated to payments due under the 2009 Loan Agreement related to the Transbay Redevelopment Project Area pursuant to Section 33607.5(e) of the Redevelopment Law and (ii) amounts required to be paid to the Transbay Joint Powers Authority in accordance with Section 5.7 of the Redevelopment Plan for such Project Area. See “THE

RESERVE ACCOUNT CROSS-COLLATERALIZATION PROJECT AREAS – Reserve Account Cross-Collateralization Project Areas with Prior Loans—*Transbay Redevelopment Project Area.*”

The term “Tax Revenues,” as used with respect to any of the Prior Loan Agreements, has the meaning given to it in the respective Prior Loan Agreement.

Allocable Tax Revenues

The term “Allocable Tax Revenues” as defined in each 2009 Loan Agreement (other than the 2009 Loan Agreement relating to the Mission Bay North Project Area, the 2009 Loan Agreement relating to the Mission Bay South Project Area, and the 2009 Loan Agreement relating to the Transbay Redevelopment Project Area) means: all taxes annually allocable without regard to the limitation of the Redevelopment Plan of the related Project Area following the date of delivery of the Bonds to the Agency with respect to the related Project Area pursuant to the Redevelopment Law and Section 16 of Article XVI of the State Constitution, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan for such Project Area, including that portion of such taxes (if any) otherwise required by the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the related 2009 Loan and any Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund, and also excluding all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law unless such payments are subordinated to payments due under the related 2009 Loan Agreement pursuant to Section 33607.5(e) of the Redevelopment Law.

The term “Allocable Tax Revenues” as defined in the 2009 Loan Agreements relating to the Mission Bay North Project Area and Mission Bay South Project Area means: an amount equal to 20% of all taxes annually allocable without regard to the limitation of the Redevelopment Plan of the Mission Bay North Project Area or the Mission Bay South Project Area, respectively, following the date of delivery of Bonds, to the Agency with respect to the Mission Bay North Project Area or Mission Bay South Project Area, respectively, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the State Constitution, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan for such Project Area.

The term “Allocable Tax Revenues” as defined in the 2009 Loan Agreement relating to the Transbay Redevelopment Project Area means: all taxes annually allocable without regard to the limitation of the Redevelopment Plan of such Project Area following the date of delivery of the Bonds to the Agency with respect to the Transbay Redevelopment Project Area pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the State Constitution, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan for such Project Area, including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the 2009 Loan and any Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to such Project Area; but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund, and also excluding (i) all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law unless such payments are subordinated to payments due under the 2009 Loan Agreement related to the Transbay Redevelopment Project Area pursuant to Section 33607.5(e) of the Redevelopment Law and (ii) amounts required to be paid to the Transbay Joint Powers Authority in accordance with Section 5.7 of the Redevelopment Plan for such Project Area.

The term “Allocable Tax Revenues,” as used with respect to any of the Prior Loan Agreements has the meaning given to it in the respective Prior Loan Agreement.

Allocable Tax Revenues are not pledged to the repayment of the 2009 Loan Agreements, the Parity Prior Loan Agreements, if any, or Parity Debt; provided, however, that such Allocable Tax Revenues are generally available for the payment of the 2009 Loans, the Parity Prior Loans and Parity Debt related thereto. See “SECURITY FOR THE BONDS—Parity Debt.”

Teeter Plan

The City has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et. seq.* of the State Revenue and Taxation Code. Under the Teeter Plan, each participating local agency, including cities, levying property taxes in its county may receive the amount of uncollected taxes credited to its fund in the same manner as if the amount credited had been collected. In return, the county would receive and retain delinquent payments, penalties and interest, as collected, that would have been due to the local agency. However, although a local agency could receive the total levy for its property taxes without regard to actual collections, funded from a reserve established and held by the county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency. The City maintains a tax loss reserve account, which as of June 5, 2009, held \$14.3 million.

The Teeter Plan remains in effect unless the City Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the City (which commences on July 1), the City Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the City, in which event, the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the City. There can be no assurance that the Teeter Plan will remain in effect throughout the life of the Bonds. According to the Fiscal Consultant (defined herein), the overall delinquency rate, including tax payments made in December 2008 and April 2009, for all secured properties in the 2009 Related Project Areas is 4.3% as of May 1, 2009, and the delinquency rate for all Reserve Account Cross-Collateralization Project Areas is 3.8% as of May 1, 2009. See APPENDIX B – “FISCAL CONSULTANT REPORT—The Allocation of Tax Increment Revenue to the Agency.”

Tax Revenues Allocable to the Agency

The Agency Tax Rate calculated by the City for fiscal year 2009-10 is 1.004% for the secured roll and 1.006% for the unsecured roll. In accordance with Health and Safety Code Section 33670(e) the Agency Tax Rate excludes taxes related to bonded indebtedness of the City approved by the voters of the City on or after January 1, 1989, and issued for the acquisition or improvement of real property. The Agency Tax Rate reported by the City for the prior fiscal year, 2008-09, was 1.006% for the secured roll and 1.012% for the unsecured roll. Future reductions in the Tax Rate will offset, to a certain extent, increases in assessed valuation experienced in Project Areas and result in a lower allocable tax increment number. The Agency anticipates that the Agency Tax Rate will converge to 1% by 2012. The Agency does not receive, on an annual basis, all Allocable Tax Revenues, unless required to pay debt service. See the tables for each Reserve Account Cross-Collateralization Project Area under the caption “TAX REVENUES AND DEBT SERVICE—Historical and Current Tax Revenues for Each Reserve Account Cross-Collateralization Project Area.”

Low and Moderate Income Housing Requirements

The lien on the Tax Revenues created by the 2009 Loan Agreements are subject to provisions of the Redevelopment Law described below requiring that the Agency make deposits to a low and moderate income housing fund; provided that to the extent 2009 Loan proceeds are used to fund low and moderate income housing activities, such deposits into a low and moderate income housing fund may instead be used to make payments on such 2009 Loan. Part or all of the net proceeds of the 2009 Series A Loans will be used to fund low and moderate income housing activities. See “PLAN OF FINANCING.”

Sections 33334.2 and 33334.3 of the Redevelopment Law require redevelopment agencies to set aside in a low and moderate income housing fund not less than 20% of all tax revenues allocated to such agencies derived from a redevelopment project area for which a final redevelopment plan was adopted on or after January 1, 1977, or for any area which has been added to a project area by amendment to a redevelopment plan adopted on or after January 1, 1977. Section 33334.2 provides that this low and moderate income housing requirement can be reduced or eliminated if a redevelopment agency finds annually by resolution the following: (i) that, consistent with the housing element of the community’s general plan, no need exists in the community to improve, increase or preserve the supply of low and moderate income housing in a manner which would benefit the project area; (ii) that, consistent with the housing element of the community’s general plan, some stated percentage less than 20% of the tax revenues allocated to the agencies is sufficient to meet the housing needs of the community; or (iii) that the community is making substantial efforts of equivalent impact, consisting of direct financial contributions of funds from local, State and federal sources for low and moderate income housing, to meet its existing and projected housing needs (including its share of regional housing needs).

Chapter 1135, Statutes of 1985, amended Section 33334.3 and added Sections 33334.6 and 33334.7 to the Redevelopment Law, extending to project areas established prior to January 1, 1977, beginning with fiscal year 1985-86 revenues, the requirement that redevelopment agencies set aside into a low and moderate income housing fund not less than 20% of tax revenues allocated to redevelopment project areas. A redevelopment agency may make the same findings described above to reduce or eliminate the low and moderate income housing requirement for such areas.

The Agency has adopted a policy of using 50% of total tax increment funds that are allocated to the Agency for its redevelopment activities for the purposes of increasing, improving, and preserving the City’s supply of housing for persons and families of extremely low, very low, or moderate income.

Since fiscal year 1989-90, the Agency has cumulatively set aside Tax Revenues in the Low and Moderate Income Housing Fund that are approximately double the 20% that is required by California law.

Assembly Bill 1290

Assembly Bill 1290 (being Chapter 942, Statutes of 1993) (“AB 1290”) was adopted by the California Legislature and became law on January 1, 1994. The enactment of AB 1290 created several significant changes in the Redevelopment Law, including the following:

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

- (ii) limitations on the use of the proceeds of loans, advances and indebtedness for auto malls and other sales tax generating redevelopment activities, as well as for city and county administrative buildings. However, AB 1290 confirmed the authority of a redevelopment agency to make loans to rehabilitate commercial structures and to assist in the financing of facilities or capital equipment for industrial and manufacturing purposes.

(iii) provisions affecting the housing set-aside requirements of an agency, including severe limitations on the amount of money that is permitted to accumulate in the Agency's housing set-aside fund. However, these limitations are such that an agency will be able (with reasonable diligence) to avoid the severe penalties for having "excess surplus" in its housing set-aside fund.

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

AB 1290 also established a statutory formula for sharing tax increment for project areas established, or amended in certain respects, on or after January 1, 1994, which applies to tax increment revenues net of the housing set-aside. The first 25% of net tax increment generated by the increase in assessed value after the establishment of the project area or the effective date of the amendment is required to be paid to affected taxing entities. In addition, beginning in the 11th year of collecting tax increment, an additional 21% of the increment generated by increases in assessed value after the tenth year must be so paid. Finally, beginning in the 31st year of collecting tax increment, an additional 14% of the increment generated by increases in assessed value after the 30th year must be so paid. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Certain Required Payments of Tax Revenues to Taxing Entities."

The Agency is of the opinion that the provisions of AB 1290, including the time limitations provided in AB 1290, will not have an adverse impact on the payment of debt service on the Bonds.

The tax sharing payments described above are required to be made prior to payment of debt service on 2009 Loans secured by tax increment from Project Areas which are subject to AB 1290. However, Section 33607.5(e) of the Redevelopment Law sets forth a process pursuant to which such payments may be subordinated to debt service on newly-issued bonds or loans. Pursuant to this procedure, the AB 1290 payments for the Golden Gateway Redevelopment Project Area, Yerba Buena Center Redevelopment Project Area, Hunters Point Redevelopment Project Area, India Basin Redevelopment Project Area, Western Addition Redevelopment Project Area A-2, Rincon Point-South Beach Redevelopment Project Area, South of Market Redevelopment Project Area, Bayview Hunters Point Redevelopment Project Area B, Mission Bay North Project Area, Mission Bay South Project Area, and Transbay Redevelopment Project Area have been subordinated to payments pursuant to the 2009 Loan Agreements and loan agreements previously entered into between the Agency and the Authority, relating to that Project Area, including any payment to be made from any Contributing Cross-Collateralization Project Area to cover any insufficiency of moneys in the Reserve Account under any 2009 Loan Agreement or any Prior Loan Agreement with respect to any Reserve Account Cross-Collateralization Project Area. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Certain Required Payments of Tax Revenues to Taxing Entities."

Senate Bill 211

Senate Bill 211 (being Chapter 741, Statutes of 2001) ("SB 211") was adopted by the California Legislature and became law on January 1, 2002. Among other things, SB 211 authorizes a redevelopment agency that adopted a redevelopment plan on or before December 31, 1993, to amend that plan to extend the time limit for the establishment of loans, advances and indebtedness. California Health & Safety Code § 33333.6 (e). On August 12, 2003, the City's Board of Supervisors adopted Ordinance No. 211-03, which eliminated the existing time limits for the establishment of loans, advances and indebtedness in the following redevelopment plans: the Western Addition Area A-2 Redevelopment Plan, the Yerba Buena Center Redevelopment Plan, the Rincon Point-South Beach Redevelopment Plan and the Embarcadero-Lower Market Redevelopment Plan. The Agency has covenanted in each 2009 Loan Agreement that it will not approve any amendment to the applicable redevelopment plan which would, in

and of itself, cause the amount of Allocable Tax Revenues available to the Agency for application under such 2009 Loan Agreement in any succeeding Fiscal Year to fall below 125% of maximum annual debt service under such 2009 Loan Agreement and Parity Debt relating to the applicable 2009 Related Project Area.

Senate Bill 2113 and Related Redevelopment Law Provisions

In 2000, the California Legislature adopted Senate Bill 2113 (Chapter 661, Statutes of 2000) (“SB 2113”), which became law on January 1, 2001, and which added Section 33333.7 to the California Health and Safety Code. Among other things, SB 2113 authorized the Agency, notwithstanding existing time limits for the payment of debt and the receipt of tax revenues, to continue to incur indebtedness “to redress the demolition of a substantial number of residential dwelling units affordable to very low, low, and moderate income households during the Agency’s earlier urban renewal efforts.” Chapter 661, Statutes of 2000, § 1(a). The California Legislature additionally found that the “Redevelopment Agency of the City and County of San Francisco. . . wishes, to the greatest extent feasible, to replace these lost units according to the formulas set forth in Section 33413 of the Health and Safety Code.” Chapter 661, Statutes of 2000, § 1 (b). The Agency has determined that 6709 units of affordable housing were destroyed and not replaced prior to January 1, 1976. SB 2113 establishes that replacement of these units is an unfulfilled housing obligation of the Agency. As originally enacted, SB 2113 authorized the Agency to incur indebtedness until the earlier of January 1, 2014 or until the Agency replaces all of the housing units demolished prior to January 1, 1976, the effective date of the replacement housing obligations adopted in 1975 and to repay indebtedness until January 1, 2044, in each case for the exclusive purpose of providing low and moderate income.

In 2001, the Legislature added Section 33333.8 to the Health and Safety Code, which required all redevelopment agencies to suspend the time limit on the effectiveness of a redevelopment plan, the time limit on the repayment of indebtedness, and the limit on the total amount of tax increment funds that a redevelopment agency may receive if, among other things, an “agency has not complied with subdivision (a) of Section 33413 with respect to replacement housing.” (Chapter 741, § 7, Statutes of 2001.)

In 2002, the Legislature amended Section 33333.8(a) of the Health and Safety Code to clarify that the suspension of tax increment limits to ensure compliance with “affordable housing obligations” was applicable “[n]otwithstanding any other provision of law.” (Chapter 782, Statutes of 2002, referred to as “SB 701.”) SB 701 also defined “affordable housing obligations” to include the obligation to provide replacement housing pursuant to Section 33413(a) of the Health and Safety Code and “other similar and related statutes.” SB 2113 is a statute “similar and related” to Section 33413 (which requires replacement housing), because SB 2113 allows San Francisco to replace affordable housing that the Redevelopment Agency destroyed prior to 1976, the year when replacement housing obligations took effect pursuant to 1975 amendments to the Redevelopment Law.

In 2005, the Board of Supervisors approved Ordinance No.15-05, which extended the Agency’s tax increment authority for affordable housing under the redevelopment plans for the Golden Gateway, Hunters Point, and India Basin Redevelopment Project Areas. These plans expired in January 2009, but the tax increment authority for affordable housing remains in effect.

In 2007, the Board of Supervisors adopted an ordinance approving an amendment to the Rincon Point-South Beach Redevelopment Plan that suspended its tax increment limits and allows the Agency to continue to utilize tax increment financing pursuant to Sections 33333.7 and 33333.8 of the Health and Safety Code, to the extent necessary to finance housing affordable by low and moderate-income households. The Rincon Point-South Beach Redevelopment Plan remains in effect until 2021. In 2008, the Board of Supervisors approved an ordinance extending tax increment authority for affordable housing purposes under the Western Addition A-2 Redevelopment Plan, which expired on January 1, 2009.

The adoption of an extension of time to receive tax revenues for affordable housing under Sections 33333.7 and 33333.8 does not otherwise amend or extend the Redevelopment Agency's authority under an expired redevelopment plan. These extensions of time to receive tax revenues do not impair the ability of the Agency to pay debt service on the Bonds. So long as SB 2113 authority remains in effect for an expired redevelopment plan, the Agency will allocate to school entities all amounts to which they would be entitled without regard to the existence of a redevelopment project area (following payment of debt service on tax allocation bonds outstanding prior to plan extension) in accordance with California law. The Agency's obligations to make payments to the school entities will be subordinate to the Agency's obligations incurred prior to amendment and will not be subordinate under the 2009 Loan Agreements.

Notwithstanding the foregoing extensions of time to receive tax increment or to utilize tax increment financing, the allocation of tax increment revenues generated by the respective Project Areas will continue to be subject to the annual appropriation process as a part of the Board of Supervisors' review of the Agency's budget.

See "CERTAIN RISKS TO BOND OWNERS--State Budgets" for a description of additional legislation affecting redevelopment agencies.

THE AUTHORITY

The Authority is a joint powers authority organized in 1989 pursuant to the Joint Powers Agreement between the City and the Authority. It was formed for the public purpose of establishing a vehicle, which could reduce the borrowing costs of the Agency and promote the greater use by the Agency of existing and new financial instruments and mechanisms.

Pursuant to the Joint Powers Agreement, the members of the Agency Commission constitute the seven (7) members of the Authority's board of directors. See "THE AGENCY -- Authority and Personnel."

THE AGENCY

History and Purpose

The Agency was organized in 1948 by the Board of Supervisors of the City pursuant to the Redevelopment Law. The Agency's mission is to eliminate physical and economic blight within specific geographic areas of the City designated by the Board of Supervisors. Included within that mission is the Agency's role to enhance the supply of affordable housing Citywide. The Agency currently has redevelopment plans for nine (9) redevelopment project areas that are in various stages of implementation. The redevelopment plans for four (4) other project areas have expired, but the Agency's authority to incur indebtedness and repay debts were extended for such project areas for the exclusive purpose of financing low and moderate income housing.

Authority and Personnel

The powers of the Agency are vested in its Commission, which has a maximum of seven members who are appointed by the Mayor of the City with the approval of the Board of Supervisors. Members are appointed to staggered four-year terms, must reside within the City limits and must not be officials or employees of the City. Once appointed, members serve until replaced or reappointed.

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

<u>Name</u>	<u>Occupation</u>	<u>First Appointed</u>	<u>Term Expires</u>
London Breed	Executive	2005	9/3/11
Linda A. Cheu	Principal of Consulting Firm	2007	9/3/10
Francee Covington	Businesswoman	2005	9/3/12
Leroy King	Labor Official Retired	1980	9/3/10
Ramon E. Romero	Attorney	1998	9/3/09
Darshan Singh	Businessman	1995	9/3/11
Rick Swig	Businessman	2007	9/3/12

The Agency currently employs approximately 110 persons in full-time positions. The Executive Director, Fred Blackwell, was appointed to that position in August 2007. The other principal full-time staff positions are the Deputy Executive Director, Community and Economic Development; the Deputy Executive Director, Finance and Administration; the Deputy Executive Director, Housing; and the Agency General Counsel. Each project area is managed by a Project Manager. There are separate staff support divisions with real estate and housing development specialists, architects, engineers and planners, and the Agency has its own fiscal, legal, administrative and property management staffs, including a separate staff to manage the South Beach Harbor Marina.

Powers and Controls

Redevelopment in the State is carried out pursuant to the Redevelopment Law. Section 33020 of the Redevelopment Law defines redevelopment as the planning, development, replanning, redesign, clearance, reconstruction or rehabilitation, or any combination of these, of all or part of a survey area and the provision of such residential, commercial, industrial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them.

The Agency is charged with the responsibility for the elimination of blight using the powers and processes of redevelopment. Generally, this begins with a community planning process, encompasses land acquisition and construction of public improvements and culminates when the Agency disposes of land for development by the private sector. The Agency exercises governmental functions in carrying out projects and has sufficiently broad authority to acquire, develop, administer and sell or lease property, including the right of eminent domain and the right to issue bonds, with the approval of the City, and expend their proceeds. To accomplish this, the Agency acquires land and assembles necessary sites, offers opportunities to participate in redevelopment to existing property owners and businesses, relocates residents and businesses as necessary, demolishes deteriorated improvements, prepares sites for purchase by developers and provides for off-site improvements.

The following Redevelopment Plans have been adopted since 1997 by the Board of Supervisors: the Hunters Point Naval Shipyard Redevelopment Plan was adopted in March 1997; the Federal Office Building Redevelopment Plan was adopted in October 1997; the Mission Bay North and Mission Bay South Redevelopment Plans were respectively adopted in October and November 1998; the Transbay Terminal Redevelopment Plan was adopted on June 20, 2005; the South of Market Earthquake Recovery Redevelopment Project Area was converted to the South of Market Redevelopment Project Area pursuant to a plan amendment adopted on December 6, 2005; the Bayview Hunters Point Redevelopment Project Area was adopted June 1, 2006; and the Visitacion Valley Redevelopment Project Area was adopted by the Board of Supervisors on April 28, 2009, and approved by the Mayor on May 8, 2009.

The Agency has expanded its study of areas for potential adoption as project areas. Currently, the India Basin/Hunters Point Shoreline (Area C) Survey Area is under analysis.

All real property in each of the Project Areas is subject to the controls and restrictions of the Redevelopment Plans for each of the Project Areas. The Redevelopment Plans require that new

construction comply with all applicable State statutes and local laws in effect including the building, electrical, heating and ventilation, housing and plumbing codes of the City, which among other things, impose certain seismic risk requirements with respect to new construction.

The various Redevelopment Plans establish limits, restrictions and controls including design standards affecting the height of buildings, land coverage, setback requirements, design criteria, traffic circulation, traffic access and other development and design controls necessary for proper development of each of the Project Areas.

Under certain circumstances, the Agency is authorized to permit a variation from the limits, restrictions and controls established by the Redevelopment Plans. No variation will be granted that permits more than a minor deviation from the provisions of the Redevelopment Plans. In permitting a variation, the Agency will impose such conditions as are necessary to protect the public health, safety and welfare and to assure compliance with the purposes of the Redevelopment Plans.

TAX REVENUES AND DEBT SERVICE

Historical and Current Tax Revenues

The purpose of redevelopment is to revitalize deteriorated or underdeveloped areas within a community. As new construction progresses, property values normally increase and the ultimate result is a proportionate increase in *ad valorem* property tax revenues.

The total taxable value of all properties within a given Project Area on the property assessment roll last equalized prior to the effective date of the ordinance adopting the redevelopment plan for such Project Area establishes a base from which increases in taxable value are computed. The base year assessed value and the base year for each of the Reserve Account Cross-Collateralization Project Areas are as follows:

Base Year Assessed Value by Project Area (Dollars in Thousands)			
<u>Reserve Account Cross-Collateralization Project Area</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Assessment Roll Base Fiscal Year</u>
Bayview Hunters Point (Area B)	\$1,018,987	\$146,241	2005-06
Golden Gateway	18,824	2,348	1958-59
Hunters Point	2,847	0	1967-68
India Basin	12,575	1,116	1968-69
Mission Bay North	25,586	818	1997-98
Mission Bay South	85,054	12,628	1997-98
Rincon Point-South Beach	11,572	6,521	1979-80
South of Market	100,173	17,773	1989-90
Transbay	770,731	110,122	2004-05
Western Addition, A2	46,390	14,850	1967-68
Yerba Buena Center	128,012 ⁽¹⁾	8,251	1964-65

- (1) Secured Base-Year Value increases each year pursuant to the Yerba Buena Center Redevelopment Project Area's Redevelopment Plan. Such Secured Base-Year Value will increase by at most two percent (2%) per annum on the base year assessed value of the Westfield multi-use commercial development in the Emporium Site Area added to the Yerba Buena Center Redevelopment Project Area pursuant to a plan amendment dated August 3, 2000. The Emporium Site Area has a base year assessed value of \$69,111,621, which was the assessed value in 2000-01.

Source: Redevelopment Agency of the City and County of San Francisco; Urban Analytics

Under the Redevelopment Law, property taxes levied based upon the amount shown on the base year assessment rolls, plus a portion of taxes levied in excess of the foregoing amount sufficient to pay debt service on voter-approved bonded indebtedness of the Taxing Agencies, will continue to be paid to and retained by all Taxing Agencies levying property taxes in the Project Areas. Taxes allocated to the respective Taxing Agencies on any increases in taxable value realized in any Project Area ordinarily would be allocated to the Agency to the extent requested by the Agency to pay indebtedness incurred with respect to the Project Area and certain other costs.

The allocation of tax revenues does not involve the levy of any additional taxes, but provides that revenues produced by the tax rates in effect from year to year shall be apportioned to the Taxing Agencies and to the Agency on the basis described previously. After all loans, advances and other indebtedness, including interest, incurred by the Agency in connection with the Project Area have been paid from amounts requested, the tax revenues will be paid to and retained by the respective Taxing Agencies in the normal manner.

Total Allocable Tax Revenues for all Reserve Account Cross-Collateralization Project Areas for Fiscal Year 2009-10 are estimated at approximately \$110.5 million net of certain required payments of Tax Revenues to affected taxing entities.

Pending Tax Appeals

Property owners had until September 15, 2008, to apply for reductions of assessed values of properties for Fiscal Year 2008-09, and have until September 15, 2009, to apply for reductions of assessed values of properties for Fiscal Year 2009-10. As of March 25, 2009, one tax appeal recorded in the Agency's Reserve Account Cross-Collateralization Project Areas for tax year 2006-07 remains outstanding, a total of three (3) tax appeals recorded in the Agency's Reserve Account Cross-Collateralization Project Areas for tax year 2007-08 remain outstanding and a total of forty-four (44) tax appeals recorded in the Agency's Reserve Account Cross-Collateralization Project Areas for tax year 2008-09 remain outstanding. None of such appeals had been heard as of such date. The following tables present for each Reserve Account Cross-Collateralization Project Area with pending appeals a comparison of the assessed values and claimed values for known pending Tax Appeals as of March 25, 2009 and do not include any information regarding any potential appeals of 2009-10 valuations.

Pending Tax Appeals for Tax Year 2006-07 as of March 25, 2009

<u>Project Area</u>	<u>Assessor's Value</u>	<u>Owner's Appeal Value</u>	<u>Difference</u>
Mission Bay North	\$815,000	\$543,000	\$272,000

Source: Redevelopment Agency of the City and County of San Francisco; Urban Analytics.

Pending Tax Appeals for Tax Year 2007-08 as of March 25, 2009

<u>Project Area</u>	<u>Number of Appeals</u>	<u>Assessor's Value</u>	<u>Owner's Appeal Value</u>	<u>Difference</u>
Mission Bay South	1	\$142,800,000	\$71,400,000	\$71,400,000
Western Addition, A-2	2	99,753,550	72,500,000	27,253,550
TOTAL	3	\$242,553,550	\$143,900,000	\$98,653,550

Source: Redevelopment Agency of the City and County of San Francisco; Urban Analytics.

**Pending Tax Appeals for Tax Year 2008-09
as of March 25, 2009**

<u>Project Area</u>	<u>Number of Appeals</u>	<u>Assessor's Value</u>	<u>Owner's Appeal Value</u>	<u>Difference</u>
GG/SOMA/FOB†	10	\$418,891,560	\$311,179,000	\$107,640,560
India Basin	1	7,110,093	4,000,000	3,110,093
Mission Bay North	12	69,935,167	22,258,000	47,677,167
Mission Bay South	2	153,337,653	73,804,000	79,533,653
Rincon Point--South Beach	7	45,247,080	38,280,000	6,967,080
South of Market	2	3,929,368	2,671,000	1,258,368
Western Addition, A-2	4	108,474,471	35,570,000	72,904,471
Yerba Buena Center	6	397,177,601	265,679,922	131,497,679
TOTAL	44	\$1,204,102,993	\$753,441,922	\$450,589,068

† Represents the Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area.

Source: Redevelopment Agency of the City and County of San Francisco; Urban Analytics.

See "TAX REVENUES AND DEBT SERVICE- Historical and Current Tax Revenues."

The Agency has received Tax Revenues for fiscal year 2008-09. To the extent tax appeals are successful, the Agency may be required to return to the City Tax Revenues allocable to any reduction in value that it has received. See "CERTAIN RISKS TO BOND OWNERS--Appeals to Assessed Values." However, as described further in APPENDIX B--"FISCAL CONSULTANT REPORT" under "Assessment Appeals," it has been the City Controller's practice to not deduct appeal-related tax refunds from redevelopment tax increment; these refunds are instead apportioned to other taxing entities using the normal apportionment mechanism. The Agency believes that if the City Controller were to change its practice of not deducting appeal-related tax refunds from redevelopment tax increment, any such deduction would first be applied to the excess of Allocable Tax Revenues over Tax Revenues, if any, before being applied to Tax Revenues. Further, to the extent the pending appeals seek temporary reductions in assessed valuation under Proposition 8 they are not expected to affect assessed valuations in later years as economic conditions improve. Should the City Controller's practice change and the full amount of appeals is granted, the Fiscal Consultant estimates that based on the pending tax appeals as of March 25, 2009, the Allocable Tax Revenues for the Reserve Account Cross-Collateralization Project Areas would be reduced by approximately \$5.5 million. However, according to the Fiscal Consultant, applying the overall retention rate for all years in each of the Reserve Account Cross-Collateralization Project Areas to the amount of valuation in dispute in pending appeals for each of the Reserve Account Cross-Collateralization Project Areas results in a potential valuation reduction across all Reserve Account Cross-Collateralization Project Areas of \$8.7 million or approximately \$87,000 in Allocable Tax Revenues. See APPENDIX B--"FISCAL CONSULTANT REPORT--Assessment Appeals."

Historical and Current Tax Revenues for Each Reserve Account Cross-Collateralization Project Area

General. The tables below set forth the following information for the 2009 Related Project Areas and the remaining Reserve Account Cross-Collateralization Project Areas: (i) the property taxable values and the Allocable Tax Revenues from such Project Areas for Fiscal Years 2005-06 to 2009-10; (ii) information on concentration of assessed value for Fiscal Year 2009-10; and (iii) estimated debt service coverage. Assuming the 2009-10 Agency Tax Rate and 2009-10 assessed values, the Agency expects that Tax Revenues will be sufficient to pay amounts due on the 2009 Loans and the Prior Loans as and when they become due. Ownership concentration in the top ten largest assesseees ranges from 18% in the Bayview Hunters Point Redevelopment Project Area B to 95% in the Mission Bay South Project Area. Ownership of all property in the latter Project Area consists of eleven property owners whose properties are classified as "secured" for property tax purposes and five property owners whose properties

are classified as “unsecured” for property tax purposes. See “–Pending Tax Appeals” and “CERTAIN RISKS TO BOND OWNERS–Appeals to Assessed Values.”

AB 1290 Payment Subordination for Certain Project Areas. The AB 1290 obligations for each of the Reserve Account Cross-Collateralization Project Areas have been subordinated to debt service payments relative to the 2009 Loans and the Prior Loans, including the replenishment of Reserve Accounts with respect to Reserve Account Cross-Collateralization Project Areas with insufficient moneys, with respect to Reserve Account Cross-Collateralization Project Areas in accordance with the statutory procedure therefor. Such subordinated AB 1290 obligations are therefore not deducted from Allocable Tax Revenues in the various tables below for such Project Areas. See “PLEDGE OF TAX REVENUES – Assembly Bill 1290” and “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Certain Required Payments of Tax Revenues to Taxing Entities.”

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Bayview Hunters Point Redevelopment Project Area B.

**Bayview Hunters Point Redevelopment Project Area B
Property Taxable Values and Allocable Tax Revenues ⁽¹⁾
(Dollars in Thousands)**

Secured Property Assessed Values:	<u>2005-06⁽²⁾</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Existing Properties					
Real Property	\$1,009,527	\$1,113,738	\$1,274,365	\$1,370,292	\$1,423,663
SBE Rolls	2,993	N/A	763	3,678	3,056
Total Secured Assessed Value	\$1,012,520	\$1,113,738	\$1,275,128	\$1,373,970	\$1,426,719
Unsecured Assessed Values	146,241	151,886	\$138,456	\$125,926	\$185,692
Total Assessed Value	\$1,158,761	\$1,265,624	\$1,413,584	\$1,499,896	\$1,612,411
Base Year Values:					
Secured	\$1,018,987	\$1,018,987	\$1,018,987	\$1,018,987	\$1,018,987
Unsecured	\$146,241	\$146,241	\$146,241	\$146,241	\$146,241
Increase Over Base-Year Values:					
Secured	(\$6,467)	\$94,751	\$256,141	\$354,983	\$407,732
Unsecured	\$0	\$5,645	(\$7,785)	(\$20,315)	\$39,451
Secured Tax Rate	0.01021	0.01016	0.01012	0.010060	0.010040
Unsecured Tax Rate	0.01026	0.01021	0.01016	0.010120	0.010060
Tax Increment Revenue ⁽³⁾:					
Secured Property	(66)	963	2,592	3,571	4,094
Unsecured Property	0	58	(79)	(206)	397
Gross Tax Increment Revenue	(\$66)	\$1,020	\$2,513	\$3,366	\$4,491
Less AB1290 Pass-Through Obligation ⁽⁴⁾	-	-	-	-	-
Allocable Tax Revenues	(\$66)	\$1,020	\$2,513	\$3,366	\$4,491

(1) Assessed valuations shown are “full cash value” and exclude homeowner subventions.

(2) Base Year.

(3) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(4) No amount deducted to compute Allocable Tax Revenues, since AB1290 payments for this Project Area have been subordinated to the 2009 Loan Agreements and Parity Prior Loan Agreements.

Source: City and County of San Francisco; Urban Analytics.

Bayview Hunters Point Redevelopment Project Area B
Ten Largest Assesseees for Fiscal Year 2009-10
(Assessed Values Exclude Homeowner Subventions)

<u>Property/Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total Project Area Assessed Value</u>	<u>Land Use</u>
200 Paul LLC	\$102,831,053	6.38%	Industrial
S F Distribution Center LLC	37,885,125	2.35%	Industrial
Hearst Corporation	35,413,545	2.20%	Industrial
SF Third St Equity Partners	19,767,600	1.23%	Vacant Land
Twenty-Six Sac Self-Storage	19,413,745	1.20%	Self-Storage
Jamestown Equity Partners	19,213,066	1.19%	Vacant Land
WCOT Extra Space West Two	14,626,541	0.91%	Industrial
Legallet Properties LLC	13,189,198	0.82%	Industrial Warehouse
JMDH Real Estate Of SF LLC	12,286,377	0.76%	Industrial
400 Paul Wave Exchg LLC	<u>11,701,305</u>	<u>0.73%</u>	Industrial
Total Ten Largest	\$286,327,555	17.76%	
All Other	<u>1,326,083,212</u>	<u>82.24%</u>	
Total for Project Area	\$1,612,410,767	100.00%	

Ten Largest as Percentage of Incremental Assessed Value:

64.03%

Source: City and County of San Francisco; Urban Analytics.

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Bayview Hunters Point Redevelopment Project Area B
Estimated Annual Debt Service Coverage by Project Area
Prior Obligations and 2009 Loan Agreements⁽¹⁾

Fiscal Year Ending June 30	Project Area Parity Prior Debt Service	2009 Series A Loan Payments⁽²⁾	2009 Series B Loan Payments⁽²⁾	Total Debt Service	Allocable Project Area Tax Revenues⁽³⁾	Debt Service Coverage Ratio
2010	\$301,813	\$463,023	\$91,444	\$856,280	\$4,490,498	5.24
2011	303,238	701,421	182,888	1,187,547	4,484,272	3.78
2012	299,388	763,311	182,888	1,245,587	4,478,310	3.60
2013	300,538	823,871	182,888	1,307,297	4,472,347	3.42
2014	301,413	895,051	182,888	1,379,352	4,471,821	3.24
2015	302,013	959,681	182,888	1,444,582	4,471,821	3.10
2016	302,338	1,027,481	182,888	1,512,707	4,471,821	2.96
2017	302,388	1,051,800	182,888	1,537,076	4,471,821	2.91
2018	302,163	1,050,000	182,888	1,535,051	4,471,821	2.91
2019	301,663	1,053,000	182,888	1,537,551	4,471,821	2.91
2020	300,888	-	182,888	483,776	4,471,821	9.24
2021	299,838	-	182,888	482,726	4,471,821	9.26
2022	303,513	-	182,888	486,401	4,471,821	9.19
2023	301,638	-	182,888	484,526	4,471,821	9.23
2024	304,163	-	182,888	487,051	4,471,821	9.18
2025	301,113	-	277,888	579,001	4,471,821	7.72
2026	302,775	-	272,069	574,844	4,471,821	7.78
2027	303,863	-	271,250	575,113	4,471,821	7.78
2028	304,375	-	270,125	574,500	4,471,821	7.78
2029	299,313	-	278,694	578,007	4,471,821	7.74
2030	303,962	-	270,894	574,856	4,471,821	7.78
2031	302,750	-	273,094	575,844	4,471,821	7.77
2032	300,963	-	274,644	575,607	4,471,821	7.77
2033	303,600	-	270,544	574,144	4,471,821	7.79
2034	300,375	-	275,938	576,313	4,471,821	7.76
2035	301,575	-	275,338	576,913	4,471,821	7.75
2036	301,913	-	274,075	575,988	4,471,821	7.76
2037	301,388	-	277,150	578,538	4,471,821	7.73
2038	-	-	574,231	574,231	4,471,821	7.79
2039	-	-	575,775	575,775	4,471,821	7.77
TOTAL	\$8,454,960	\$8,788,641	\$7,363,575	\$24,607,176	\$134,192,778	

- (1) Numbers are rounded. The obligation to apply Tax Revenue for this project area to the payment of the 2009 Loans or Parity Prior Loans related to this project area is senior to the obligation to use Tax Revenues to reimburse the reserve accounts established with respect to any other project area.
- (2) 2009 Debt Service net of capitalized interest through February 1, 2010, in the amount of \$175,152.
- (3) Tax Revenues available for parity debt service are based on Fiscal Year 2009-10 Assessed Valuation and Fiscal Year 2009-10 Allocable Tax Revenues and assume no growth in assessed valuation going forward. Tax Revenues include an override amount of 0.004% for Fiscal Year 2009-10 which gradually drops to zero in Fiscal Year 2012-13.
- Source: Redevelopment Agency of the City and County of San Francisco as to Parity Prior Debt Service; Urban Analytics as to Allocable Project Area Tax Revenues; Piper Jaffray as to 2009 Series A Debt Service and Debt Service Coverage Ratio; De La Rosa as to 2009 Series B Debt Service.

Golden Gateway (Embarcadero-Lower Market) Redevelopment Project Area. ⁽¹⁾

**Golden Gateway (Embarcadero-Lower Market) Redevelopment Project Area
Property Taxable Values and Allocable Tax Revenues** ⁽²⁾
(Dollars in Thousands)

Secured Property Assessed Values:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Real Property	\$1,812,087	\$1,853,994	\$1,896,187	\$1,933,401	\$1,954,977
SBE Rolls	\$0	\$0	\$131	\$131	\$131
Total Secured Assessed Values	\$1,812,087	\$1,853,994	\$1,896,318	\$1,933,532	\$1,955,108
Unsecured Assessed Values	\$232,284	\$224,724	\$243,395	\$330,304	\$375,236
Total Assessed Values	\$2,044,371	\$2,078,718	\$2,139,713	\$2,263,836	\$2,330,343
Base Year Values:					
Secured	\$18,824	\$18,824	\$18,824	\$18,824	\$18,824
Unsecured	\$2,348	\$2,348	\$2,348	\$2,348	\$2,348
Increase Over Base Year Values:					
Secured	\$1,793,263	\$1,835,170	\$1,877,494	\$1,914,708	\$1,936,284
Unsecured	\$229,936	\$222,376	\$241,047	\$327,956	\$372,888
Secured Tax Rate	0.01021	0.01016	0.01012	0.010060	0.010040
Unsecured Tax Rate	0.01026	0.01021	0.01016	0.010120	0.010060
Tax Increment Revenue ⁽³⁾ :					
Secured Property	\$18,309	\$18,645	\$19,000	\$19,262	\$19,440
Unsecured Property	\$2,359	\$2,270	\$2,449	\$3,319	\$3,751
Gross Tax Increment Revenue	\$20,668	\$20,916	\$21,449	\$22,581	\$23,192
Less School District Allocation ⁽⁴⁾	3,058	2,477	2,650	2,383	2,429
Less AB1290 Pass-Through Obligation ⁽⁵⁾	-	-	-	-	-
Allocable Tax Revenues	\$17,610	\$18,439	\$18,799	\$20,198	\$20,763

(1) The Golden Gateway Redevelopment Project Area has been merged into the Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area. See "THE RESERVE ACCOUNT CROSS-COLLATERALIZATION PROJECT AREAS – Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area."

(2) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(3) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(4) Required pursuant to SB 2113. See "PLEDGE OF TAX REVENUES—Senate Bill 2113 and Related Redevelopment Law Provisions."

(5) No amount deducted commencing with fiscal year 2005-06 to compute Allocable Tax Revenues, since AB1290 payments for this Project Area have been subordinated to the 2009 Loan Agreements and Parity Prior Loan Agreements.

Source: City and County of San Francisco; Urban Analytics.

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**Golden Gateway Redevelopment Project Area
Ten Largest Assesseees for Fiscal Year 2009-10
(Assessed Values Exclude Homeowner Subventions)**

<u>Property/Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total Project Area Assessed Value</u>	<u>Land Use</u>
Boston Properties			
(1, 2 & 3 Embarcadero Center)	\$945,153,558	40.56%	Office and Retail
Four and Five Embarcadero Center	569,940,127	24.46%	Office and Retail
PPF Off One Maritime Plaza LP	125,211,603	5.37%	Office and Retail
Arden Realty LP	88,899,764	3.81%	Office and Residential
Golden Gateway Center	74,535,347	3.20%	Residential and Commercial
Four Embarcadero Center Venture	3,652,212	0.16%	Commercial-Vacant
Private Owner (Condominium)	2,597,834	0.11%	Condominium
Private Owner (Condominium)	2,281,596	0.10%	Condominium
Private Owner (Condominium)	2,042,820	0.09%	Condominium
Private Owner (Condominium)	2,016,294	0.09%	Condominium
Total, Ten Largest:	\$1,816,331,155	77.94%	
All Other	<u>514,012,103</u>	<u>22.06%</u>	
Total for the Area:	\$2,330,343,258	100.00%	

Ten Largest as Percentage of Incremental Assessed Value: 78.66%

Source: City and County of San Francisco, Urban Analytics.

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**Golden Gateway Redevelopment Project Area
Estimated Annual Debt Service Coverage by Project Area
Prior Obligations⁽¹⁾**

Fiscal Year Ending June 30	Project Area Parity Prior Debt Service⁽²⁾	Allocable Project Area Tax Revenues⁽³⁾	Debt Service Coverage Ratio
2010	\$14,193,751	\$20,762,730	1.46
2011	\$14,202,898	20,732,984	1.46
2012	\$14,259,136	20,705,419	1.45
2013	\$14,284,135	20,677,854	1.45
2014	\$14,201,313	20,673,491	1.46
2015	\$14,106,777	20,673,491	1.47
2016	\$14,095,708	20,673,491	1.47
2017	\$14,100,831	20,673,491	1.47
2018	\$13,174,931	20,673,491	1.57
2019	\$7,454,532	20,673,491	2.77
2020	\$6,515,280	20,673,491	3.17
2021	\$6,526,500	20,673,491	3.17
2022	\$6,500,900	20,673,491	3.18
2023	\$6,495,820	20,673,491	3.18
2024	\$6,510,220	20,673,491	3.18
2025	\$6,578,060	20,673,491	3.14
2026	\$6,576,480	20,673,491	3.14
2027	\$6,583,860	20,673,491	3.14
2028	\$6,594,680	20,673,491	3.13
2029	\$6,603,680	20,673,491	3.13
2030	\$6,610,860	20,673,491	3.13
2031	\$6,631,220	20,673,491	3.12
2032	\$6,628,980	20,673,491	3.12
2033	\$6,640,180	20,673,491	3.11
2034	\$6,649,040	20,673,491	3.11
2035	\$6,650,560	20,673,491	3.11
2036	\$5,830,000	20,673,491	3.55
2037	-	20,673,491	-
2038	-	20,673,491	-
2039	-	20,673,491	-
TOTAL	\$245,200,330	\$620,389,758	

(1) Numbers are rounded. The obligation to apply Tax Revenue for this project area to the payment of the Parity Prior Loans related to this project area is senior to the obligation to use Tax Revenues to reimburse the reserve accounts established with respect to any other project area.

(2) Includes a portion of the debt service for the Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area, all of which has been allocated to either the Golden Gateway Redevelopment Project Area or the South of Market Redevelopment Project Area in their respective debt service tables. See "THE RESERVE ACCOUNT CROSS-COLLATERALIZATION PROJECT AREAS – Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area."

(3) Tax Revenues available for parity debt service are based on Fiscal Year 2009-10 Assessed Valuation and Fiscal Year 2009-10 Allocable Tax Revenues and assume no growth in assessed valuation going forward. Tax Revenues include an override amount of 0.004% for Fiscal Year 2009-10 which gradually drops to zero in Fiscal Year 2012-13.

Source: Redevelopment Agency of the City and County of San Francisco as to Parity Prior Debt Service; Urban Analytics as to Allocable Project Area Tax Revenues and Piper Jaffray as to Debt Service Coverage Ratio.

Hunters Point Redevelopment Project Area.

**Hunters Point Redevelopment Project Area
Property Taxable Values and Allocable Tax Revenues ⁽¹⁾
(Dollars in Thousands)**

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Secured Property Assessed Values:					
Real Property	\$109,481	\$125,149	\$133,605	\$127,502	\$111,537
SBE Rolls	<u>\$1,549</u>	<u>\$1,503</u>	<u>\$1,549</u>	<u>\$1,508</u>	<u>\$1,582</u>
Total Secured Assessed Values	\$111,030	\$126,652	\$135,154	\$129,010	\$113,119
Unsecured Assessed Values	0	15	15	80	89
Total Assessed Values	<u>\$111,030</u>	<u>\$126,667</u>	<u>\$135,169</u>	<u>\$129,090</u>	<u>\$113,208</u>
Base Year Values:					
Secured	\$2,847	\$2,847	\$2,847	\$2,847	\$2,847
Unsecured	\$0	\$0	\$0	\$0	\$0
Increase Over Base-Year Values:					
Secured	\$108,183	\$123,805	\$132,307	\$126,163	\$110,272
Unsecured	0	15	15	80	89
Secured Tax Rate	0.01021	0.01016	0.01012	0.010060	0.010040
Unsecured Tax Rate	0.01026	0.01021	0.01016	0.010120	0.010060
Tax Increment Revenue ⁽²⁾:					
Secured Property	\$1,105	\$1,258	\$1,339	\$1,269	\$1,107
Unsecured Property	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1</u>	<u>\$1</u>
Gross Tax Increment Revenue	\$1,105	\$1,258	\$1,339	\$1,270	\$1,108
Less School District Allocation ⁽³⁾	241	294	315	145	129
Less AB 1290 Pass-Through Obligation ⁽⁴⁾	-	-	-	-	-
Allocable Tax Revenues	<u>\$864</u>	<u>\$964</u>	<u>\$1,024</u>	<u>\$1,125</u>	<u>\$979</u>

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(3) Required pursuant to SB 2113. See "PLEDGE OF TAX REVENUES—Senate Bill 2113 and Related Redevelopment Law Provisions."

(4) No amount deducted commencing with fiscal year 2005-06 to compute Allocable Tax Revenues, since AB1290 payments for this Project Area have been subordinated to the 2009 Loan Agreements and Parity Prior Loan Agreements.

Source: City and County of San Francisco; Urban Analytics

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**Hunters Point Redevelopment Project Area
Ten Largest Assesseees for Fiscal Year 2009-2010
(Assessed Values Exclude Homeowner Subventions)**

<u>Property/Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total Project Area Assessed Value</u>	<u>Land Use</u>
Northridge Cooperative Homes	\$30,811,374	27.22%	Residential Coop
Unity Homes Inc	1,749,895	1.55%	Residential Coop
Private Owner	1,347,756	1.19%	Single-Family Residence
Private Owner	949,871	0.84%	Single-Family Residence
Private Owner	795,906	0.70%	Single-Family Residence
Private Owner	743,000	0.66%	Single-Family Residence
Ridgeview Terrace Affordable Hsng	722,726	0.64%	Apartment Bldgs
Private Owner	656,714	0.58%	Single-Family Residence
Private Owner	653,069	0.58%	Single-Family Residence
Private Owner	611,570	0.54%	Single-Family Residence
Total Ten Largest	\$39,041,881	34.49%	
All Other	<u>74,165,837</u>	<u>65.51%</u>	
Total Project Assessed Value	\$113,207,718	100.00%	

Ten Largest as Percentage of Incremental Assessed Value:

35.38%

Source: City and County of San Francisco; Urban Analytics.

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Hunters Point Redevelopment Project Area
Estimated Annual Debt Service Coverage by Project Area
Prior Obligations⁽¹⁾

Fiscal Year Ending June 30	Project Area Parity Prior Debt Service	Allocable Project Area Tax Revenues⁽²⁾	Debt Service Coverage Ratio
2010	\$590,699	\$978,522	1.66
2011	\$570,670	977,222	1.71
2012	\$605,596	975,923	1.61
2013	\$605,612	974,623	1.61
2014	\$622,001	974,622	1.57
2015	\$608,327	974,622	1.60
2016	\$610,608	974,622	1.60
2017	\$602,099	974,622	1.62
2018	\$635,599	974,622	1.53
2019	\$560,486	974,622	1.74
2020	\$330,822	974,622	2.95
2021	\$459,455	974,622	2.12
2022	\$582,560	974,622	1.67
2023	\$582,560	974,622	1.67
2024	\$582,560	974,622	1.67
2025	\$237,560	974,622	4.10
2026	\$235,020	974,622	4.15
2027	\$227,220	974,622	4.29
2028	\$224,420	974,622	4.34
2029	\$216,360	974,622	4.50
2030	\$213,300	974,622	4.57
2031	\$209,980	974,622	4.64
2032	\$201,400	974,622	4.84
2033	\$197,820	974,622	4.93
2034	\$193,980	974,622	5.02
2035	\$199,880	974,622	4.88
2036	-	974,622	-
2037	-	974,622	-
2038	-	974,622	-
2039	-	974,622	-
TOTAL	\$10,906,595	\$29,246,468	

(1) Numbers are rounded. The obligation to apply Tax Revenue for this project area to the payment of Parity Prior Loans related to this project area is senior to the obligation to use Tax Revenues to reimburse the reserve accounts established with respect to any other project area.

(2) Tax Revenues available for parity debt service are based on Fiscal Year 2009-10 Assessed Valuation and Fiscal Year 2009-10 Allocable Tax Revenues and assume no growth in assessed valuation going forward. Tax Revenues include an override amount of 0.004% for Fiscal Year 2009-10 which gradually drops to zero in Fiscal Year 2012-13.

Source: Redevelopment Agency of the City and County of San Francisco as to Parity Prior Debt Service; Urban Analytics as to Allocable Project Area Tax Revenues and Piper Jaffray as to Debt Service Coverage Ratio.

India Basin Industrial Park Redevelopment Project Area.

**India Basin Industrial Park Redevelopment Project Area
Property Taxable Values and Allocable Tax Revenues⁽¹⁾
(Dollars in Thousands)**

Secured Property Assessed Values:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Real Property	\$91,630	\$97,581	\$95,033	\$93,394	\$95,302
SBE Rolls	<u>\$5,239</u>	<u>\$5,086</u>	<u>\$5,217</u>	<u>\$5,103</u>	<u>\$5,351</u>
Total Secured Assessed Values	\$96,869	\$102,667	\$100,250	\$98,496	\$100,653
Unsecured Assessed Values	\$8,742	\$15,972	\$16,628	\$21,892	\$20,083
Total Assessed Values	\$105,611	\$118,639	\$116,878	\$120,389	\$120,735
Base Year Values:					
Secured	\$12,575	\$12,575	\$12,575	\$12,575	\$12,575
Unsecured	\$1,116	\$1,116	\$1,116	\$1,116	\$1,116
Increase Over Base Year:					
Secured	\$84,294	\$90,092	\$87,675	\$85,921	\$88,078
Unsecured	\$7,626	\$14,856	\$15,512	\$20,776	\$18,967
Secured Tax Rate	0.01021	0.01016	0.01012	0.010060	0.010040
Unsecured Tax Rate	0.01026	0.01021	0.01016	0.010120	0.010060
Tax Increment Revenue⁽²⁾:					
Secured Property	\$861	\$915	\$887	\$864	\$884
Unsecured Property	\$78	\$152	\$158	\$210	\$191
Gross Tax Increment Revenue	\$939	\$1,067	\$1,045	\$1,075	\$1,075
Less School District Allocation ⁽³⁾	190	235	222	122	121
Less AB 1290 Pass-Through Obligation ⁽⁴⁾	-	-	-	-	-
Allocable Tax Revenues	<u>\$749</u>	<u>\$832</u>	<u>\$823</u>	<u>\$953</u>	<u>\$954</u>

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(3) Required pursuant to SB 2113. See "PLEDGE OF TAX REVENUES—Senate Bill 2113 and Related Redevelopment Law Provisions."

(4) No amount deducted commencing with fiscal year 2005-06 to compute Allocable Tax Revenues, since AB1290 payments for this Project Area have been subordinated to the 2009 Loan Agreements and Parity Prior Loan Agreements.

Source: City and County of San Francisco; Urban Analytics.

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**India Basin Industrial Park Redevelopment Project Area
Ten Largest Assesseees for Fiscal Year 2009-10
(Assessed Values Exclude Homeowner Subventions)**

<u>Property/Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total Project Area Assessed Value</u>	<u>Land Use</u>
Mission-Taylor Properties	\$8,116,026	6.72%	Industrial
White Cap Constr Supply Inc	7,252,294	6.01%	Industrial
Plant Construction Company	6,569,019	5.44%	Industrial
Olson Carl E & Linda	6,208,066	5.14%	Industrial
3rd & Evans Street LLC	6,199,994	5.14%	Industrial
Bayview Plaza LLC	5,486,752	4.54%	Retail
Private Owner	3,726,269	3.09%	Commercial
1 Newhall LLC	3,165,245	2.62%	Industrial
Private Owner	2,992,991	2.48%	Industrial
Private Owner	2,917,608	2.42%	Industrial
Total Ten Largest	\$52,634,264	43.59%	
All Other	68,101,215	56.41%	
Total Project Assessed Value	\$120,735,479	100.00%	

Ten Largest as Percentage of Incremental Assessed Values:

49.17%

Source: City and County of San Francisco; Urban Analytics.

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India Basin Industrial Park Redevelopment Project Area
Estimated Annual Debt Service Coverage by Project Area
Prior Obligations⁽¹⁾

Fiscal Year Ending June 30	Project Area Parity Prior Debt Service	Allocable Project Area Tax Revenues⁽²⁾	Debt Service Coverage Ratio
2010	\$561,473	\$953,631	1.70
2011	\$561,353	952,254	1.70
2012	\$510,963	950,988	1.86
2013	\$517,188	949,722	1.84
2014	\$499,180	949,500	1.90
2015	\$482,669	949,500	1.97
2016	\$475,538	949,500	2.00
2017	\$483,621	949,500	1.96
2018	\$608,327	949,500	1.56
2019	\$493,830	949,500	1.92
2020	\$525,324	949,500	1.81
2021	\$524,901	949,500	1.81
2022	\$303,000	949,500	3.13
2023	\$294,680	949,500	3.22
2024	\$296,360	949,500	3.20
2025	\$287,520	949,500	3.30
2026	\$283,680	949,500	3.35
2027	\$294,580	949,500	3.22
2028	\$284,440	949,500	3.34
2029	\$279,300	949,500	3.40
2030	\$273,900	949,500	3.47
2031	\$273,240	949,500	3.47
2032	\$267,060	949,500	3.56
2033	\$260,620	949,500	3.64
2034	\$248,920	949,500	3.81
2035	\$247,220	949,500	3.84
2036	-	949,500	-
2037	-	949,500	-
2038	-	949,500	-
2039	-	949,500	-
TOTAL	\$10,138,888	\$28,493,585	

(1) Numbers are rounded. The obligation to apply Tax Revenues for this Project Area to the payment of the Parity Prior Loans related to this Project Area is senior to the obligation to use Tax Revenues to reimburse the reserve accounts established with respect to any other project area.

(2) Tax Revenues available for parity debt service are based on Fiscal Year 2009-10 Assessed Valuation and Fiscal Year 2009-10 Allocable Tax Revenues and assume no growth in assessed valuation going forward. Tax Revenues include an override amount of 0.004% for Fiscal Year 2009-10 which gradually drops to zero in Fiscal Year 2012-13.

Source: Redevelopment Agency of the City and County of San Francisco as to Parity Prior Debt Service; Urban Analytics as to Allocable Project Area Tax Revenues and Piper Jaffray as to Debt Service Coverage Ratio.

Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area.

Pursuant to ordinances of the City, the Agency has merged the Golden Gateway Redevelopment Project Area with the South of Market Redevelopment Project Area and the Federal Office Building Redevelopment Project Area. The effect of this merger is that tax increment revenue attributable to property within those Project Areas may be used, after payment of indebtedness of the Project Area incurred prior to the merger, to pay indebtedness of any of such Project Areas or of the merged Project Area.

**Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area
Property Taxable Values and Allocable Tax Revenues ⁽¹⁾
(Dollars in Thousands)**

Secured Property Assessed Values:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09⁽²⁾</u>	<u>2009-10</u>
Real Property	\$2,174,613	\$2,248,881	\$2,314,781	\$2,400,064	\$2,462,285
SBE Roll;	<u>\$0</u>	<u>\$0</u>	<u>\$131</u>	<u>\$131</u>	<u>\$131</u>
Total Secured Assessed Values	\$2,174,613	\$2,248,881	\$2,314,912	\$2,400,194	\$2,462,415
Unsecured Assessed Values	<u>\$247,839</u>	<u>\$233,800</u>	<u>\$257,332</u>	<u>\$362,042</u>	<u>\$386,520</u>
Total Assessed Values	\$2,422,452	\$2,482,682	\$2,572,244	\$2,762,236	\$2,848,935
Base Year Values:					
Secured	\$114,680	\$114,680	\$114,680	\$123,803	\$123,803
Unsecured	\$19,883	\$19,883	\$19,883	\$20,121	\$20,121
Increase Over Base Year Values:					
Secured	\$2,059,933	\$2,134,201	\$2,200,232	\$2,276,391	\$2,338,612
Unsecured	\$227,956	\$213,917	\$237,449	\$341,921	\$366,399
Secured Tax Rate	0.01021	0.01016	0.01012	0.010060	0.010040
Unsecured Tax Rate	0.01026	0.01021	0.01016	0.010120	0.010060
Tax Increment Revenue⁽³⁾:					
Secured Property	\$21,032	\$21,683	\$22,266	\$22,900	\$23,480
Unsecured Property	<u>\$2,339</u>	<u>\$2,184</u>	<u>\$2,412</u>	<u>\$3,460</u>	<u>\$3,686</u>
Gross Tax Increment Revenue	\$23,371	\$23,868	\$24,679	\$26,361	\$27,166
Less School District Allocation ⁽⁴⁾	3,058	2,477	2,650	2,383	2,429
Less AB1290 Obligation ⁽⁵⁾	<u>414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Allocable Tax Revenues	<u>\$19,899</u>	<u>\$21,391</u>	<u>\$22,029</u>	<u>\$23,977</u>	<u>\$24,737</u>

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Base Year and Current Year assessed valuations for the South of Market Western Expansion Area included starting in 2008-09.

(3) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(4) Required pursuant to SB 2113 in connection with the Golden Gateway Redevelopment Project Area only. Not required with respect to outstanding debt related to Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area, which were all incurred prior to adoption of the ordinance pursuant to SB 2113. See "PLEDGE OF TAX REVENUES—Senate Bill 2113 and Related Redevelopment Law Provisions."

(5) No amount deducted commencing with fiscal year 2006-07 to compute Allocable Tax Increment Revenue, since AB1290 payments for this Project Area have been subordinated to the 2009 Loan Agreements and Parity Prior Loan Agreements.

Source: City and County of San Francisco; Urban Analytics.

**Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area
Ten Largest Assesseees for Fiscal Year 2009-10
(Assessed Values Exclude Homeowner Subventions)**

Property/Taxpayer	Assessed Value	% of Total Project Area Assessed Value	Land Use
Boston Properties (1, 2 & 3 Embarcadero Center)	\$945,153,558	33.18%	Office and Retail
Four and Five Embarcadero Center	569,940,127	20.01%	Office and Retail
PPF Off One Maritime Plaza LP	125,211,603	4.40%	Office and Retail
Arden Realty LP	88,899,764	3.12%	Office and Residential
Golden Gateway Center	74,535,347	2.62%	Residential and Commercial
1045 Mission L P	31,150,315	1.09%	Residential and Commercial
AZ-SF Hotels LLC	20,995,857	0.74%	Industrial and Vacant
260 Fifth Street LLC	9,103,500	0.32%	Hotel
Private Individual	6,404,152	0.22%	Hotel
Hearst Corporation The	5,810,227	0.20%	Retail Stores
Total, Ten Largest:	\$1,877,204,450	65.89%	
All Other	<u>971,730,823</u>	<u>34.11%</u>	
Total for the Area:	\$2,848,935,273	100.00%	

Ten Largest as Percentage of Incremental Assessed Value: 69.40%

Source: City and County of San Francisco; Urban Analytics.

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**Merged Golden Gateway/South of Market/Federal Office Building
Redevelopment Project Area Estimated Annual Debt Service Coverage by
Project Area Prior Obligations ⁽¹⁾**

Fiscal Year Ending June 30	Pre-SB 2113 Project Area Parity Prior Debt Service⁽³⁾	Post-SB2113 Golden Gateway Additional Prior Parity Debt	Post-SB2113 South of Market Additional Prior Parity Debt	South of Market 2009 Series B Loan Payments⁽²⁾	Total Debt Service	Allocable Project Area Tax Revenue⁽³⁾⁽⁴⁾	Debt Service Coverage Ratio
2010	\$8,053,553	\$7,197,149	\$451,575	\$89,206	\$15,791,482	\$24,682,849	1.56
2011	8,071,604	7,191,635	451,575	178,413	15,893,226	24,644,491	1.55
2012	8,116,642	7,201,842	451,575	178,413	15,948,471	24,608,205	1.54
2013	7,212,306	8,129,217	451,575	178,413	15,971,510	24,571,947	1.54
2014	6,911,300	8,150,401	451,575	178,413	15,691,688	24,564,058	1.57
2015	6,546,947	8,117,945	451,575	238,413	15,354,879	24,560,472	1.60
2016	6,529,982	8,126,546	451,575	235,413	15,343,515	24,556,813	1.60
2017	6,525,541	8,133,560	451,575	237,413	15,348,088	24,553,082	1.60
2018	5,080,286	8,155,365	906,575	279,163	14,421,388	24,549,276	1.70
2019	61,488	7,454,532	906,550	278,663	8,701,233	24,545,394	2.82
2020	60,000	6,515,280	920,150	262,769	7,758,199	24,541,434	3.16
2021	65,000	6,526,500	911,550	266,338	7,769,388	24,537,395	3.16
2022	65,000	6,500,900	911,850	264,294	7,742,044	24,533,275	3.17
2023	65,000	6,495,820	915,500	256,944	7,733,264	24,529,073	3.17
2024	65,000	6,510,220	915,713	259,594	7,750,527	24,524,787	3.16
2025	-	6,578,060	978,913	256,631	7,813,604	24,520,415	3.14
2026	-	6,576,480	981,363	253,363	7,811,206	24,515,956	3.14
2027	-	6,583,860	981,225	254,788	7,819,873	24,511,407	3.13
2028	-	6,594,680	978,500	255,600	7,828,780	24,506,767	3.13
2029	-	6,603,680	978,188	250,800	7,832,668	24,502,035	3.13
2030	-	6,610,860	-	1,230,075	7,840,935	24,497,208	3.12
2031	-	6,631,220	-	-	6,631,220	20,647,586	3.11
2032	-	6,628,980	-	-	6,628,980	20,647,586	3.11
2033	-	6,640,180	-	-	6,640,180	20,647,586	3.11
2034	-	6,649,040	-	-	6,649,040	20,647,586	3.11
2035	-	6,650,560	-	-	6,650,560	20,647,586	3.10
2036	-	5,830,000	-	-	5,830,000	20,625,490	3.54
2037	-	-	-	-	-	20,625,490	-
2038	-	-	-	-	-	20,625,490	-
2039	-	-	-	-	-	20,625,490	-
TOTAL	\$63,429,646	\$188,984,510	\$14,898,677	\$5,883,113	\$273,195,945	\$701,296,230	

(1) Numbers are rounded. The obligation to apply Tax Revenue for the Merged Project Area to the payment of Parity Prior Loans related to the Merged Project Area is senior to the obligation to use Tax Revenues to reimburse the reserve accounts established with respect to any other project area.

(2) 2009 Debt Service net of capitalized interest through February 1, 2010, in the amount of \$73,347.

(3) See "PLEDGE OF TAX REVENUES—Senate Bill 2113 and Related Redevelopment Law Provisions."

(4) Tax Revenues available for parity debt service are based on Fiscal Year 2009-10 Assessed Valuation and Fiscal Year 2009-10 Allocable Tax Revenues and assume no growth in assessed valuation going forward. Tax Revenues include an override amount of 0.004% for Fiscal Year 2009-10 which gradually drops to zero in Fiscal Year 2012-13.

Source: Redevelopment Agency of the City and County of San Francisco as to Parity Prior Debt Service; Urban Analytics as to Allocable Project Area Tax Revenues; Piper Jaffray & Co. as to Debt Service Coverage Ratio; De La Rosa as to 2009 Series B Debt Service.

Mission Bay North Project Area.

**Mission Bay North Project Area
Property Taxable Values and Allocable Tax Revenues ⁽¹⁾
(Dollars in Thousands)**

Secured Property Assessed Values:	2005-06	2006-07	2007-08	2008-09	2009-10
Real Property	\$512,447	\$702,645	\$1,003,891	\$1,146,543	\$1,118,588
SBE Roll	\$0	\$0	\$0	\$0	\$0
Total Secured Assessed Values	\$512,447	\$702,645	\$1,003,891	\$1,146,543	\$1,118,588
Unsecured Assessed Values	\$3,674	\$9,733	\$11,075	\$18,121	\$12,130
Total Assessed Values	\$516,121	\$712,378	\$1,014,966	\$1,164,664	\$1,130,718
Base Year Values:					
Secured	\$27,756	\$25,586	\$25,586	\$25,586	\$25,586
Unsecured	\$818	\$818	\$818	\$818	\$818
Increase Over Base-Year Values:					
Secured	\$484,691	\$677,059	\$978,305	\$1,120,957	\$1,093,002
Unsecured	\$2,856	\$8,915	\$10,257	\$17,303	\$11,312
Secured Tax Rate	0.01021	0.01016	0.01012	0.010060	0.010040
Unsecured Tax Rate	0.01026	0.01021	0.01016	0.010120	0.010060
Tax Increment Revenue⁽²⁾					
Secured Property	\$4,949	\$6,879	\$9,900	\$11,277	\$10,974
Unsecured Property	\$29	\$91	\$104	\$175	\$114
Gross Tax Increment Revenue	\$4,978	\$6,970	\$10,005	\$11,452	\$11,088
Less: 80% Devoted to Non-Housing ⁽³⁾	\$3,982	\$5,576	\$8,004	\$9,162	\$8,870
Allocable Tax Revenues	\$996	\$1,394	\$2,001	\$2,290	\$2,218

(1) Assessed valuations shown are “full cash value” and exclude homeowner subventions.

(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(3) Non-housing revenues are used for redevelopment purposes in the Project Area, including use as pledged revenues in a separate bond issuance.

Source: City and County of San Francisco; Urban Analytics.

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Mission Bay North Project Area
Ten Largest Assesseees for Fiscal Year 2009-10
(Assessed Values Exclude Homeowner Subventions)

Property/Taxpayer	Assessed Value	% of Total Project Area Assessed Value	Land Use
MVP I (301 King St)	\$132,999,834	11.76%	Apartments/Retail
Avalon Bay (150 Berry/200 King St)	130,396,869	11.53%	Apartments/Retail
Beacon LP ⁽¹⁾	67,885,460	6.00%	Parking/Retail
United Dominion Realty Lp	55,779,374	4.93%	Apartment Bldg
Deerfield King Street Llc ⁽²⁾	7,000,370	0.62%	Condominium
Safeway Stores (Leased Retail)	7,590,291	0.67%	Supermarket (Leased)
Stockbridge San Francisco (200 King) ⁽²⁾	5,773,719	0.51%	Office/condominiums
Private Owner	3,108,070	0.27%	Condominium
BOSA Development	2,842,464	0.25%	Retail/Condominiums
Mission Bay Affordable Housing	2,822,466	0.25%	Apartment Bldg
Total, Ten Largest:	\$416,198,917	36.81%	
All Other	<u>714,519,023</u>	<u>63.19%</u>	
Total for the Area:	\$1,130,717,940	100.00%	

Ten Largest as Percentage of Incremental Assessed Value:

37.69%

⁽¹⁾Owner has several unresolved appeals for Fiscal Year 2008-09 pending.

⁽²⁾As condominiums held by current owner are sold, the total assessed value of property held by such owner will likely decrease. However, no assurance is given by the Agency or the Authority as to the sale of any condominium or other property.

Source: City and County of San Francisco; Urban Analytics.

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Mission Bay North Project Area
Estimated Annual Debt Service Coverage by Project Area
Prior Obligations and 2009 Series A Loan Payments⁽¹⁾

Fiscal Year Ending June 30	Project Area Parity Prior Debt Service	2009 Series A Loan Payments⁽²⁾	Total Debt Service	Allocable Project Area Tax Revenues⁽³⁾	Debt Service Coverage Ratio
2010	\$1,270,614	\$304,597	\$1,575,211	\$2,217,507	1.41
2011	1,265,693	426,301	1,691,994	2,214,547	1.31
2012	1,270,216	425,491	1,695,708	2,211,603	1.30
2013	1,268,640	427,261	1,695,901	2,208,658	1.30
2014	1,266,232	425,231	1,691,463	2,208,628	1.31
2015	1,267,994	422,219	1,690,212	2,208,628	1.31
2016	1,268,874	425,831	1,694,705	2,208,628	1.30
2017	1,262,919	422,600	1,685,519	2,208,628	1.31
2018	1,266,419	425,800	1,692,219	2,208,628	1.31
2019	1,268,520	426,600	1,695,120	2,208,628	1.30
2020	1,269,207	-	1,269,207	2,208,628	1.74
2021	1,268,500	-	1,268,500	2,208,628	1.74
2022	1,266,398	-	1,266,398	2,208,628	1.74
2023	1,267,560	-	1,267,560	2,208,628	1.74
2024	1,270,966	-	1,270,966	2,208,628	1.74
2025	1,267,338	-	1,267,338	2,208,628	1.74
2026	1,266,941	-	1,266,941	2,208,628	1.74
2027	1,269,511	-	1,269,511	2,208,628	1.74
2028	1,269,736	-	1,269,736	2,208,628	1.74
2029	1,267,619	-	1,267,619	2,208,628	1.74
2030	1,268,157	-	1,268,157	2,208,628	1.74
2031	1,271,065	-	1,271,065	2,208,628	1.74
2032	1,271,033	-	1,271,033	2,208,628	1.74
2033	1,268,081	-	1,268,081	2,208,628	1.74
2034	1,267,190	-	1,267,190	2,208,628	1.74
2035	1,268,071	-	1,268,071	2,208,628	1.74
2036	1,270,438	-	1,270,438	2,208,628	1.74
2037	1,269,000	-	1,269,000	2,208,628	1.74
2038	-	-	-	2,208,628	-
2039	-	-	-	2,208,628	-
TOTAL	\$35,512,933	\$4,131,932	\$39,644,864	\$66,276,634	-

(1) Numbers are rounded. Tax Revenues for this project area will not be available to be used to reimburse the reserve account established with respect to any other project area.

(2) 2009 Debt Service net of capitalized interest through February 1, 2010, in the amount of \$81,891.

(3) Tax Revenues available for parity debt service are based on Fiscal Year 2009-10 Assessed Valuation and Fiscal Year 2009-10 Allocable Tax Revenues and assume no growth in assessed valuation going forward. Tax Revenues include an override amount of 0.004% for Fiscal Year 2009-10 which gradually drops to zero in Fiscal Year 2012-13.

Source: Redevelopment Agency of the City and County of San Francisco as to Parity Prior Debt Service; Urban Analytics as to Allocable Project Area Tax Revenues; Piper Jaffray as to 2009 Series A Debt Service and Debt Service Coverage Ratio.

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Mission Bay South Project Area.

**Mission Bay South Project Area
Property Taxable Values and Allocable Tax Revenues ⁽¹⁾
(Dollars in Thousands)**

Secured Property Assessed Values:	2005-06	2006-07	2007-08	2008-09	2009-10
Real Property	\$157,969	\$180,998	\$443,177	\$485,046	\$643,132
SBE Rolls	\$0	\$0	\$0	\$0	\$0
Total Secured Assessed Values	\$157,969	\$180,998	\$443,177	\$485,046	\$643,132
Unsecured Assessed Values ⁽²⁾	N/A	N/A	399	36,198	\$133,641
Total Assessed Values	\$157,969	\$180,998	\$443,577	\$521,244	\$776,773
Base Year Values:					
Secured	\$85,054	\$85,054	\$85,054	\$85,054	\$85,054
Unsecured	\$12,628	\$12,628	\$12,628	\$12,628	\$12,628
Increase Over Base-Year Values:					
Secured	\$72,915	\$95,944	\$358,124	\$399,992	\$558,078
Unsecured	(\$12,628)	(\$12,628)	(\$12,229)	\$23,569	\$121,013
Secured Tax Rate	0.010210	0.010160	0.010120	0.010060	0.010040
Unsecured Tax Rate	0.010260	0.010210	0.010160	0.010120	0.010060
Tax Increment Revenue ⁽³⁾					
Secured Property	\$744	\$975	\$3,624	\$4,024	\$5,603
Unsecured Property	(130)	(129)	(124)	239	1,217
Gross Tax Increment Revenue	\$615	\$846	\$3,500	\$4,262	\$6,820
Less: 80% Devoted to Non-Housing ⁽⁴⁾	492	677	2,800	3,410	5,456
Allocable Tax Revenues	\$123	\$169	\$700	\$852	\$1,364

(1) Assessed valuations shown are “full cash value” and exclude homeowner subventions.

(2) The amount of unsecured assessed valuation for 2005-06 and 2006-07 is not separately available.

(3) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(4) Non-housing revenues are used for redevelopment purposes in the Project Area, including use as pledged revenues in a separate bond issuance.

Source: City and County of San Francisco; Urban Analytics.

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**Mission Bay South Project Area
Ten Largest Assesseees for Fiscal Year 2009-10
(Assessed Values Exclude Homeowner Subventions)**

<u>Property/Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total Project Area Assessed Value</u>	<u>Land Use</u>
Alexandria Real Estate, SF	\$152,742,825	19.66%	Office and Vacant Land
550 Terry Francois Blvd LLC ⁽¹⁾	148,569,120	19.13%	Commercial Office
FibroGen, Inc. ⁽²⁾	93,002,447	11.97%	Unsecured Property
SP4 Mission Bay LP	88,445,588	11.39%	Commercial Office
Bosa Development ⁽³⁾	86,908,252	11.19%	Condominiums
UC Regents ⁽⁴⁾	49,526,723	6.38%	Commercial - Vacant Land
Focil-MB LLC	36,329,403	4.68%	Residential - Vacant Land
Old Navy/The Gap (550 Terry Francois Blvd)	34,969,369	4.50%	Leased Offices
X-4 Dolphin LLC (Shorenstein)	33,958,656	4.37%	Commercial - Vacant Land
J David Gladstone Institutes ⁽⁵⁾	11,319,249	1.46%	Institutional
Total Ten Largest	\$735,771,632	94.72%	
All Other	<u>41,001,537</u>	<u>5.28%</u>	
Total Project Assessed Value	\$776,773,169	100.00%	

Ten largest as Percentage of Incremental Assessed Value

108.35%

- (1) Owner has appealed 2008-09 valuation.
- (2) Property is located on property owned by X-4 Dolphin LLC set forth below in this table.
- (3) As condominiums held by current owner are sold, the total assessed value of property held by such owner will likely decrease. However, no assurance is given by the Agency or the Authority as to the sale of any condominium or other property.
- (4) Property owned by UC Regents is not normally subject to taxation and the assessed values of the two parcels owned by UC Regents may be reduced or eliminated in the event that such parcels receive exemptions.
- (5) According to the Fiscal Consultant, J David Gladstone Institutes is a nonprofit entity, which is exempt from property taxation, and assessed value relates to the value of lease of portion of property to entities that are not exempt from property taxation.

Source: City and County of San Francisco; Urban Analytics.

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Mission Bay South Project Area
Estimated Annual Debt Service Coverage by Project Area
2009 Series A Loan Payments⁽¹⁾

Fiscal Year Ending June 30	2009 Series A Loan Payments⁽²⁾	Allocable Project Area Tax Revenues⁽³⁾	Debt Service Coverage Ratio
2010	\$489,662	\$1,364,099	2.79
2011	681,619	1,362,127	2.00
2012	679,369	1,360,316	2.00
2013	683,309	1,358,505	1.99
2014	681,126	1,358,183	1.99
2015	682,306	1,358,183	1.99
2016	682,644	1,358,183	1.99
2017	680,400	1,358,183	2.00
2018	682,200	1,358,183	1.99
2019	680,400	1,358,183	2.00
2020	-	1,358,183	-
2021	-	1,358,183	-
2022	-	1,358,183	-
2023	-	1,358,183	-
2024	-	1,358,183	-
2025	-	1,358,183	-
2026	-	1,358,183	-
2027	-	1,358,183	-
2028	-	1,358,183	-
2029	-	1,358,183	-
2030	-	1,358,183	-
2031	-	1,358,183	-
2032	-	1,358,183	-
2033	-	1,358,183	-
2034	-	1,358,183	-
2035	-	1,358,183	-
2036	-	1,358,183	-
2037	-	1,358,183	-
2038	-	1,358,183	-
2039	-	1,358,183	-
TOTAL	\$6,623,034	\$40,757,794	

(1) Numbers are rounded. Tax Revenues for this project area will not be available to be used to reimburse the reserve account established with respect to any other project area. There is no parity prior debt with respect to this project area.

(2) 2009 Debt Service net of capitalized interest through February 1, 2010, in the amount of \$131,278.

(3) Tax Revenues available for parity debt service are based on Fiscal Year 2009-10 Assessed Valuation and Fiscal Year 2009-10 Allocable Tax Revenues and assume no growth in assessed valuation going forward. Tax Revenues include an override amount of 0.004% for Fiscal Year 2009-10 which gradually drops to zero in Fiscal Year 2012-13.

Source: Redevelopment Agency of the City and County of San Francisco as to Parity Prior Debt Service; Urban Analytics as to Allocable Project Area Tax Revenues; Piper Jaffray as to 2009 Series A Debt Service and Debt Service Coverage Ratio.

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Rincon Point-South Beach Redevelopment Project Area.

**Rincon Point-South Beach Redevelopment Project Area
Property Taxable Values and Allocable Tax Revenues⁽¹⁾
(Dollars in Thousands)**

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Secured Property Assessed Values:					
Real Property	\$1,328,794	\$1,475,560	\$1,520,365	\$1,539,380	\$1,627,819
SBE Rolls	<u>\$8,760</u>	<u>\$8,505</u>	<u>\$8,724</u>	<u>\$8,532</u>	<u>\$8,947</u>
Total Secured Assessed Values	\$1,337,554	\$1,484,065	\$1,529,089	\$1,547,913	\$1,636,766
Unsecured Assessed Value	<u>\$371,733</u>	<u>\$243,649</u>	<u>\$248,337</u>	<u>\$251,935</u>	<u>\$252,646</u>
Total Assessed Values	\$1,709,287	\$1,727,714	\$1,777,426	\$1,799,848	\$1,889,412
Base Year Values:					
Secured	\$11,572	\$11,572	\$11,572	\$11,572	\$11,572
Unsecured	\$6,521	\$6,521	\$6,521	\$6,521	\$6,521
Increase Over Base-Year Values:					
Secured	\$1,325,982	\$1,472,493	\$1,517,517	\$1,536,341	\$1,625,194
Unsecured	\$365,212	\$237,128	\$241,816	\$245,414	\$246,125
Secured Tax Rate	0.01021	0.01016	0.01012	0.010060	0.010040
Unsecured Tax Rate	0.01026	0.01021	0.01016	0.010120	0.010060
Tax Increment Revenue^{(2):}					
Secured Property	\$13,538	\$14,961	\$15,357	\$15,456	\$16,317
Unsecured Property	<u>\$3,747</u>	<u>\$2,421</u>	<u>\$2,457</u>	<u>\$2,484</u>	<u>\$2,476</u>
Gross Tax Increment Revenue	\$17,285	\$17,382	\$17,814	\$17,939	\$18,793
Less AB 1290 Pass-Through Obligation ⁽³⁾	<u>\$2,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Allocable Tax Revenue	\$14,406	\$17,382	\$17,814	\$17,939	\$18,793

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions. Assessed valuations exclude the assessed valuations of certain property in the South Beach Harbor marina from which Tax Revenues pledged to the payment of the South Beach Harbor Bonds are generated. See "SECURITY FOR THE BONDS—Senior Obligations."

(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(3) No amount deducted for this obligation commencing with fiscal year 2006-07 to compute Allocable Tax Revenues, since AB1290 payments for this Project Area have been subordinated to the 2009 Loan Agreements and Parity Prior Loan Agreements.

Source: City and County of San Francisco; Urban Analytics.

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**Rincon Point-South Beach Redevelopment Project Area
Ten Largest Assesseees for Fiscal Year 2009-10
(Assessed Values Exclude Homeowner Subventions)**

<u>Property/Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total Project Area Assessed Value</u>	<u>Land Use</u>
China Basin Ballpark Company	\$223,125,000	11.81%	Sports Facility
Gap Inc	208,534,825	11.04%	Office
Rincon Center *	153,875,158	8.14%	Office/Retail
Rincon EV Realty *	148,762,321	7.87%	Apartments
Bayside Village Associates	125,548,319	6.64%	Apartments
South Beach Marina	99,521,752	5.27%	Apartments
Glenborough San Francisco *	38,927,114	2.06%	Office
Unknown Owner (Located on APN 25-3716-024)	15,578,161	0.82%	Unsecured Property
Private Individual	8,164,630	0.43%	Condominium
Private Individual	3,409,660	0.18%	Condominium
Total Ten Largest	\$1,025,446,940	54.27%	
All Others	<u>863,964,840</u>	<u>45.73%</u>	
Total Project Assessed Value	\$1,889,411,780	100.00%	

Ten Largest as Percentage of Incremental Assessed Value.

54.80%

* Owner has appealed 2008-09 valuation. 2009-10 valuation for Rincon Center is approximately \$3 million below that of 2008-09.

Source: City and County of San Francisco; Urban Analytics.

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**Rincon Point-South Beach Redevelopment Project Area
Estimated Annual Debt Service Coverage by Project Area
Prior Obligations and 2009 Series A Loan Payments⁽¹⁾**

Fiscal Year Ending June 30	Project Area Parity Prior Debt Service	2009 Series A Loan Payments⁽²⁾	Total Debt Service	Allocable Project Area Tax Revenues⁽³⁾	Debt Service Coverage Ratio
2010	\$11,513,730	\$1,516,585	\$13,030,315	\$18,792,966	1.44
2011	11,549,845	2,624,695	14,174,540	18,766,374	1.32
2012	11,545,738	2,820,665	14,366,403	18,741,423	1.30
2013	11,533,877	3,027,855	14,561,732	18,716,472	1.29
2014	11,015,152	3,688,730	14,703,882	18,713,191	1.27
2015	11,316,618	3,408,100	14,724,718	18,713,191	1.27
2016	11,320,984	3,404,069	14,725,053	18,713,191	1.27
2017	11,318,365	3,403,400	14,721,765	18,713,191	1.27
2018	11,051,863	3,651,200	14,703,063	18,713,191	1.27
2019	10,895,786	3,799,800	14,695,586	18,713,191	1.27
2020	10,933,687	3,764,800	14,698,487	18,713,191	1.27
2021	11,349,202	3,373,350	14,722,552	18,713,191	1.27
2022	9,806,009	4,818,813	14,624,822	18,713,191	1.28
2023	8,785,392	5,771,038	14,556,429	18,713,191	1.29
2024	8,784,538	5,769,725	14,554,263	18,713,191	1.29
2025	8,782,703	-	8,782,703	18,713,191	2.13
2026	8,786,800	-	8,786,800	18,713,191	2.13
2027	8,783,788	-	8,783,788	18,713,191	2.13
2028	8,786,138	-	8,786,138	18,713,191	2.13
2029	8,787,650	-	8,787,650	18,713,191	2.13
2030	8,782,500	-	8,782,500	18,713,191	2.13
2031	8,785,100	-	8,785,100	18,713,191	2.13
2032	8,783,550	-	8,783,550	18,713,191	2.13
2033	8,787,450	-	8,787,450	18,713,191	2.13
2034	8,785,363	-	8,785,363	18,713,191	2.13
2035	8,786,425	-	8,786,425	18,713,191	2.13
2036	8,784,200	-	8,784,200	18,713,191	2.13
2037	8,782,538	-	8,782,538	18,713,191	2.13
2038	-	-	-	18,713,191	-
2039	-	-	-	18,713,191	-
TOTAL	\$276,924,991	\$54,842,824	\$331,767,815	\$561,560,197	

(1) Numbers are rounded. The obligation to apply Tax Revenue for this project area to the payment of the 2009 Loans or Parity Prior Loans related to this project area is senior to the obligation to use Tax Revenues to reimburse the reserve accounts established with respect to any other project area.

(2) 2009 Debt Service net of capitalized interest through February 1, 2010, in the amount of \$959,192.

(3) Tax Revenues available for parity debt service are based on Fiscal Year 2009-10 Assessed Valuation and Fiscal Year 2009-10 Allocable Tax Revenues and assume no growth in assessed valuation going forward. Tax Revenues include an override amount of 0.004% for Fiscal Year 2009-10 which gradually drops to zero in Fiscal Year 2012-13. Reflects payment of the senior South Beach Harbor Bonds. (See "SECURITY FOR THE BONDS—Senior Obligations").

Source: Redevelopment Agency of the City and County of San Francisco as to Parity Prior Debt Service; Urban Analytics as to Allocable Project Area Tax Revenues; Piper Jaffray as to 2009 Series A Debt Service and Debt Service Coverage Ratio.

South of Market Redevelopment Project Area.

**South of Market Redevelopment Project Area ⁽¹⁾
Property Taxable Values and Allocable Tax Revenues ⁽²⁾
(Dollars in Thousands)**

Secured Property Assessed Values:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09⁽³⁾</u>	<u>2009-10</u>
Real Property	\$362,526	\$394,887	\$418,593	\$466,662	\$507,308
SBE Rolls	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Secured Assessed Values	\$362,526	\$394,887	\$418,593	\$466,662	\$507,308
Unsecured Assessed Values	<u>\$15,536</u>	<u>\$9,076</u>	<u>\$13,931</u>	<u>\$31,732</u>	<u>\$11,279</u>
Total Assessed Values	\$378,062	\$403,963	\$432,524	\$498,395	\$518,586
Base Year Values:					
Secured	\$91,050	\$91,050	\$91,050	\$100,173	\$100,173
Unsecured	\$17,535	\$17,535	\$17,535	\$17,773	\$17,773
Increase Over Base Year Values:					
Secured	\$271,476	\$303,837	\$327,543	\$366,490	\$407,135
Unsecured	(\$1,999)	(\$8,459)	(\$3,604)	\$13,959	(\$6,494)
Secured Tax Rate	0.01021	0.01016	0.01012	0.010060	0.010040
Unsecured Tax Rate	0.01026	0.01021	0.01016	0.010120	0.010060
Tax Increment Revenue ⁽⁴⁾:					
Secured Property	\$2,772	\$3,087	\$3,315	\$3,687	\$4,088
Unsecured Property	<u>(\$21)</u>	<u>(\$86)</u>	<u>(\$37)</u>	<u>\$141</u>	<u>(\$65)</u>
Gross Tax Increment Revenue	\$2,751	\$3,001	\$3,278	\$3,828	\$4,022
Less Section 33676 (2%) Obligation to Schools ⁽⁵⁾	42	45	48	51	54
Less AB1290 Pass-Through Obligation ⁽⁶⁾	424	-	-	-	-
Allocable Tax Increment Revenues	<u>\$2,286</u>	<u>\$2,956</u>	<u>\$3,230</u>	<u>\$3,777</u>	<u>\$3,968</u>

(1) The South of Market Redevelopment Project Area has been merged into the Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area.

(2) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(3) Base Year for South of Market Redevelopment Project Area - 2007 Annex. Base Year and Current Year assessed valuations include valuation from the 2007 Annex starting in 2008-09.

(4) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(5) Portion of revenue potentially allocable to school districts under former Health and Safety Code Section 33676 and the Santa Ana USD Case. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Limitations on Receipt of Additional Taxing Entity Revenue."

(6) No amount deducted commencing with fiscal year 2006-07 to compute Allocable Tax Revenues, since AB 1290 payments for this Project Area have been subordinated to the 2009 Loan Agreements and Parity Prior Loan Agreements.

Source: City and County of San Francisco; Urban Analytics.

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**South of Market Redevelopment Project Area
Ten Largest Assesseees for Fiscal Year 2009-10
(Assessed Values Exclude Homeowner Subventions)**

<u>Property/Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total Project Area Assessed Value</u>	<u>Land Use</u>
1045 Mission L P *	\$31,150,315	6.01%	Commercial/Residential
AZ-SF Hotels LLC	20,995,857	4.05%	Hotel
260 Fifth Street LLC	9,103,500	1.76%	Industrial
Private Individual	6,404,152	1.23%	Apartment
Hearst Corporation *	5,810,227	1.12%	Industrial/Vacant
32-40 6Th Street LLC	5,242,343	1.01%	Hotel
Sixth Street Baldwin House LLC	5,202,000	1.00%	Hotel
Private Individual	5,097,960	0.98%	Hotel
TD Folsom LLC	4,350,951	0.84%	Industrial
Russ Street Lofts LLC	4,162,408	0.80%	Live/work condominium
Total Ten Largest	\$97,519,713	18.80%	
All Other	<u>421,066,505</u>	<u>81.20%</u>	
Total Project Assessed Value	\$518,586,218	100.00%	

Ten Largest as Percentage of Incremental Assessed Value 24.34%

* Owner has appealed 2008-09 valuation.

Source: City and County of San Francisco; Urban Analytics.

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South of Market Redevelopment Project Area
Estimated Annual Debt Service Coverage by Project Area
Prior Obligations and 2009 Series B Loan Payments⁽¹⁾

Fiscal Year Ending June 30	Project Area Parity Prior Debt Service⁽²⁾	2009 Series B Loan Payments⁽³⁾	Total Debt Service⁽⁴⁾	Allocable Project Area Tax Revenues⁽⁵⁾	Debt Service Coverage Ratio
2010	\$1,508,525	\$89,206	\$1,597,731	\$3,968,121	2.48
2011	1,511,915	178,413	1,690,328	3,959,509	2.34
2012	1,510,923	178,413	1,689,335	3,950,787	2.34
2013	1,508,963	178,413	1,687,375	3,942,094	2.34
2014	1,311,963	178,413	1,490,375	3,938,569	2.64
2015	1,009,690	238,413	1,248,103	3,934,982	3.15
2016	1,012,395	235,413	1,247,808	3,931,324	3.15
2017	1,009,845	237,413	1,247,258	3,927,592	3.15
2018	967,295	279,163	1,246,458	3,923,786	3.15
2019	968,038	278,663	1,246,701	3,919,904	3.14
2020	980,150	262,769	1,242,919	3,915,944	3.15
2021	976,550	266,338	1,242,888	3,911,905	3.15
2022	976,850	264,294	1,241,144	3,907,786	3.15
2023	980,500	256,944	1,237,444	3,903,583	3.15
2024	980,713	259,594	1,240,307	3,899,297	3.14
2025	978,913	256,631	1,235,544	3,894,925	3.15
2026	981,363	253,363	1,234,726	3,890,466	3.15
2027	981,225	254,788	1,236,013	3,885,917	3.14
2028	978,500	255,600	1,234,100	3,881,278	3.15
2029	978,188	250,800	1,228,988	3,876,545	3.15
2030	-	1,230,075	1,230,075	3,871,718	3.15
2031	-	-	-	22,097	-
2032	-	-	-	22,097	-
2033	-	-	-	22,097	-
2034	-	-	-	22,097	-
2035	-	-	-	22,097	-
2036	-	-	-	-	-
2037	-	-	-	-	-
2038	-	-	-	-	-
2039	-	-	-	-	-
TOTAL	\$ 22,112,503	\$5,883,113	\$27,995,615	\$82,346,517	-

- (1) Numbers are rounded. The obligation to apply Tax Revenue for this project area to the payment of the 2009 Loans or Parity Prior Loans related to this project area is senior to the obligation to use Tax Revenues to reimburse the reserve accounts established with respect to any other project area.
- (2) Includes a portion of the debt service for the Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area, all of which has been allocated to either the South of Market Redevelopment Project Area or the Golden Gateway Redevelopment Project Area in their respective debt service tables. See "THE RESERVE ACCOUNT CROSS-COLLATERALIZATION PROJECT AREAS – Merged Golden Gateway/South of Market/Federal Office Building Redevelopment Project Area."
- (3) 2009 Debt Service net of capitalized interest through February 1, 2010, in the amount of \$73,347.
- (4) Debt service that extends beyond the applicable plan limits represents debt service for bonds (including subsequent refundings of such bonds) originally issued prior to enactment of such plan limits.
- (5) Tax Revenues available for parity debt service are based on Fiscal Year 2009-10 Assessed Valuation and Fiscal Year 2009-10 Allocable Tax Revenues and assume no growth in assessed valuation going forward. Tax Revenues include an override amount of 0.004% for Fiscal Year 2009-10 which gradually drops to zero in Fiscal Year 2012-13.

Source: Redevelopment Agency of the City and County of San Francisco as to Parity Prior Debt Service; Urban Analytics as to Allocable Project Area Tax Revenues; De La Rosa as to 2009 Series B Debt Service and Debt Service Coverage Ratio.

Transbay Redevelopment Project Area.

**Transbay Redevelopment Project Area
Property Taxable Values and Allocable Tax Revenues ⁽¹⁾
(Dollars in Thousands)**

Secured Property Assessed Values:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Existing Properties					
Real Property	\$904,362	\$934,843	\$956,352	\$1,557,303	\$1,690,993
SBE Rolls	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Secured Assessed Value	\$904,362	\$934,843	\$956,352	\$1,557,303	\$1,690,993
Unsecured Assessed Values	131,820	66,892	\$59,403	\$136,692	\$202,375
Total Assessed Value	<u>\$1,036,182</u>	<u>\$1,001,735</u>	<u>\$1,015,755</u>	<u>\$1,693,995</u>	<u>\$1,893,367</u>
Base Year Values:					
Secured	\$770,731	\$770,731	\$770,731	\$770,731	\$770,731
Unsecured	\$110,122	\$110,122	\$110,122	\$110,122	\$110,122
Increase Over Base-Year Values:					
Secured	\$133,631	\$164,112	\$185,621	\$786,572	\$920,262
Unsecured	\$21,698	(\$43,230)	(\$50,719)	\$26,570	\$92,253
Secured Tax Rate	0.01021	0.01016	0.01012	0.010060	0.010040
Unsecured Tax Rate	0.01026	0.01021	0.01016	0.010120	0.010060
Tax Increment Revenue ⁽²⁾:					
Secured Property	\$1,364	\$1,667	\$1,878	\$7,913	\$9,239
Unsecured Property	<u>223</u>	<u>(441)</u>	<u>(515)</u>	<u>269</u>	<u>928</u>
Gross Tax Increment Revenue	\$1,587	\$1,226	\$1,363	\$8,182	\$10,167
Less AB1290 Pass-Through Obligation ⁽³⁾	<u>317</u>	<u>245</u>	<u>-</u>	<u>-</u>	<u>-</u>
Allocable Tax Revenues	<u>\$1,270</u>	<u>\$981</u>	<u>\$1,363</u>	<u>\$8,182</u>	<u>\$10,167</u>

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions. See "PLEDGE OF TAX REVENUES—Tax Revenues."

(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(3) No amount deducted commencing with fiscal year 2007-08 to compute Allocable Tax Revenues, since AB1290 payments for this Project Area have been subordinated to the 2009 Loan Agreements and Parity Prior Loan Agreements.

Source: City and County of San Francisco; Urban Analytics.

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**Transbay Redevelopment Project Area
Ten Largest Assesseees for Fiscal Year 2009-10
(Assessed Values Exclude Homeowner Subventions)**

<u>Property/Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total Project Area Assessed Value</u>	<u>Land Use</u>
Mission Street Dev. LLC (301 Mission St)	\$444,252,625	23.46%	Commercial/Office
405 Howard LLC	247,236,270	13.06%	Commercial/Office
GLL Fremont Street Partners (199 Fremont)	155,482,704	8.21%	Commercial/Office
Resnick In San Francisco LLC (215 Fremont)	149,823,762	7.91%	Commercial/Office
TST Mission Street LLC (555 Mission)	143,358,431	7.57%	Commercial/Office
Equity Office Properties (201 Mission St)	127,141,559	6.72%	Commercial/Office
Utah State Retirement Inv. (500 Howard)	96,344,559	5.09%	Commercial/Office
Owner Unknown (Located on APN 25-3720-008)	84,307,905	4.45%	Unsecured Property
W2007 HWD Realty LLC (301 Howard)	74,941,837	3.96%	Commercial/Office
535 Mission Street Property LLC	31,212,000	1.65%	Vacant Land
Total Ten Largest:	\$1,554,101,652	82.08%	
All Other	<u>339,265,732</u>	<u>17.92%</u>	
Total for the Area:	\$1,893,367,384	100.00%	

Ten Largest as Percentage of Incremental Assessed Value:

153.49%

Source: City and County of San Francisco; Urban Analytics.

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Transbay Redevelopment Project Area
Estimated Annual Debt Service Coverage by Project Area
Prior Obligations and 2009 Loan Payments⁽¹⁾

Fiscal Year Ending June 30	Project Area Parity Prior Debt Service	2009 Series A Loan Payments⁽²⁾	2009 Series B Loan Payments⁽³⁾	Total Debt Service	Allocable Project Area Tax Revenues⁽⁴⁾	Debt Service Coverage Ratio
2010	\$427,025	\$140,678	\$75,900	\$643,603	\$10,167,486	15.80
2011	432,075	197,698	151,800	781,573	10,153,370	12.99
2012	431,575	192,638	151,800	776,013	10,139,870	13.07
2013	430,800	196,698	151,800	779,298	10,126,370	12.99
2014	429,750	193,838	151,800	775,388	10,125,140	13.06
2015	428,425	195,650	151,800	775,875	10,125,140	13.05
2016	431,825	195,694	151,800	779,319	10,125,140	12.99
2017	429,675	195,000	151,800	776,475	10,125,140	13.04
2018	427,250	192,600	151,800	771,650	10,125,140	13.12
2019	429,550	194,400	151,800	775,750	10,125,140	13.05
2020	431,300	-	186,800	618,100	10,125,140	16.38
2021	427,500	-	189,656	617,156	10,125,140	16.41
2022	428,425	-	192,206	620,631	10,125,140	16.31
2023	428,800	-	189,450	618,250	10,125,140	16.38
2024	428,163	-	191,694	619,857	10,125,140	16.33
2025	431,950	-	188,631	620,581	10,125,140	16.32
2026	429,875	-	190,569	620,444	10,125,140	16.32
2027	427,225	-	192,200	619,425	10,125,140	16.35
2028	429,000	-	188,525	617,525	10,125,140	16.40
2029	429,913	-	189,850	619,763	10,125,140	16.34
2030	429,963	-	190,625	620,588	10,125,140	16.32
2031	429,150	-	191,075	620,225	10,125,140	16.32
2032	427,475	-	191,200	618,675	10,125,140	16.37
2033	429,938	-	191,000	620,938	10,125,140	16.31
2034	431,250	-	185,369	616,619	10,125,140	16.42
2035	431,413	-	189,738	621,151	10,125,140	16.30
2036	430,425	-	188,444	618,869	10,125,140	16.36
2037	428,288	-	191,819	620,107	10,125,140	16.33
2038	-	-	619,531	619,531	10,125,140	16.34
2039	-	-	618,425	618,425	10,125,140	16.37
TOTAL	\$12,028,003	\$1,894,891	\$6,098,906	\$20,021,801	\$303,840,735	

(1) Numbers are rounded. The obligation to apply Tax Revenue for this project area to the payment of the 2009 Loans or Parity Prior Loans related to this project area is senior to the obligation to use Tax Revenues to reimburse the reserve accounts established with respect to any other project area.

(2) 2009 Series A Debt Service net of capitalized interest through February 1, 2010, in the amount of \$37,557.

(3) 2009 Series B Debt Service net of capitalized interest through February 1, 2010, in the amount of \$62,407.

(4) Tax Revenues available for parity debt service are based on Fiscal Year 2009-10 Assessed Valuation and Fiscal Year 2009-10 Allocable Tax Revenues and assume no growth in assessed valuation going forward. Tax Revenues include an override amount of 0.004% for Fiscal Year 2009-10 which gradually drops to zero in Fiscal Year 2012-13.

Source: Redevelopment Agency of the City and County of San Francisco as to Parity Prior Debt Service; Urban Analytics as to Allocable Project Area Tax Revenues; Piper Jaffray as to 2009 Series A Debt Service and Debt Service Coverage Ratio; De La Rosa as to 2009 Series B Debt Service.

Western Addition Redevelopment Project Area A-2.

**Western Addition Redevelopment Project Area A-2
Property Taxable Values and Allocable Tax Revenues ⁽¹⁾
(Dollars in Thousands)**

Secured Property Assessed Values:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Real Property	\$1,376,641	\$1,533,343	\$1,740,006	\$1,830,985	\$1,866,513
SBE Rolls	<u>\$10,133</u>	<u>\$9,837</u>	<u>\$10,091</u>	<u>\$9,870</u>	<u>\$10,349</u>
Total Secured Assessed Values	\$1,386,774	\$1,543,180	\$1,750,097	\$1,840,855	\$1,876,862
Unsecured Assessed Values	<u>\$48,478</u>	<u>\$50,828</u>	<u>\$43,242</u>	<u>\$37,696</u>	<u>\$43,584</u>
Total Assessed Value	\$1,435,252	\$1,594,008	\$1,793,339	\$1,878,551	\$1,920,446
Base Year Values:					
Secured	\$46,390	\$46,390	\$46,390	\$46,390	\$46,390
Unsecured	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850
Increase Over Base-Year Values:					
Secured	\$1,340,384	\$1,496,790	\$1,703,707	\$1,794,465	\$1,830,472
Unsecured	\$33,628	\$35,978	\$28,392	\$22,846	\$28,734
Secured Tax Rate	0.01021	0.01016	0.01012	0.010060	0.010040
Unsecured Tax Rate	0.01026	0.01021	0.01016	0.010120	0.010060
Tax Increment Revenue ⁽²⁾:					
Secured Property	\$13,685	\$15,207	\$17,242	\$18,052	\$18,378
Unsecured Property	<u>\$345</u>	<u>\$367</u>	<u>\$288</u>	<u>\$231</u>	<u>\$289</u>
Gross Tax Increment Revenue	\$14,030	\$15,575	\$17,530	\$18,284	\$18,667
Less AB1290 Obligation ⁽³⁾	\$1,270	-	-	-	-
Less School District Allocation ⁽⁴⁾	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$1,876</u>	<u>\$1,905</u>
Allocable Tax Revenues	<u><u>\$12,760</u></u>	<u><u>\$15,575</u></u>	<u><u>\$17,530</u></u>	<u><u>\$16,407</u></u>	<u><u>\$16,762</u></u>

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(3) No amount deducted commencing with fiscal year 2006-07 to compute Allocable Tax Revenues, since AB 1290 payments for this Project Area have been subordinated to the 2009 Loan Agreements and Parity Prior Loan Agreements.

(4) Beginning January 1, 2009, the Agency commenced payments to school districts of their full tax apportionment. See "SECURITY FOR THE BONDS – Senior Obligations."

Source: City and County of San Francisco; Urban Analytics.

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**Western Addition Redevelopment Project Area A-2
Ten Largest Assesseees for Fiscal Year 2009-10
(Assessed Values Exclude Homeowner Subventions)**

<u>Property/Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total Project Area Assessed Value</u>	<u>Land Use</u>
Fillmore Center	\$244,145,593	12.71%	Apartments
California Pacific Med Ctr (1101 Van Ness, 1255 Post) *	95,284,776	4.96%	Hotel and Office
1550 Sutter Associates (Assisted Living)	28,164,842	1.47%	Assisted Living
United Bank (721 Van Ness)	25,643,152	1.34%	Commercial
Wealth Prop Inc (1388 Sutter)	21,776,078	1.13%	Commercial/Office
Daniel Burnham Court LLC	20,248,577	1.05%	Office and Retail
WCP I (1489 Webster)	19,962,621	1.04%	Apartment/Retail
Opera Plaza	18,594,562	0.97%	Office and Retail
San Francisco Care Center	17,504,162	0.91%	Retail
Young Broadcasting of SF	16,771,496	0.87%	Assisted Living
Total, Ten Largest:	\$508,095,859	26.46%	
All Other	<u>1,412,349,983</u>	<u>73.54%</u>	
Total for the Area:	\$1,920,445,842	100.00%	

Ten Largest as Percentage of Incremental Assessed Value:

27.33%

* Owner has appealed 2008-09 valuation. 2009-10 valuation is approximately \$7 million below that of 2008-09.

Source: City and County of San Francisco; Urban Analytics.

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Western Addition Redevelopment Project Area A-2
Estimated Annual Debt Service Coverage by Project Area
Prior Obligations and 2009 Series A Loan Payments⁽¹⁾

Fiscal Year Ending June 30	Project Area Parity Prior Debt Service⁽²⁾	2009 Series A Loan Payments⁽³⁾	Total Debt Service⁽²⁾	Allocable Project Area Tax Revenues⁽⁴⁾	Debt Service Coverage Ratio
2010	\$7,966,663	\$140,938	\$8,107,601	\$16,761,910	2.07
2011	7,837,355	281,875	8,119,230	16,739,482	2.06
2012	7,664,595	281,875	7,946,470	16,717,222	2.10
2013	7,736,436	281,875	8,018,311	16,694,963	2.08
2014	8,794,007	281,875	9,075,882	16,694,627	1.84
2015	6,711,822	281,875	6,993,697	16,694,627	2.39
2016	5,816,085	301,875	6,117,960	16,694,627	2.73
2017	5,893,400	420,400	6,313,800	16,694,627	2.64
2018	6,929,895	269,200	7,199,095	16,694,627	2.32
2019	3,088,823	3,634,200	6,723,023	16,694,627	2.48
2020	3,089,824	-	3,089,824	16,694,627	5.40
2021	3,128,352	-	3,128,352	16,694,627	5.34
2022	4,240,000	-	4,240,000	16,694,627	3.94
2023	4,245,000	-	4,245,000	16,694,627	3.93
2024	4,245,000	-	4,245,000	16,694,627	3.93
2025	-	-	-	16,694,627	-
2026	-	-	-	16,694,627	-
2027	-	-	-	16,694,627	-
2028	-	-	-	16,694,627	-
2029	-	-	-	16,694,627	-
2030	-	-	-	16,694,627	-
2031	-	-	-	16,694,627	-
2032	-	-	-	16,694,627	-
2033	-	-	-	16,694,627	-
2034	-	-	-	16,694,627	-
2035	-	-	-	16,694,627	-
2036	-	-	-	16,694,627	-
2037	-	-	-	16,694,627	-
2038	-	-	-	16,694,627	-
2039	-	-	-	16,694,627	-
TOTAL	\$87,387,256	\$6,175,988	\$93,563,244	\$500,973,871	-

- (1) Numbers are rounded. The obligation to apply Tax Revenue for this project area to the payment of the 2009 Loans or Parity Prior Loans related to this project area is senior to the obligation to use Tax Revenues to reimburse the reserve accounts established with respect to any other project area.
- (2) Debt service that extends beyond the applicable plan limits represents debt service for bonds (including subsequent refundings of such bonds) originally issued prior to enactment of such plan limits.
- (3) 2009 Debt Service net of capitalized interest through February 1, 2010, in the amount of \$115,882.
- (4) Tax Revenues available for parity debt service are based on Fiscal Year 2009-10 Assessed Valuation and Fiscal Year 2009-10 Allocable Tax Revenues and assume no growth in assessed valuation going forward. Tax Revenues include an override amount of 0.004% for Fiscal Year 2009-10 which gradually drops to zero in Fiscal Year 2012-13. Tax Revenues beginning in 2008-09 are net of an additional senior payment to school districts. In 2009-10, such amount is \$1,905,100.
- Source: Redevelopment Agency of the City and County of San Francisco as to Parity Prior Debt Service; Urban Analytics as to Allocable Project Area Tax Revenues; Piper Jaffray as to 2009 Debt Service and Debt Service Coverage Ratio.

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Yerba Buena Center Redevelopment Project Area.

**Yerba Buena Center Redevelopment Project Area
Property Taxable Values and Allocable Tax Revenues⁽¹⁾
(Dollars in Thousands)**

Secured Property Assessed

Values:	<u>2005-06</u>	<u>2006-07⁽⁵⁾</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Real Property	\$1,609,495	\$2,129,146	\$2,391,818	\$2,491,917	\$2,758,296
SBE Rolls	<u>134,530</u>	<u>130,602</u>	<u>133,971</u>	<u>131,030</u>	<u>137,398</u>
Total Secured Assessed Values	\$1,744,025	\$2,259,748	\$2,525,789	\$2,622,947	\$2,895,694
Unsecured Assessed Values	<u>574,371</u>	<u>575,048</u>	<u>594,721</u>	<u>621,938</u>	<u>587,171</u>
Total Assessed Values	\$2,318,396	\$2,834,796	\$3,120,510	\$3,244,886	\$3,482,865
Base Year Values:					
Secured ⁽²⁾	\$45,019	\$122,850	\$124,788	\$126,385	\$128,012
Unsecured	\$7,637	\$8,216	\$8,227	\$8,239	\$8,251
Increase Over Base-Year Values:					
Secured	\$1,699,006	\$2,136,898	\$2,401,001	\$2,496,562	\$2,767,682
Unsecured	\$566,734	\$566,832	\$586,494	\$613,699	\$578,920
Secured Tax Rate	0.01021	0.01016	0.01012	0.010060	0.010040
Unsecured Tax Rate	0.01026	0.01021	0.01016	0.010120	0.010060
Tax Increment Revenue⁽³⁾:					
Secured Property	\$17,347	\$21,711	\$24,298	\$25,115	\$27,788
Unsecured Property	<u>5,815</u>	<u>5,787</u>	<u>5,959</u>	<u>6,211</u>	<u>5,824</u>
Gross Tax Increment Revenue	\$23,162	\$27,498	\$30,257	\$31,326	\$33,611
Less AB 1290 Pass-Through Obligation ⁽⁴⁾	<u>1,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Allocable Tax Revenues	<u>\$22,131</u>	<u>\$27,498</u>	<u>\$30,257</u>	<u>\$31,326</u>	<u>\$33,611</u>

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Secured Base-Year Value increases each year pursuant to the Yerba Buena Center Redevelopment Project Area's Redevelopment Plan. Such Secured Base-Year Value will increase by at most two percent (2%) per annum on the base year assessed value of the Westfield multi-use commercial development in the Emporium Site Area added to the Yerba Buena Center Redevelopment Project Area pursuant to a plan amendment dated August 3, 2000. The Emporium Site Area has a base year assessed value of \$69,111,621, which was the assessed value in 2000-01.

(3) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(4) No amount deducted commencing with fiscal year 2006-07 to compute Allocable Tax Revenues, since AB1290 payments for this Project Area have been subordinated to the 2009 Loan Agreements and Parity Prior Loan Agreements.

(5) Assessed values and base year values commencing with fiscal year 2006-07 include values related to the Emporium Site Area. Fiscal Year 2006-07 was the first year tax increment was collected from that portion of this Project Area.

Source: City and County of San Francisco; Urban Analytics.

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**Yerba Buena Center Redevelopment Project Area
Ten Largest Assesseees for Fiscal Year 2009-10
(Assessed Values Exclude Homeowner Subventions)**

<u>Property/Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total Project Area Assessed Value</u>	<u>Land Use</u>
Emporium Mall LLC	\$448,695,739	12.88%	Commercial-Retail
Marriott Hotel *	380,346,331	10.92%	Hotel
W2005 Argent Hotel Realty LLC **	180,334,440	5.18%	Hotel
Tishman Speyer (St Francis Place)	177,175,902	5.09%	Office/Retail
Starwood San Francisco (W Hotel) **	153,453,270	4.41%	Hotel
Third & Mission Assoc	135,544,800	3.89%	Apartment Bldg
Hawthorne Plaza Assocs LLC	130,110,767	3.74%	Office
Yerba Buena Entertainment Ctr (Metreon) *	120,109,368	3.45%	Commercial-Retail
S F Museum Tower (St. Regis Hotel) **	107,751,068	3.09%	Hotel
Contemporary Jewish Museum	95,039,008	2.73%	Museum
Total Ten Largest	\$1,928,560,693	55.37%	
All Other	1,554,304,081	44.63%	
Total Project Assessed Value	\$3,482,864,774	100.00%	

Ten Largest as Percentage of Incremental Assessed Value:

57.63%

* Unsecured properties not separately identified by assessor. Unsecured AV is \$500,455,699 for the two properties. Individual AV estimated using prior-year share.

** Owner has appealed 2008-09 valuation.

Source: City and County of San Francisco; Urban Analytics.

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Yerba Buena Center Redevelopment Project Area
Estimated Annual Debt Service Coverage by Project Area
Prior Obligations and 2009 Loan Payments⁽¹⁾

Fiscal Year Ending June 30	Project Area Parity Prior Debt Service⁽²⁾	2009 Series A Loan Payments⁽³⁾	2009 Series B Loan Payments⁽⁴⁾	Total Debt Service⁽²⁾	Allocable Project Area Tax Revenues⁽⁵⁾⁽⁶⁾	Plus: Revenue from Original Area to Cover Parity Prior Debt Service⁽⁵⁾	Total Tax Revenue	Debt Service Coverage Ratio
2010	\$19,874,485	\$3,502,088	\$804,825	\$24,181,398	\$33,611,461	-	\$33,611,461	1.39
2011	19,878,697	3,919,076	1,251,250	25,049,023	33,546,214	-	33,546,214	1.34
2012	19,876,864	3,867,186	1,252,850	24,996,900	33,484,537	-	33,484,537	1.34
2013	19,874,721	3,819,876	1,253,050	24,947,647	33,422,563	-	33,422,563	1.34
2014	19,872,758	3,801,606	1,251,850	24,926,214	33,397,100	-	33,397,100	1.34
2015	19,870,772	3,789,494	1,259,250	24,919,516	33,379,001	-	33,379,001	1.34
2016	19,877,987	3,770,900	1,260,000	24,908,887	33,360,539	-	33,360,539	1.34
2017	19,878,435	3,754,400	1,263,250	24,896,085	33,341,708	-	33,341,708	1.34
2018	19,888,186	3,725,200	1,263,750	24,877,136	33,322,501	-	33,322,501	1.34
2019	19,963,976	3,634,200	1,261,500	24,859,676	33,302,909	-	33,302,909	1.34
2020	4,451,073	-	-	4,451,073	19,130,774	\$14,152,152	33,282,926	7.48
2021	7,225,247	-	-	7,225,247	4,431,672	28,830,871	33,262,543	4.60
2022	7,775,000	-	-	7,775,000	4,410,881	28,830,871	33,241,752	4.28
2023	7,780,000	-	-	7,780,000	4,389,674	28,830,871	33,220,545	4.27
2024	7,775,000	-	-	7,775,000	4,368,044	28,830,871	33,198,915	4.27
2025	-	-	-	-	4,345,980	-	4,345,980	-
2026	-	-	-	-	4,323,476	-	4,323,476	-
2027	-	-	-	-	4,300,521	-	4,300,521	-
2028	-	-	-	-	4,277,107	-	4,277,107	-
2029	-	-	-	-	4,253,225	-	4,253,225	-
2030	-	-	-	-	4,228,866	-	4,228,866	-
2031	-	-	-	-	4,204,019	-	4,204,019	-
2032	-	-	-	-	4,178,675	-	4,178,675	-
2033	-	-	-	-	4,152,824	-	4,152,824	-
2034	-	-	-	-	4,126,457	-	4,126,457	-
2035	-	-	-	-	4,099,561	-	4,099,561	-
2036	-	-	-	-	4,072,128	-	4,072,128	-
2037	-	-	-	-	4,044,147	-	4,044,147	-
2038	-	-	-	-	4,015,606	-	4,015,606	-
2039	-	-	-	-	3,986,494	-	3,986,494	-
TOTAL	\$233,863,201	\$37,584,027	\$12,121,575	\$283,568,802	\$433,508,665	\$129,475,636	\$562,984,301	

- (1) Numbers are rounded. The obligation to apply Tax Revenue for this project area to the payment of the 2009 Loans or Parity Prior Loans related to this project area is senior to the obligation to use Tax Revenues to reimburse the reserve accounts established with respect to any other project area.
- (2) Debt service that extends beyond the applicable plan limits represents debt service for bonds (including subsequent refundings of such bonds) originally issued prior to enactment of such plan limits.
- (3) 2009 Series A Debt Service net of capitalized interest through February 1, 2010, in the amount of \$741,717.
- (4) 2009 Series B Debt Service net of capitalized interest through February 1, 2010, in the amount of \$180,745.
- (5) Tax Revenues available for parity debt service are based on Fiscal Year 2009-10 Assessed Valuation and Fiscal Year 2009-10 Allocable Tax Revenues and assume no growth in assessed valuation going forward. The receipt of tax increment in the original portion of the Yerba Buena Center Project Area terminates on January 1, 2020. However, under AB 1290, Allocable Tax Revenues from the Original Area can be used to pay debt service on the Outstanding Bonds beyond the final date to collect tax increment. The full amount of projected Allocable Tax Revenues from the Original Area is shown in 2020 through 2024. However the only amount that the Agency can claim from the Original Project Area is what is needed for debt service and replenishment of the cross-collateralized reserve fund. Receipt of tax increment in the 2004 Amended Area continues through October 10, 2045. Tax Revenues exclude revenue from 2% growth over the Base Year Assessed Valuation in the Emporium Site Area.
- (6) Allocable Tax Revenues derived from the Emporium Site Area within the Yerba Buena Redevelopment Project Area may only be used to pay Parity Prior Debt Service and the 2009 Series A Loan Payments attributable to the Agency's low and moderate income housing activities financed or refinanced from the proceeds of the loans relating to such Parity Prior Debt Service and the 2009 Series A Loan. The Agency has determined that the amount of Parity Prior Debt Service and 2009 Series A Loan Payments attributable to the Agency's low and moderate income housing activities is sufficient for the Agency to use such Allocable Tax Revenues in full in each Fiscal Year from the Fiscal Year ending June 30, 2010 to and including the Fiscal Year ending June 30, 2019, the last

year during which Parity Prior Debt Service and the 2009 Loan Payments are scheduled to be made, to pay Parity Prior Debt Service and the 2009 Loan Payments. Accordingly, all of such Allocable Tax Revenues (\$4,654,016 for the Fiscal Year ending June 30, 2010) are included above as being available to pay Parity Prior Debt Service and 2009 Series A Loan Payments through the Fiscal Year ending June 30, 2019. Commencing in the Fiscal Year ending June 30, 2020, some or all of such Allocable Tax Revenues may not be available to pay debt service on the Parity Prior Debt Service. Allocable Tax Revenues from the Emporium Site Area are available for cross-collateralization of the reserve accounts for the Reserve Account Cross-Collateralization Project Areas.

Source: Redevelopment Agency of the City and County of San Francisco as to Parity Prior Debt Service; Urban Analytics as to Allocable Project Area Tax Revenues; Piper Jaffray as to 2009 Series A Debt Service and Debt Service Coverage Ratio; De La Rosa as to 2009 Series B Debt Service.

Consolidated Information.

**Reserve Account
Cross-Collateralization Project Areas
Consolidated
Ten Largest Assesseees for Fiscal Year 2009-10
(Assessed Values Exclude Homeowner Subventions)**

<u>Property/Taxpayer</u>	<u>Project Area</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value</u>
Boston Properties (1, 2 & 3 Embarcadero Center)	Golden Gateway	\$945,153,558	6.81%
Four and Five Embarcadero Center	Golden Gateway	569,940,127	4.11%
Emporium Mall LLC	Yerba Buena Center	448,695,739	3.23%
Mission Street Dev. LLC (301 Mission St)	Transbay	444,252,625	3.20%
Marriott Hotel	Yerba Buena Center	380,346,331	2.74%
405 Howard LLC	Transbay	247,236,270	1.78%
Fillmore Center Assocs LP	Western Addition, A-2	244,145,593	1.76%
China Basin Ballpark Company	Rincon Point-South Beach	223,125,000	1.61%
The Gap	Rincon Point-South Beach	208,534,825	1.50%
W2005 Argent Hotel Realty LLC	Yerba Buena Center	180,334,440	1.30%
Total Ten Largest		\$3,891,764,508	28.04%
All Other		9,989,614,509	71.96%
Total Assessed Value of All Project Areas		\$13,881,379,017	100.00%
<i>Ten Largest as Pct of Incremental AV:</i>			33.96%

Source: City and County of San Francisco; Urban Analytics

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Property Foreclosures

Foreclosures primarily affect assessed valuations at the point at which the property is sold to a third party, with the sale price determining the property's new assessed value. As available foreclosure data does not track properties through to the point of sale to third parties, the actual impact on assessed valuation cannot be reasonably determined.

A number of properties in the Reserve Account Cross-Collateralization Project Areas have been subject to foreclosure action by lenders. Foreclosure actions include properties for which a notice of default has been filed after the owner has defaulted on a loan payment; properties for which a notice of sale has been filed setting the time and place for a public auction of the property following a notice of default; and properties which have been sold at auction following a notice of sale. The owner of a property in the first two stages may cure the underlying default and stop the foreclosure proceeding, preventing the property from being sold at auction.

A review of foreclosures reported for properties in the Reserve Account Cross-Collateralization Project Areas from January to June 2009 identifies a number of properties that have been in one of the three stages of foreclosure.

As shown in the table below, 171 properties in six of the Reserve Account Cross-Collateralization Project Areas were subject to some foreclosure action from January to June 2009 (no properties in the Hunters Point Redevelopment Project Area, India Basin Redevelopment Project Area, Mission Bay South Project Area or Transbay Redevelopment Project Area, were identified as subject to foreclosure actions during that period). Such properties represent 1.6% of the properties in such six project areas, and the \$130 million in assessed valuation for such properties represents 1.3% of the assessed valuation in such six project areas.

The properties subject to foreclosure action in the Bayview Hunters Point Redevelopment Project Area B were primarily single-family and duplex homes while in Mission Bay North Project Area, Rincon Point-South Beach Redevelopment Project Area, South of Market Redevelopment Project Area, Western Addition Redevelopment Project Area A-2 and Yerba Buena Center Redevelopment Project Area foreclosures were predominantly for condominium properties. An office building in the Yerba Buena Center Redevelopment Project Area with a valuation of \$14 million and an industrial property with an assessed valuation of \$5 million were also subject to foreclosure actions from January to June 2009.

Properties in Foreclosure, (January to June 2009)

Project Area	Properties in Foreclosure		As Percentage of All Properties	
	# of Properties	AV of Properties	Pct of Properties	Pct of Total AV
Bayview Hunters Point Area B	118	72,419,944	3.5%	4.8%
Mission Bay North	15	10,686,585	1.5%	0.9%
Rincon Point-South Beach	10	9,109,428	1.1%	0.5%
South Of Market – Original Area	10	6,432,469	1.3%	1.3%
Western Addition Area A-2	11	5,447,526	0.3%	0.3%
Yerba Buena Center – Original Area	7	25,903,730	1.0%	0.8%
Total	171	129,999,682	1.6%	1.3%

Note: Includes properties for which a Notice of Default or a Notice of Sale was filed, or which were sold at auction, between 12/29/2008 and 7/1/2009.

CERTAIN RISKS TO BOND OWNERS

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

Concentration of Tax Base

In several of the Reserve Account Cross-Collateralization Project Areas, a major portion of the assessed value and resulting Tax Revenues is attributable to relatively few assesseees. In such areas, the failure or financial difficulty of one or more of such large developments could have significant detrimental impact on their assessed values and consequently on the amount of Allocable Tax Revenues of such Project Areas available to secure the related 2009 Loans. For example, the ten largest assesseees of each of the following 2009 Related Project Areas make up the percentage of the assessed values of such Project Areas set forth below next to the name of such Project Area:

2009 Related Project Area	Top Ten Taxpayers as % of Total Fiscal Year 2009-2010 Project Assessed Value	Top Ten Taxpayers as % of total Incremental Assessed Value
Mission Bay North	36.81%	37.69%
Mission Bay South	94.72%	108.35%
Rincon Point-South Beach	54.27%	58.80%
Transbay	82.08%	153.49%
Yerba Buena Center	55.37%	57.63%

Also, the ten largest assesseees of each of the following Contributing Cross-Collateralization Project Areas make up the percentage of the assessed values set forth below next to the name of such Project Area:

Contributing Cross-Collateralization Project Area	Top Ten Taxpayers as % of Total Fiscal Year 2009-2010 Project Assessed Value	Top Ten Taxpayers as % of total Incremental Assessed Value
Hunters Point	34.49%	35.38%
India Basin	43.59%	49.17%
Merged Golden Gateway/South of Market/Federal Office Building	65.89%	69.40%

See "TAX REVENUES AND DEBT SERVICE."

Estimates of Tax Revenues

In estimating that the total Tax Revenues to be received by the Agency will be sufficient to pay debt service on the 2009 Loans, the Agency has relied on actual historical Tax Revenues and made certain assumptions with regard to future assessed valuations in the Reserve Account Cross-Collateralization Project Areas, future tax rates and the percentage of taxes collected. See "TAX REVENUES AND DEBT SERVICE" and APPENDIX B – "FISCAL CONSULTANT REPORT." The Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the

assessed valuation and the tax rates are less than expected, the total Tax Revenues available to pay debt service on the 2009 Loans will be reduced. Such reduced Tax Revenues may be insufficient to provide for the payment of debt service on the 2009 Loans and hence the Bonds. See “PLEDGE OF TAX REVENUES” herein.

Reduction in Tax Base

Tax Revenues allocated to the Agency by the State and the City constitute the ultimate source of payment on the Bonds. Such Tax Revenues are determined by the amount of the incremental taxable value of property in the Reserve Account Cross-Collateralization Project Areas, the current rate or rates at which property in the Reserve Account Cross-Collateralization Project Areas is taxed and the percentage of taxes collected in the Reserve Account Cross-Collateralization Project Areas. A reduction of the taxable values of property in the Reserve Account Cross-Collateralization Project Areas could occur as a result of numerous factors beyond the Agency’s control, including but not limited to, a general economic downturn, political and economic obstacles to additional development and redevelopment activities in the Reserve Account Cross-Collateralization Project Areas, relocation out of the Reserve Account Cross-Collateralization Project Areas by one or more major property owners or tenants, property becoming exempt from property taxes, or the complete or partial destruction of property caused by, among other calamities, earthquake, fire, flood or other natural disaster. In addition, taxable values may be reduced pursuant to successful appeals of assessed valuations or by widespread temporary reduction in assessed valuation under Proposition 8. See “TAX REVENUES AND DEBT SERVICE—Pending Tax Appeals.” These risks may be greater where, as here, several of the Reserve Account Cross-Collateralization Project Areas are small or have high concentrations of major taxpayers. See “—Concentration of Tax Base” above. Any such reductions in taxable values could cause a reduction in the Tax Revenues securing the Bonds and could have an adverse effect on the Agency’s ability to make timely payments with respect to such Bonds. In recent years, real property values and taxable valuations of real property throughout California have declined. The Fiscal Year 2009-10 assessed values of taxable properties in the Hunters Point Redevelopment Project Area and the Mission Bay North Project Area declined from those of the previous year. See “TAX REVENUES AND DEBT SERVICE” herein.

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

The tax base and concentration of ownership of property will change over time as certain of the loan agreements mature and certain of the Project Areas expire. In particular, after August 1, 2019, the 2009 Series A Bonds will be secured only by the Loan with respect to the Rincon Point-South Beach Redevelopment Project Area. See “—Concentration of Tax Base” above. Additionally, after August 1, 2019, the 2009 Series B Bonds will not be secured by the Loan with respect to the Yerba Buena Center Redevelopment Project Area and after August 1, 2030, the 2009 Series B Bonds will not be secured by the Loan with respect to the South of Market Redevelopment Project Area. The foregoing events will likely decrease the diversification in the tax base ultimately responsible for payment of the Bonds.

Natural Disasters and Seismic Risks

Real estate values can be adversely affected by a variety of natural events and conditions and by man-made activities. These include geologic conditions such as earthquakes and topographic conditions

such as earth movements and floods and man-made activities such as terrorist attacks. The Agency expects that one or more of these conditions may occur from time to time, and such conditions may result in damage to property improvements.

Any damage resulting from a natural disaster or man-made activity may entail significant repair or replacement costs, and repair or replacement may never occur. Under any of these circumstances, the value of real estate within the City could decrease substantially.

San Francisco is in a seismically active area, where damaging earthquakes have occurred and are likely to occur again along the two earthquake fault lines that affect San Francisco, which are the San Andreas fault line and the Hayward fault line. Significant recent seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and environs, including portions of the Reserve Account Cross-Collateralization Project Areas. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed.

In April 2008, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Society, and the Southern California Earthquake Center) reported that there is a 63% chance that one or more quakes of about magnitude 6.7 or larger will occur in the San Francisco Bay Area before the year 2038. Such earthquakes may be very destructive. For example, U.S.G.S. scientists have projected that the next major earthquake on the Hayward Fault would impact more than five million people who would be exposed to strong shaking and would result in property damage exceeding \$165 billion. Additionally, the property within the Mission Bay South Project Area is located on landfill, which could result in an increase in any damage occurring to property within the Mission Bay South Project Area as a result of an earthquake.

It should be assumed, therefore, that an earthquake or other natural event or man-made activity may occur and may cause damage to improvements on parcels in the Reserve Account Cross-Collateralization Project Areas of varying seriousness, that such damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate usability or because other considerations may preclude such repair or replacement. Consequently, the occurrence of any of these conditions could result in a significant decrease in the assessed value of taxable values of property in the Reserve Account Cross-Collateralization Project Areas and could result in a significant reduction in Tax Revenues. Such reduction of Tax Revenues could have an adverse effect on the Agency's ability to make timely payments on the 2009 Loans and the Authority's payment of debt service on the Bonds.

State Budgets

In connection with its approval of the budget for the 1992-93, 1993-94, 1994-95, 2002-03, 2003-04, 2004-05, 2005-06, and 2008-09 fiscal years, the State Legislature enacted legislation which, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency's tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in the Education Revenue Augmentation Fund ("ERAF"). The amount required to be paid by a redevelopment agency under such legislation was apportioned among all of its redevelopment project areas on a collective basis, and was not allocated separately to individual project areas.

In 2008, the State Legislature adopted, and the Governor of the State signed, legislation, Chapter 751, Statutes 2008 (AB 1389) ("AB 1389"), that among other things require redevelopment agencies to pay into ERAF in fiscal year 2008-09 prior to May 10, 2009, an aggregate amount of \$350 million, of

which the Agency was to pay approximately \$5.9 million. AB 1389 provides that part of the ERAF obligation of the Agency is calculated based on the gross tax increment received by the Agency and the other part of the ERAF obligation of the Agency is calculated based on net tax increment revenues (after any pass-through payments to other taxing entities). AB 1389 provides that required transfers to ERAF are subordinate to payments on bonds secured by tax increment revenues. On April 30, 2009, a California superior court in California Redevelopment Association v. Genest (County of Sacramento) (Case No. 34-2008-00028334) held that the required payment by redevelopment agencies into ERAF in fiscal year 2008-09 pursuant to AB 1389 violated the California constitution and invalidated and enjoined the operation of the California Health and Safety Code section requiring such payment. On May 26, the State did file a notice that it would appeal the decision of the superior court. The Agency cannot predict the ultimate outcome of California Redevelopment Association v. Genest.

AB 1389 provides that in the event a redevelopment agency does not make the required ERAF payment, it shall be prohibited from issuing new bonds, notes, interim certificates, debentures, or other obligations. However, Bond Counsel is of the opinion that, due to the superior court's decision in California Redevelopment Association v. Genest, the prohibition against incurring indebtedness set forth in AB 1389 is currently of no force and effect and does not impair, in any way, the Agency's ability to execute and deliver the 2009 Loan Agreements or the validity thereof.

In connection with various legislation related to the budget for the State for its Fiscal Year 2009-10, in late July 2009, the State legislature adopted, and the Governor of the State signed, Assembly Bill No. 26 (the "2009 SERAF Legislation").

The 2009 SERAF Legislation mandates that redevelopment agencies in the State make deposits to the Supplemental Educational Revenue Augmentation Fund ("SERAF") that is established in each county treasury throughout the State the aggregate amounts of \$1.7 billion for Fiscal Year 2009-10, which are due prior to May 10, 2010, and \$350 million for Fiscal Year 2010-11, which are due prior to May 10, 2011.

The Agency has preliminarily estimated that the total amount payable by it pursuant to the 2009 SERAF Legislation for all of its redevelopment project areas will be \$28.7 million for Fiscal Year 2009-10 and \$6.0 million for fiscal year 2010-11. Pursuant to the 2009 SERAF Legislation, redevelopment agencies may use any funds that are legally available and not legally obligated for other uses, including reserve funds, proceeds of land sales, proceeds of bonds or other indebtedness, lease revenues, interest and other earned income.

The Agency believes it will have sufficient funds to pay the full amount of the SERAF payments when due. Potential sources of funds used to pay the SERAF include: tax increment revenues from Fiscal Years 2009-10 and 2010-11, available moneys on deposit in Agency funds and proceeds from the Series A Loan Agreements. Additionally, the Agency could, in the future, access the bond market to fund the current or any future tax shifts.

The 2009 SERAF Legislation contains provisions that subordinate the obligation of redevelopment agencies to make the SERAF payments specified therein to certain indebtedness. Section 6 of AB 26, to be codified at Cal. Health and Safety Code, § 33690 (a) (3) states: "The obligation of any agency to make the payments required pursuant to this subdivision shall be subordinate to the lien of any pledge of collateral securing, directly or indirectly, the payment of the principal, or interest on any bonds of the agency including, without limitation, bonds secured by a pledge of taxes allocated to the agency pursuant to Section 33670 [of the California Health and Safety Code]."

The 2009 SERAF Legislation imposes various restrictions on redevelopment agencies that fail to timely make the required SERAF payments, including (i) a prohibition on adding or expanding project areas, (ii) a prohibition on the incurrence of additional debt, (iii) limitations on the encumbrance and

expenditure of funds, including funds for operation and administration expenses, and (iv) commencing with the July 1 following the due date of a SERAF annual payment that is not timely made, a requirement that the applicable redevelopment agency allocate an additional five percent (5%) of all taxes that are allocated to the redevelopment agency under the Redevelopment Law for low and moderate income housing for the remainder of the time that the applicable redevelopment agency receives allocations of tax revenues under the Redevelopment Law. The five percent (5%) additional housing set-aside penalty provision referred to in the 2009 SERAF Legislation (the “Penalty Set-Aside Requirement”) would be in addition to the twenty percent (20%) of such tax revenues already required to be used for low and moderate income housing purposes. A redevelopment agency that borrows from amounts required to be allocated to its housing set-aside funds to make required SERAF payments but does not timely repay the funds, may also be subject to the Penalty Set-Aside Requirement.

As stated above, the Agency believes that it will be able to timely satisfy the requirements imposed on it by the 2009 SERAF Legislation.

The Agency cannot predict what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures and the repercussions they may have on the Fiscal Year 2009-10 State Budget and future State budgets. These developments at the State level may, in turn, affect local governments and agencies, including the Agency. The State Legislature may adopt other legislation requiring redevelopment agencies to make other payments to ERAF or SERAF or to make other payments. The impact that current and future State fiscal shortfalls will have on the Agency is unknown at this time. In prior years, the State has experienced budgetary difficulties and balanced its budget by requiring local political subdivisions, such as the City and the Agency, to fund certain costs theretofore borne by the State.

Information about the State budget and State spending is regularly available from various State offices, including the Department of Finance, the Office of the Legislative Analyst and the State Treasurer. However, none of such information is incorporated by such reference.

Reductions in Unitary Values

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

Appeals to Assessed Values

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

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

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

While assessors in other counties have, on occasion, used Proposition 8 criteria to apply blanket reductions in valuation to classes of properties affected by particular negative economic conditions, the City's Assessor has not yet done so. In a press release dated March 30, 2009, the City's Assessor noted that a review is currently underway to determine whether certain areas of the City warrant automatic reductions. A similar survey conducted in 2008 concluded that automatic reductions were not warranted. The assessor's office has also invited residential property owners to request an informal review of their 2009-10 valuations, should they believe the current market value of their property is below the current assessed value. Requests for informal review are being accepted through August 28, 2009. Several of the top ten largest property taxpayers in the Project Areas have pending property tax appeals. See "TAX REVENUES AND DEBT SERVICE-Pending Tax Appeals" and "-Historical and Current Tax Revenues for each Reserve Account Cross- Collateral Project Area" for a description of pending appeals and the potential impact on Allocable Tax Revenue if the appeals are granted.

Hazardous Substances

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

Reduction in Inflation Rate

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be

reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce Tax Revenues. See “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Property Tax Rate Limitations: Article XIII A.”

Delinquencies

The Agency does not have any independent power to levy and collect property taxes. Delinquencies in the payment of property taxes could have an adverse effect on the Agency’s ability to make timely debt service payments. However, the City has adopted the Teeter Plan and provides 100% of Tax Revenues to the Agency regardless of delinquencies. See “PLEDGE OF TAX REVENUES – Teeter Plan.” Such plan may be discontinued at any time.

Investment Funds

All funds held by the Trustee under the 2009 Indentures and all funds held by the Agency in the Special Funds, into which all Tax Revenues are initially deposited, are required to be invested in Permitted Investments as provided in the 2009 Indentures and 2009 Loan Agreements. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the 2009 Indentures or the Special Funds could have a material adverse effect on the security for the Bonds.

Bankruptcy and Foreclosure

The rights of the Owners of the Bonds and the enforceability of the obligation to make payments on the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Bond Counsel as to the enforceability of the obligation to make payments on the Bonds will be qualified as to bankruptcy and such other legal events. See APPENDIX E–“FORMS OF BOND COUNSEL FINAL OPINIONS.”

Further, the payment of the tax increment revenues and the ability of the City to timely foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. Any delay in prosecuting superior court foreclosure proceedings would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent tax installments not being paid in full. These risks may be greater where, as here, several of the Reserve Account Cross-Collateralization Project Areas have high concentrations of major taxpayers.

Levy and Collection of Taxes

The Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Agency to repay the 2009 Loans and of the Authority to pay debt service on the Bonds. Likewise, delinquencies in the payment of property taxes and the impact of bankruptcy proceedings on the legal ability of taxing agencies to collect property taxes could have an adverse effect on the Agency’s ability to make timely 2009 Loan payments. The City allocates property taxes to the Agency based on 100% of the tax levy, notwithstanding any delinquencies. However, the City may discontinue such practice at any time. If there is a decline in the general economy of any Project Area, the owners of property within such Project

Area may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of Tax Revenues received by the Agency from such Project Area. As discussed above under the caption “PLEDGE OF TAX REVENUES – Tax Revenues Allocable to the Agency,” the Agency does not receive on an annual basis all Allocable Tax Revenues, unless required to pay debt service.

Changes in the Law

In addition to the other limitations on tax revenues described herein under “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS,” the California electorate or Legislature could adopt a constitutional or legislative change that decreases property taxes or the amount thereof allocable to the Agency with the effect of reducing Tax Revenues payable to the Agency. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce such Tax Revenues and adversely affect the security for the Bonds.

Loss of Tax Exemption

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2009 Series B Bonds, the Authority has covenanted in the 2009 Series B Indenture to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and the Agency has covenanted in the 2009 Series B Loan Agreements to comply with certain provisions of the Tax Code. The interest on the 2009 Series B Bonds could become includable gross income for purposes of federal income taxation retroactive to the date of issuance of the 2009 Series B Bonds as a result of acts or omissions of the Authority or the Agency in violation of these or other covenants in the 2009 Series B Indenture or the 2009 Series B Loan Agreements applicable to the 2009 Series B Bonds. The 2009 Series B Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the 2009 Series B Indenture. See “TAX MATTERS.”

Risk of Tax Audit

In December 1999, as a part of a larger reorganization of the Internal Revenue Service (the “IRS”), the IRS commenced operation of its Tax Exempt and Government Entities Division (the “TE/GE Division”), as the successor to its Employee Plans and Exempt Organizations division. The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. There is no assurance that if an IRS examination of the 2009 Series B Bonds was undertaken it would not adversely affect the market value of the 2009 Series B Bonds. See “TAX MATTERS – 2009 Series B Bonds.” The Agency is not currently the subject of any ongoing audit nor has it been notified by the IRS regarding the possibility of any such audit.

Secondary Market

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

No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including, without limitation, amendments to the Tax Code), or by any state constitutional amendments, court decisions, changes in interpretation of the Code, or actions of the IRS, including but not limited to the publication of proposed or final regulations,

the issuance of rulings, the selection of the Bonds for audit examination, or the course or result of any IRS audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

Parity Obligations

As described in “SECURITY FOR THE BONDS –Parity Debt,” the Agency may issue or incur obligations payable from Tax Revenues on a parity with its pledge of Tax Revenues to payment of debt service on the Bonds. The existence of and the potential for additional Parity Debt increases the risks associated with the Agency’s payment of debt service on the Bonds in the event of a decrease in the Agency’s collection of Tax Revenues.

Bonds Are Limited Obligations

The Bonds are special, limited obligations of the Agency and as such are not debt of the City, the State or any of their political subdivisions other than the Agency, and none of the City, the State or any of their political subdivisions other than the Agency is liable for the payment thereof. The principal of, and premium, if any, and interest on, the Bonds are payable solely from Tax Revenues allocated to the Agency from the 2009 Related Project Areas and certain other funds pledged therefor under the 2009 Indentures. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. See “SECURITY FOR THE BONDS.” No Owner of the Bonds may compel exercise of the taxing power of the State, the City or any of their political subdivisions to pay the principal of, or premium, if any, or interest due on, the Bonds.

Limited Recourse on Default

If the Agency defaults on its obligations to make loan payments pursuant to 2009 Loan Agreements with respect to either Series of Bonds, the Trustee, as assignee of the Authority, has the right to accelerate the total unpaid principal amount of such loan payments, which would cause an acceleration of the related Series of Bonds. However, in the event of a default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of such Series of Bonds.

LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS

Property Tax Limitations: Article XIII A

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

Section 2 of Article XIII A defines “full cash value” to mean the county assessor’s valuation of real property as shown on the 1975-76 Fiscal Year tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness

approved by the voters as previously described. Such legislation further provides that each county will levy the maximum tax permitted by Article XIII A which is \$1.00 per \$100 of assessed market value.

Section 51 of the California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor’s measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new “base year value” for purposes of Article XIII A and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. In March 2004, the Court of Appeal held that the trial court erred in ruling that assessed value determinations are always limited to no more than 2% of the previous year’s assessed value and reversed the judgment of the trial court. The ruling of the Court of Appeal was appealed to the State Supreme Court which denied the appeal for review in August 2004.

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

Property Tax Collection Procedures

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

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property.

The taxing authority has four ways of collecting unsecured personal property taxes in the absence of timely payment by the taxpayer: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the clerk of the court specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes that are delinquent.

Except for property assessed by the State, the valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent after the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31, and such taxes are levied at the prior year’s secured tax rate.

Current tax payment practices by the City provide for payment to the Agency of Tax Revenues of approximately 50% of the Tax Revenues allocated to the project areas by the end of December of each year, an additional 45% of Tax Revenues allocated to the project areas by the end of April of each year and the balance of Tax Revenues allocated to the project areas by June.

Delinquencies. The valuation of property and corresponding tax lien are determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. It is the City's practice to retain all penalties and interest. The City currently allocates property taxes to the Agency based on 100% of the tax levy, notwithstanding any delinquencies. However, the City may discontinue such practice at any time. See "PLEDGE OF TAX REVENUES—Teeter Plan." Taxes on unsecured property are due July 1 and become delinquent August 31.

Penalty. A 10% penalty is added to delinquent taxes that have been levied in respect of property on the secured roll. Properties on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Tax Collector. A 10% penalty also attaches to delinquent taxes in respect of property on the unsecured roll and an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

Assembly Bill ("AB") 2372 (Chapter 1230, Statutes of 1989) provides that each county is to distribute property tax revenues to local agencies (such as the Agency) in accordance with certain provisions of the California Revenue and Taxation Code, but that penalties and interest on property tax delinquencies are to be deposited in the county's general fund.

Supplemental Assessments. A bill enacted in 1983, SB 813 (Chapter 498, Statutes of 1983) provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Collection of taxes based on supplemental assessments will occur throughout the year. Previously, statutes enabled the assessment of such changes only as of the next annual tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments. As enacted, Chapter 498 provided increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Reserve Account Cross-Collateralization Project Areas, Allocable Tax Revenues may increase.

Filing of Statement of Indebtedness. Section 33675 of the Redevelopment Law provides for the filing not later than the first day of October of each year with the City Controller of a statement of indebtedness certified by the chief financial officer of the Agency for each redevelopment plan which provides for the allocation of taxes. The statement of indebtedness is required to contain the date on which any bonds were delivered, the principal amount, term, purpose and interest rate of such bonds and the outstanding balance and amount due on such bonds. Similar information must be given for each loan, advance or indebtedness that the redevelopment agency has incurred or entered into to be payable from tax revenues.

Section 33675 also provides that the payments of the tax revenues from the City Controller may not exceed the amounts shown on the Agency's statement of indebtedness. The Section further provides that the statement of indebtedness is prima facie evidence of the indebtedness of the Agency, but that the City Controller may dispute the amount of indebtedness shown on the statement in certain cases and the disputed amount may be withheld from allocation and payment to the Agency. Provision is made for time limits under which the dispute can be made by the City Controller as well as provisions for determination by the Superior Court in a declaratory relief action of the proper disposition of the matter.

The issue in any such action shall involve only the amount of the indebtedness, and not the validity of any contract or debt instrument, or any expenditures pursuant thereto. Payments to a public agency in connection with a bond issue, shall not be disputed in any action under the Section.

Property Tax Administrative Charges. In 1990, the State Legislature enacted SB 2557 (Chapter 466, Statutes of 1990), now codified in Section 95.3 of the California Revenue and Taxation Code, which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. Subsequent legislation clarified that the provisions of SB 2557 include redevelopment agencies as a local government agency which must pay such administrative costs. The City Controller has not imposed on the Agency the property tax administrative charges authorized by Section 95.3, although the City Controller could elect to do so in the future.

Limitations on Receipt of Additional Taxing Entity Revenue

Chapter 147, Statutes of 1984, modified Section 33676 of the Redevelopment Law and allows taxing entities to receive additional property taxes in a redevelopment project area above the base year revenue amount. Section 33676 currently provides that an affected taxing entity may elect, by resolution prior to the adoption of a redevelopment plan, to receive, and every school district and community college district will receive, property taxes generated from increases in the tax rate levied by the affected entity.

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

In the Santa Ana USD Case, the redevelopment plan at issue was adopted in 1986. In 1996, the Santa Ana Unified School District (“Santa Ana USD”) adopted a resolution electing to be paid its share of the 2 Percent Allocation. The Orange County Development Agency took the position that Santa Ana USD was not entitled to the 2 Percent Allocation because the election to receive such allocation should have been made before the adoption of the redevelopment plan for the project area. In turn, Santa Ana USD argued that the mandatory nature of the words “shall elect” in the statute made the allocation mandatory with respect to a school district. The lower court ruled in favor of Santa Ana USD. In an opinion published June 29, 2001, the Court of Appeal affirmed. As a result, Santa Ana USD received the award it had requested, *i.e.*, its share of the 2 Percent Allocation from 1996, the year Santa Ana USD made the Section 33676 election. The California Supreme Court denied review of the Santa Ana USD Case on September 19, 2001. This case affects redevelopment project areas for which redevelopment plans were adopted between the years 1983 and 1994.

The original redevelopment plan for the South of Market Redevelopment Project Area was adopted in 1990. The Agency does not make any direct payment of the 2 Percent Allocation to the two (2) taxing entities to which this case may apply—the San Francisco Unified School District and the San Francisco Community College District. Accordingly, the Agency may owe payments to the San

Francisco Unified School District and the San Francisco Community College District, and if required to make such payments, Allocable Tax Revenues would be reduced. However, the Agency believes that such payments would not have any material adverse impact on the receipt of Tax Revenues by the Agency from the South of Market Redevelopment Project Area.

Taxation of Unitary Property

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

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

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization.

The Agency received \$271,934 in unitary revenue in all Project Areas in fiscal year 2008-09. To the extent unitary values decrease county-wide, the Agency's Allocable Tax Revenues resulting from unitary assessments can be expected to decrease.

Non-Unitary Utility Properties

The State Board of Equalization separately assesses non-unitary utility properties by their location within each county. Non-unitary properties assessed by the State Board of Equalization in all of the Agency's project areas are valued at \$160 million in 2008-09. Non-unitary valuation includes \$0.1 million in Golden Gateway, \$5.1 million in India Basin, \$1.5 million in Hunters Point, \$8.5 million in Rincon Point-South Beach, \$131 million in Yerba Buena Center, \$9.9 million in Western Addition A-2 and \$3.7 million in Bayview Hunters Point. See APPENDIX B – "FISCAL CONSULTANT REPORT – The Allocation of Tax-Increment Revenue to the Agency."

Appropriations Limitations: Article XIII B of the State Constitution

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the State Constitution. The principal effect of Article XIII B is to limit the

annual appropriations of the State and any city, county, city and county, school district, special district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, adjusted for changes in the cost of living, population and services rendered by the government entity. The “base year” for establishing such appropriation limit is the 1978-79 fiscal year and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment insurance and disability insurance funds. Proceeds of taxes include, but are not limited to, all tax revenues and the proceeds to an entity of government from (1) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the costs of providing the service or regulation) and (2) the investment of tax revenues.

Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. While the tax rate is assumed to decline to 1% of taxable value and remain constant in subsequent years, current law permits taxing entities deriving revenues from the 1% rate to reduce their levies under certain circumstances. It is the apparent intent of the law to insulate the other taxing entities and redevelopment agencies from the effects of such reductions on their property tax revenues.

Effective September 30, 1980, the State Legislature added Section 33678 to the Redevelopment Law which provided that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances or indebtedness shall not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and the laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions: *Brown v. Community Redevelopment Agency of the City of Santa Ana*, 168 Cal. App. 3d 1014 (1985) and *Bell Community Redevelopment Agency v. Woosley*, 169 Cal. App. 3d 24 (1985). The plaintiff in *Brown* petitioned the State Supreme Court for a hearing of this case. The State Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding. On the basis of these court decisions, the Agency has not adopted such an appropriations limit.

Low and Moderate Income Housing

Sections 33334.2 and 33334.6 of the Redevelopment Law require redevelopment agencies to set aside 20% of all tax revenues allocated to such agencies into a low and moderate income housing fund to be used within the jurisdiction of the redevelopment agency to increase and improve the supply of low and moderate income housing. See “PLEDGE OF TAX REVENUES—Low and Moderate Income Housing Requirements” herein.

Limitation on Tax Revenues

SB 690 (Chapter 639, Statutes 1985) requires each legislative body of a redevelopment agency, which prior to October 1, 1976, adopted a final redevelopment plan that provides for tax allocation financing, to adopt an ordinance containing, among other things, a limitation on the number of tax dollars which may be divided and allocated to the redevelopment agency pursuant to the plan.

The Yerba Buena Center Redevelopment Plan was amended on November 21, 1994, and contains a limitation with respect to the original project area of \$600,000,000 in tax dollars, which may be divided

and allocated to the Agency. The South of Market Redevelopment Project Area was established effective June 11, 1990, and amended December 6, 2005, and contains a limitation with respect to the original project area, of \$200,000,000 in tax dollars which may be divided and allocated to the Agency. The Bayview Hunters Point Redevelopment Project Area B, Mission Bay North Project Area, Mission Bay South Project Area, Western Expansion Area of the South of Market Redevelopment Project Area, Western Addition Redevelopment Project Area A-2, Emporium Site Area of the Yerba Buena Center Redevelopment Project Area, and Transbay, India Basin, Hunters Point, Rincon Point-South Beach and Golden Gateway Redevelopment Project Areas are not subject to limitation on receipt of tax increment. See the table entitled “Reserve Account Cross-Collateralization Project Area Plan Summaries” under “THE RESERVE ACCOUNT CROSS-COLLATERALIZATION PROJECT AREAS” and “PLEDGE OF TAX REVENUES—Senate Bill 2113 and Related Redevelopment Law Provisions.”

The Agency does not believe that the foregoing limitations will materially adversely affect the Agency’s ability to repay the 2009 Loans.

Certain Required Payments of Tax Revenues to Taxing Entities

AB 1290. AB 1290 (Chapter 942, Statutes 1993), among other things added Sections 33607.5 and 33607.7 to the Redevelopment Law. Section 33607.5, as subsequently amended, applies to redevelopment project areas that are adopted on or after January 1, 1994, or are amended on or after January 1, 1994 to include new territory. If the statutory payment requirements are triggered by an amendment to include new territory, the payments are required only with respect to the new territory. Commencing with the first fiscal year in which a redevelopment agency receives tax increments from an affected redevelopment project area and continuing through the last fiscal year in which the redevelopment agency receives such tax increments, a redevelopment agency is required to pay to the affected taxing entities, including the community that has adopted the redevelopment project area if the community elects to receive a payment, an amount equal to 25 percent of the tax increments received by the redevelopment agency after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted. Commencing with the 11th fiscal year in which the redevelopment agency receives such tax increments and continuing through the last fiscal year in which the redevelopment agency receives such tax increments, the redevelopment agency is required to pay to the affected taxing entities, other than the community which has adopted the project, in addition to the amounts paid as described in the preceding sentence and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 21 percent of the portion of tax increments received by the redevelopment agency, which is calculated by applying the tax rate against the amount of assessed value by which the then current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value is the assessed value of the redevelopment project area in the 10th fiscal year in which the redevelopment agency receives affected tax increment revenues. Finally, commencing with the 31st fiscal year in which the redevelopment agency receives tax increments and continuing through the last fiscal year in which the redevelopment agency receives tax increments, a redevelopment agency shall pay to the affected taxing entities, other than the community which adopted the project, in addition to the amounts paid pursuant to the previously described provisions, and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 14 percent of the portion of tax increments received by the redevelopment agency, which is calculated by applying the tax rate against the amount of assessed value by which the then current year assessed value exceeds the second adjusted base year assessed value. The second adjusted base year assessed value is the assessed value of the project area in the 30th fiscal year in which the redevelopment agency receives affected tax increments.

Section 33607.7 generally makes the requirement of payments by a redevelopment agency of tax increment to affected taxing entities applicable to redevelopment project areas for which the redevelopment plan is amended on or after January 1, 1994, to increase the limitation on the number of dollars to be allocated to the redevelopment agency or the time limit on the establishing of loans,

advances, and indebtedness established pursuant to certain provisions of the Redevelopment Law or that lengthens the period during which the redevelopment plan is effective unless the redevelopment agency and the affected taxing entity had prior to January 1, 1994, entered into an agreement requiring payments from the redevelopment agency to the affected taxing entity. The amount to be paid by the redevelopment agency is calculated against the amount of assessed value by which the then current year assessed value exceeds an adjusted base year assessed value. The adjusted base year assessed value is the assessed value of the project area in the year in which the limitation amended would have taken effect without the amendment or, if more than one limitation is amended, the first year in which one or more of the limitations would have taken effect without the amendment. The redevelopment agency is required to commence making payments in the first fiscal year following the fiscal year in which the adjusted base year value is determined.

Section 33607.5 permits a redevelopment agency to subordinate the payments required to be paid to an affected taxing entity to loans, bonds, or other indebtedness of the redevelopment agency, except loans or advances from the community which adopted the redevelopment project area, if the redevelopment agency obtains the consent of the affected taxing entity prior to incurring such indebtedness. Such section further provides that an affected taxing entity will be deemed to have approved the requested subordination if it does not reply to the redevelopment agency's request for subordination. The Agency's payments under Sections 33607.5 and 33607.7 (together, the "AB 1290 Payments") have been subordinated to the Agency's obligations under the 2009 Loan Agreements and loan agreements previously entered into between the Agency and the Authority, relating to the Bayview Hunters Point Redevelopment Project Area B, Mission Bay North and Mission Bay South Project Areas, Western Addition Redevelopment Project Area A-2, and Golden Gateway, Hunters Point, India Basin, Rincon Point-South Beach, South of Market, Transbay and Yerba Buena Center Redevelopment Project Areas.

The Agency sought, and received, approval of subordination with respect to the Agency's indebtedness in connection with the Authority's issuance of tax allocation bonds in 2006 and 2007, except that the Agency did not request subordination with respect to the loan agreement for the Rincon Point-South Beach Redevelopment Project Area in 2006 (the "2006 Rincon Loan Agreement"). In approving such indebtedness of the Agency and the indebtedness of the Agency with respect to the 2009 Loan Agreements, the affected taxing entities approved the loan agreements with respect to each of the Reserve Account Cross-Collateralization Project Areas and the cross-collateralization set forth in the loan agreements with respect to the Contributing-Cross Collateralization Project Areas.

The Agency did not seek subordination of AB 1290 Payments to debt service on the loan agreements with respect to the Parity Prior Bonds issued prior to 2006 and the 2006 Rincon Loan Agreement (the "Non-Noticed Loan Agreements") prior to the issuance of the bonds associated with such loan agreements, but its notice to the affected taxing entities relating to the 2009 Bonds stated that such notice applied to debt service on the loan agreements with respect to all Parity Prior Bonds, including the Non-Noticed Loan Agreements, as well. Although the Agency and Agency Counsel believe that the AB 1290 Payments are subordinate to the lien on Tax Revenues under the Non-Noticed Loan Agreements, the other loan agreements with respect to the Parity Prior Bonds and the 2009 Loan Agreements, the matter has not been addressed by the courts and it is possible a court would conclude that such a retroactive attempt to subordinate the AB 1290 Payments to the Non-Noticed Loan Agreements is not enforceable. However, the Agency believes that if the Agency cannot retroactively subordinate such AB 1290 Payments, there would be no material impact on Tax Revenues.

The San Francisco Unified School District responded affirmatively to the Agency's request for subordination to the loan agreements with respect to all Parity Prior Bonds and the 2009 Loan Agreements. The City responded affirmatively to the Agency's request for subordination in 2007 to the loan agreements with respect to all Parity Prior Bonds. The San Francisco Community College District, the Bay Area Rapid Transit District and the Bay Area Air Quality Management District have neither

acknowledged and agreed to nor disapproved the Agency's requests. The subordination of AB 1290 Payments to the loan agreements with respect to all Parity Prior Bonds, including the Non-Noticed Loan Agreements, and the 2009 Loan Agreements is reflected in the Allocable Tax Revenue projections in the Fiscal Consultant Report and in the projections set forth under the caption "TAX REVENUES AND DEBT SERVICE—Historical and Current Tax Revenues for Each Reserve Account Cross-Collateralization Project Area."

Pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, the Agency's aggregate obligations with respect to the AB 1290 Payments related to the Reserve Account Cross-Collateralization Project Areas are estimated to be approximately \$18.7 million in fiscal year 2009-10. On a per Project Area basis, these obligations are estimated to be the following approximate amounts: Bayview Hunters Point Redevelopment Project Area B, \$898,000; Golden Gateway Redevelopment Project Area, \$2,872,000; Hunters Point Redevelopment Project Area, \$50,000; India Basin Redevelopment Project Area, \$83,000; Mission Bay North Project Area, \$2,217,000; Mission Bay South Project Area, \$1,364,000; Rincon Point-South Beach Redevelopment Project Area, \$3,268,000; South of Market Redevelopment Project Area, \$680,000; Transbay Redevelopment Project Area, \$2,033,000; Western Addition Redevelopment Project Area A-2, \$2,342,000; and Yerba Buena Center Redevelopment Project Area, \$2,901,000.

Proposition 1A. The California Constitution and existing statutes give the legislature authority over property taxes, sales taxes and the VLF. The legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State "mandates" a new local program or higher level of service. Due to the ongoing financial difficulties of the State, it has not provided in recent years reimbursements for many mandated costs. In other cases, the State has "suspended" mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

On November 2, 2004, the voters of the State approved Proposition 1A that amended the California Constitution to reduce significantly the State's authority over major local government revenue sources. Proposition 1A prohibits the State from reducing any local sales tax rate, limiting existing local government authority to levy a sales tax rate or changing the allocation of local sales tax revenues.

Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to a county for any fiscal year under the laws in effect as of November 3, 2004. The measure also specifies that any change in how property tax revenues are shared among local governments within a county must be approved by two-thirds of both houses of the Legislature (instead of by majority vote). Finally, the measure prohibits the State from reducing the property tax revenues provided to a county as replacement for the local sales tax revenues redirected to the State and pledged to pay debt service on State deficit-related bonds approved by voters in March 2004.

If the State reduces the VLF rate below 0.65 percent of the market value of a vehicle, which is the current minimum rate, Proposition 1A requires the State to provide local governments with equal replacement revenues. Proposition 1A provides two significant exceptions to the above restrictions regarding sales and property taxes. First, beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenues if: the Governor proclaims that the shift is needed due to a severe State financial hardship, the legislature approves the shift with a two-thirds vote of both houses and certain other conditions are met. The State must repay

local governments for their property tax losses, with interest, within three years. In connection with various legislation related to the State's budget for Fiscal Year 2009-10, in late July 2009, the State Legislature adopted, and the Governor of the State signed, a budgetary measure to shift \$1.98 billion in local property tax revenues to be repaid within three years. The City Controller has estimated that the shift of tax revenues will result in a reduction of approximately \$91.0 million to the City for Fiscal Year 2009-10 of which approximately \$72.4 million will affect the City's general fund. Second, Proposition 1A allows the State to approve voluntary exchanges of local sales and use tax and property tax revenues among local governments within a county.

Proposition 1A amends the California Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. Specifically, beginning July 1, 2006, the measure requires the State to either fully fund each mandate affecting cities, counties, cities and counties, and special districts or suspend the mandate's requirements for the fiscal year. This provision does not apply to mandates relating to schools or community colleges, or to those mandates relating to employee rights.

Proposition 1A also appears to expand the circumstances under which the State would be responsible for reimbursing cities, counties, cities and counties, and special districts for carrying out new State requirements. Specifically, Proposition 1A includes as a mandate State actions that transfer to local governments financial responsibility for a required program for which the State previously had complete or partial financial responsibility.

Proposition 1A restricts the State's authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example, the State could not enact measures that changed how local sales tax revenues are allocated to cities and counties. In addition, measures that reallocated property taxes among local governments in a county would require approval by two-thirds of the members of each house of the legislature (rather than a majority vote). As a result, Proposition 1A could result in fewer changes to local government revenues than otherwise would have been the case.

SB 2113. Pursuant to SB 2113 (See "PLEDGE OF TAX REVENUES—Senate Bill 2113 and Related Redevelopment Law Provisions") the Agency extended the time to receive tax revenues for the India Basin, Hunters Point, and Golden Gateway Redevelopment Project Areas, and the Western Addition Redevelopment Project Area A-2. SB 2113 also eliminates the limit on tax revenues which may be collected from these Project Areas. The law does require that certain tax revenues received pursuant to such extension of time be allocated to school entities. The Agency's obligations to make payments to the school entities will be subordinate to the Agency's obligations prior to amendment, but will not be subordinate to amounts payable under the 2009 Loan Agreements.

Future Initiatives

Article XIII A, Article XIII B and certain other propositions affecting property tax levies were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

TAX MATTERS

2009 Series B Bonds

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to the qualifications set forth below, under existing law, the interest on the 2009 Series B Bonds is excluded from gross income for federal income tax purposes and such interest is

not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the 2009 Series B Bonds is exempt from California personal income taxes.

The opinions set forth in the preceding paragraph are subject to the condition that the Agency and the users of the facilities financed or refinanced from the proceeds of the 2009 Series B Bonds comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the 2009 Series B Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2009 Series B Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2009 Series B Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each 2009 Series B Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes.

Under the Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2009 Series B Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2009 Series B Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2009 Series B Bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2009 Series B Bonds who purchase the 2009 Series B Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2009 Series B Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2009 Series B Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2009 Series B Bonds under federal individual and corporate alternative minimum taxes.

Under the Code, original issue premium is amortized on an annual basis over the term of the 2009 Series B Bonds (said term being the shorter of the applicable maturity date of the 2009 Series B Bonds or the call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2009 Series B Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2009 Series B Bond is amortized each year over the term to maturity of the 2009 Series B Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). Amortized 2009 Series B Bond premium is not deductible for federal income tax purposes. Owners of premium 2009 Series B Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2009 Series B Bonds.

In the further opinion of Bond Counsel, interest on the 2009 Series B Bonds is exempt from California personal income taxes.

The form of Bond Counsel's opinion to be delivered on the date of issuance of the 2009 Series B Bonds is set forth in APPENDIX E hereto.

Owners of the 2009 Series B Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2009 Series B Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2009 Series B Bonds other than as expressly described above.

2009 Series A Bonds

Interest on the 2009 Series A Bonds is subject to all applicable federal income taxation. Such interest is exempt from California personal income taxes.

Circular 230 Disclaimer. To ensure compliance with requirements imposed by the Internal Revenue Service ("IRS"), Bond Counsel informs Owners of the 2009 Series A Bonds that any U.S. federal tax advice contained in this Official Statement (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Payments of interest on obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the excludability of interest with respect to the 2009 Series B Bonds from gross income for federal income tax purposes.

NO LITIGATION

There is no litigation now pending or, to the best knowledge of the Authority and the Agency, as applicable, threatened to restrain or enjoin the execution or delivery of the Bonds, the 2009 Indentures, or the 2009 Loan Agreements or in any way questioning or affecting the validity of the foregoing or any of the proceedings for the authorization, sale, execution or delivery of the Bonds. In the opinion of counsel to the Authority and the Agency, there is no lawsuit or claim pending against the Agency, which if decided adversely to the Agency would materially affect the Agency's finances so as to impair the ability of the Agency to make payments under the 2009 Loan Agreements as they become due.

CONTINUING DISCLOSURE

The Agency has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Agency by not later than six months after the end of the Agency's Fiscal Year (presently June 30) in each year commencing with its report for the 2008-09 fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Agency or the Dissemination Agent, if any, on behalf of the Agency with the MSRB. The notices of material events will be filed by the Agency or the Dissemination Agent, if any, on behalf of the Agency with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of material events by the Agency is summarized in APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." The Agency has not defaulted on its obligation to provide continuing disclosure about the Agency or any material events

affecting its bonds under any existing Continuing Disclosure Agreement or Continuing Disclosure Certificate to which it is a party.

LEGAL OPINIONS

Certain legal matters incident to the issuance, sale and delivery of the Bonds are subject to the approving legal opinion of Jones Hall, A Professional Law Corporation, as Bond Counsel. Certain legal matters incident to the issuance of the Bonds will be passed upon for the Agency by its General Counsel and for the Authority by its General Counsel and for the Authority and the Agency by Alexis S. M. Chiu, Esq., Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California.

Bond Counsel's engagement is limited to a review of the legal procedures required for the authorization, issuance and sale of the Bonds, and the exemption of interest on the 2009 Series B Bonds from federal income taxation, and the exemption of interest on the Bonds from California personal income taxes. See "TAX MATTERS" herein and APPENDIX E—"FORMS OF BOND COUNSEL FINAL OPINIONS."

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

FINANCIAL ADVISOR

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

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Rating Service, a division of The McGraw-Hill Companies, Inc. ("S&P"), have assigned ratings to the Bonds of "A2" and "A," respectively. Such ratings reflect only the view of such organizations, and an explanation of the significance of the ratings may be obtained by contacting them at: Moody's Investors Service, 99 Church Street, New York, New York 10007, and Standard & Poor's Rating Service, a division of The McGraw-Hill Companies, Inc., 25 Broadway, New York, New York 10004. Such ratings are not a recommendation to buy, sell or hold the Bonds. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either ratings agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Neither the Agency nor the Authority undertakes any responsibility to oppose any such downward revision, suspension or withdrawal.

FINANCIAL STATEMENTS

The audited financial statements of the Agency for the Fiscal Year ended June 30, 2008 are included as part of APPENDIX A—"AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008." Such financial statements have been audited by Williams, Adley & Company, LLP ("Williams, Adley"), independent certified public accountants, whose report also appears in APPENDIX A. Williams, Adley was not requested to consent to the inclusion of its report in Appendix A, nor has Williams, Adley undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion expressed by Williams, Adley with respect to any event subsequent to the date of its report.

FISCAL CONSULTANT REPORT

In connection with the issuance of the Bonds, the Agency has engaged Urban Analytics, San Francisco, California (the "Fiscal Consultant"), to prepare a Fiscal Consultant Report. See APPENDIX B—"FISCAL CONSULTANT REPORT."

UNDERWRITING

The 2009 Series A Bonds. The 2009 Series A Bonds will be sold to the Piper Jaffray & Co., as representative of itself and Siebert Brandford Shank & Co., LLC (the "2009 Series A Underwriters"), pursuant to a bond purchase contract (the "2009 Series A Purchase Contract") among the Agency, the Authority and the 2009 Series A Underwriters (for whom Piper Jaffray & Co. is acting as representative). The 2009 Series A Underwriters have agreed to purchase the 2009 Series A Bonds for \$73,630,695.30 (which represents the \$75,000,000.00 aggregate principal amount of the 2009 Series A Bonds, less an aggregate original issue discount of \$805,554.70, and less an underwriters' discount of \$563,750.00).

The initial public offering prices of the 2009 Series A Bonds may be changed from time to time by the 2009 Series A Underwriters. The 2009 Series A Purchase Contract among the Agency, the Authority and the 2009 Series A Underwriters provides that the 2009 Series A Underwriters will purchase all the 2009 Series A Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the 2009 Series A Purchase Contract including, among others, the approval of certain legal matters by counsel.

One of the 2009 Series A Underwriters, Piper Jaffray & Co., ("Piper") has informed the Agency that it has entered into an agreement (the "Distribution Agreement") with Advisors Asset Management, Inc. ("AAM") for the distribution of certain municipal securities offerings allocated to Piper at the original offering prices. Under the Distribution Agreement, if applicable to the Bonds, Piper will share with AAM a portion of the fee or commission, exclusive of management fees, paid to Piper. However, neither the Agency nor the Authority has reviewed the Distribution Agreement and neither of them is a party to it. Neither the Agency nor the Authority guarantees the accuracy or completeness of the foregoing information and such information is not to be construed as a representation of the Agency, the Authority or any Underwriter (defined herein) other than Piper.

The 2009 Series B Bonds. The 2009 Series B Bonds will be sold to the E. J. De La Rosa & Co., Inc., as representative of itself and Stone & Youngberg LLC (the "2009 Series B Underwriters," and together with the "2009 Series A Underwriters," the "Underwriters") pursuant to a bond purchase contract (the "2009 Series B Purchase Contract") among the Agency, the Authority and the 2009 Series B Underwriters. The 2009 Series B Underwriters have agreed to purchase the 2009 Series B Bonds for \$17,644,002.84 (which represents the \$17,625,000.00 aggregate principal amount of the 2009 Series B Bonds, plus aggregate net original issue premium of \$196,570.10, and less an underwriters' discount of \$177,567.26).

The initial public offering prices of the 2009 Series B Bonds may be changed from time to time by the 2009 Series B Underwriters. The 2009 Series B Purchase Contract among the Agency, the Authority and the 2009 Series B Underwriters provides that the 2009 Series B Underwriters will purchase all the 2009 Series B Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the 2009 Series B Purchase Contract including, among others, the approval of certain legal matters by counsel.

MISCELLANEOUS

All the summaries contained herein of the 2009 Indentures, the 2009 Loan Agreements, applicable legislation, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority or the Agency for further information in connection therewith. The Agency shall provide, upon request, annual audited financial statements when available.

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

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

**CITY AND COUNTY OF SAN FRANCISCO
REDEVELOPMENT FINANCING AUTHORITY**

By: /s/ Amy Lee
Treasurer

**REDEVELOPMENT AGENCY OF THE CITY
AND COUNTY OF SAN FRANCISCO**

By: /s/ Amy Lee
Deputy Executive Director, Finance and
Administration

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APPENDIX A

**AGENCY'S AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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**REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO**

(A Component Unit of the City and County of San Francisco)

**Basic Financial Statements with Supplementary Information
(Single Audit)**

June 30, 2008

(With Independent Auditors' Reports Thereon)

WILLIAMS, ADLEY & COMPANY, LLP

**Certified Public Accountants
and
Management Consultants**



WILLIAMS, ADLEY & COMPANY, LLP
Certified Public Accountants
Management Consultants

**REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO**

(A Component Unit of the City and County of San Francisco)

**Basic Financial Statements with Supplementary Information
(Single Audit)**

June 30, 2008

(With Independent Auditors' Reports Thereon)

**REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO
(A Component Unit of the City and County of San Francisco)**

June 30, 2008

Table of Contents

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15
Governmental Funds:	
Balance Sheet	16
Statement of Revenues, Expenditures and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	18
Proprietary Fund:	
Statement of Net Assets	19
Statement of Revenues, Expenses and Changes in Fund Net Assets	20
Statement of Cash Flows	21
Agency Fund:	
Statement of Fiduciary Net Assets	22
Notes to Financial Statements	23
Required Supplementary Information:	
Schedules of Funding Progress	59
Other Supplementary Information:	
Capital Projects Fund:	
Combining Schedule of Accounts	60
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance by Account	61
Debt Service Fund:	
Combining Schedule of Accounts	62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance by Account	63

**REDEVELOPMENT AGENCY
OF THE CITY AND COUNTY OF SAN FRANCISCO
(A Component Unit of the City and County of San Francisco)**

June 30, 2008

Table of Contents

	Page
Proprietary Fund:	
Combining Schedule of Revenues and Expenses by Account	64
Agency Fund:	
Combining Schedule of Fiduciary Net Assets by Account	65
Schedule of Expenditures of Federal Awards	66
Notes to Schedule of Expenditures of Federal Awards	67
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	70
Schedule of Findings and Questioned Costs	72
Schedule of State Compliance Findings	74



WILLIAMS, ADLEY & COMPANY, LLP
Certified Public Accountants / Management Consultants

Independent Auditors' Report

The Honorable Agency Commissioners
Redevelopment Agency of the
City and County of San Francisco:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Redevelopment Agency of the City and County of San Francisco (the Agency), a component unit of the City and County of San Francisco, California, as of and for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Agency as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 1(b) to the basic financial statements, the Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*; GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues*; and GASB Statement No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.



WILLIAMS, ADLEY & COMPANY, LLP

Certified Public Accountants
Management Consultants

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2008 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13 and the schedules of funding progress on page 59 are not required parts of the basic financial statements of the Agency, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Agency. The combining schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Agency. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Williams, Adley & Company, LLP

San Francisco, California
December 26, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Redevelopment Agency of the City and County of San Francisco (the Agency), we offer this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2008 (also referred to as "2008"). We present this information to our readers in conjunction with the Agency's financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in millions of dollars.

FINANCIAL HIGHLIGHTS

Overall Agency

The Agency's total spending program for the fiscal year ended June 30, 2008 totaled \$185.8. The Agency spent most of the funds primarily for activities such as the (1) ongoing creation of low-and-moderate-income housing, (2) continuation of funding for ongoing construction in the Mission Bay North and Mission Bay South project areas, and (3) ongoing construction and financing of infrastructure in the Hunters Point Shipyard project area.

In fiscal year 2008 the Agency spent \$64.8 on the housing program, compared to \$40.2 in the prior year. The increase in housing costs from the prior year does not reflect any changes to the Agency's priorities but rather was due to the timing of certain developments and construction timelines. Fiscal year 2008 housing costs included \$32.3 for allowances related to predevelopment and long term housing loans. Housing costs included \$9 for the purchase of land parcels. The Agency also provided \$22.4 in housing grants to organizations.

In fiscal year 2008 the Agency spent approximately \$22 on the Mission Bay North project area and \$7 on the Mission Bay South project areas. Mission Bay North activities consisted of the following: completion of construction of 654 units of market rate housing and 236 units of low income housing; commencement of construction of affordable housing for 131 first-time homebuyers units; and continued construction of 267 units of market rate housing and 3 Mission Creek Park parcels. The funds used for the Mission Bay South project area were for activities such as construction of infrastructure surrounding open space parcels and continued construction of commercial industrial space, including an office building and a biotechnology complex.

The Agency spent \$7 on the Hunters Point Shipyard project area during fiscal year 2008. Benefits associated with these costs have primarily been related to preparing for the reuse of the Shipyard as well as for economic and community benefits. Efforts in fiscal year 2008 have also been focused on demolition and preparing the parcel for horizontal infrastructure improvements.

The Agency spent \$8.7 for the federally funded Housing Opportunities for People with AIDS (HOPWA) program in fiscal year 2008. During 2008, the HOPWA Program funded the following activities: Eligible Metropolitan Statistical Area allocations for San Mateo and Marin Counties; three year supportive housing contracts for several licensed residential care facilities; and continued funding of the rental assistance program.

The Agency's fiscal year 2008 revenues totaled \$169.3 with property tax increment accounting for more than half of all revenues recorded. The Agency utilizes a considerable portion of its property tax increment to secure borrowings in the capital market. Other major revenue sources in fiscal year 2008 were rental and lease income, Federal grants, investment income, and other income derived from financing and developer fees, developer reimbursements of Agency expenses, and one-time revenues associated with certain developments and/or Agency requirements.

Governmental Activities

The Agency ended June 30, 2008 with a deficit of \$73.5 in net assets as compared to the 2007 ending deficit balance of \$56.8. The decrease in net assets for the year totaled \$16.7, compared to a net increase of \$14.4 in net assets for 2007.

The Agency's total spending for 2008 was \$182.6 which represents an increase from the 2007 total of \$125.7. Charges for services decreased in 2008 to \$19.1 from \$23.2 in the prior year, primarily due to the decrease in Agency residual rental income as a result of the current economic downturn. Operating grants and developer contributions increased from \$9 to \$13.9 between 2007 and 2008, due to a \$4.9 increase in developer contributions. The net cost of government activities for 2008 totaled \$149.5, a considerable increase from the \$93.6 recorded in 2007. General revenues during 2008 totaled \$132.8 versus \$107.9 in 2007.

Business-Type Activities

The Agency's business-type activities ended 2008 with a net deficit of \$0.5, which is smaller than the 2007 ending deficit of \$0.7. The increase in net assets for 2008 totaled \$0.2. Business-type activity expenses totaled \$3.2 for 2008, which is an increase from the \$2.9 recorded for 2007. Charges for services for 2008 totaled \$3.3 versus \$3.1 in the prior year.

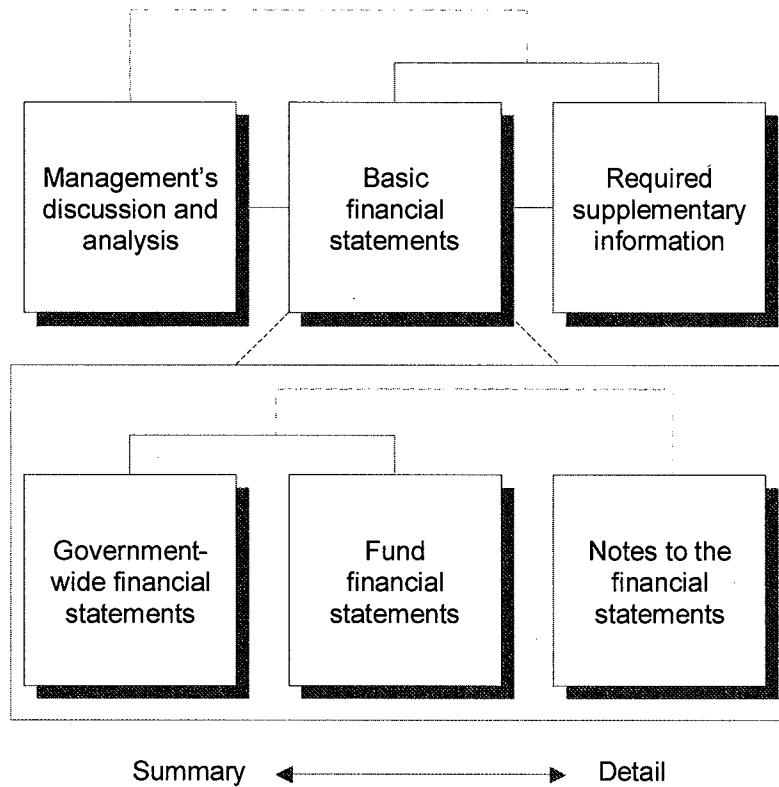
Net revenue for business activities was \$0.2 in 2008 compared to \$0.5 in 2007. The 2008 charges for services of \$3.3 were supplemented by general revenues totaling \$0.1, similar to total revenues of \$3.4 in 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining schedules for major governmental, proprietary and agency funds by project area. The basic financial statements include two kinds of statements that present different views of the Agency:

- The first two statements are government-wide financial statements that provide combined long-term and short-term information about the Agency's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Agency, reporting the Agency's operations in more detail than the government-wide statements.
 - Governmental funds statements tell how services like urban redevelopment and housing were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activity the Agency operates like a business, such as the South Beach Yacht Harbor operation.
 - Fiduciary fund statements provide information about the financial relationships in which the Agency acts solely as an agent for the benefit of others, to whom the resources in question belong.

Figure A-1
Redevelopment Agency of the City and County of San Francisco
Required Components of the Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining schedules that provide details about our governmental, proprietary, and agency funds by project area, each of which are added together and presented in individual columns in the basic financial statements.

Figure A-2 summarizes the major features of the Agency's financial statements, including the portion of the Agency they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Redevelopment Agency of the City and County of San Francisco
Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency (except fiduciary funds)	The activities of the Agency that are not proprietary or fiduciary, such as urban redevelopment and housing	The activity in which the Agency operates similar to a private business – the South Beach Yacht Harbor	Instances in which the Agency is an agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Modified accrual accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	Agency funds are custodial in nature and do not involve the measurement of results of operations

Government-Wide Statements

The government-wide statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Agency's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Agency's net assets and how they have changed. Net assets, the difference between the Agency's assets and liabilities, are one way to measure the Agency's financial health or position. Over time, increases or decreases in the Agency's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Agency are divided into two categories:

- **Governmental activities** – Most of the Agency's basic services are included here, such as the urban redevelopment and housing activities. Incremental property taxes, property sales, rental

income, hotel taxes, investment income, and state and federal grants finance most of these activities.

- Business-type activities – The Agency charges fees to customers to help it cover the costs of certain services it provides. The Agency’s South Beach Yacht Harbor operations are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Agency’s most significant funds, not the Agency as a whole. Funds are accounting devices that the Agency uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond covenants.
- The Agency Commission establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Agency has three kinds of funds:

- Governmental funds – Most of the Agency’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flows in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary funds – Services for which the Agency charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Agency’s enterprise fund (one type of proprietary fund) is the same as its business-type activities, but provides more detail and additional information, such as cash flows.
- Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Agency is responsible for ensuring that the assets reported in this fund are used for their intended purposes. All of the Agency’s fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Agency’s government-wide financial statements because the Agency cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

Net assets. The Agency’s net deficit was \$74 at June 30, 2008. The deficit at June 30, 2007 was \$57.5 (see Table A-1). This represents a decrease of \$16.5 in the Agency’s overall financial position. The deficit in the government-wide statements is predominantly due to the nature of the Agency’s redevelopment activities, which is heavily dependent upon long-term debt financing. The Agency receives property tax increment revenue from the City and County of San Francisco to fund all or a portion of its operations, make payments pursuant to developer agreements and taxing entities as required by state law, and to pay debt service associated with the Agency’s tax allocation revenue bonds. The amount of property tax increment received in any year is influenced by the outstanding balance of tax allocation revenue bonds, and as such, increases as such additional bonds are sold. In evaluating the financial position of the Agency, the reader should be aware that the Agency manages its tax allocation debt program prudently so that potential interruptions to cash flow securing such debt are minimized. This objective is achieved by securing debt with tax increment

from a number of Agency redevelopment project areas and maintaining a minimum coverage ratio of \$1.25 in tax increment per \$1 in debt service for any given year.

The net deficit from the governmental activities is \$73.5 versus the prior year total of \$56.8. During 2008, the net assets decreased by \$16.7 versus an increase in the prior year of \$14.4. The net asset decrease was primarily the result of an increase in the Agency's spending in the City-wide Housing project area.

A major portion of the net assets, \$67.4, reflects the Agency's investment in capital assets such as, land, building improvements and equipment, less any related outstanding debt used to acquire those assets. The Agency uses these capital assets in its mission to increase the stock of affordable housing in the City, undertake physical improvements in redevelopment project areas, build and maintain public parks and other open space, and fund other projects as may be necessary for the removal of blight. There is a deficit in unrestricted net assets of \$140.9 in governmental activities and a deficit in total net assets of \$.6 in business-type activities.

The harbor operation in the business-type activities was profitable during 2008 with a \$0.2 increase in net assets. The deficit net assets represent cumulative losses from prior years when the occupancy and berth rental rates were lower than the current levels.

Table A-1
Redevelopment Agency of the City and County of San Francisco
Net Assets
June 30, 2008 and 2007

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 630,263	566,899	1,937	2,750	632,200	569,649
Capital assets	260,316	255,246	13,126	13,588	273,442	268,834
Total assets	890,579	822,145	15,063	16,338	905,642	838,483
Long-term debt outstanding	925,762	846,888	14,769	16,367	940,531	863,255
Other liabilities	38,270	32,050	849	721	39,119	32,771
Total liabilities	964,032	878,938	15,618	17,088	979,650	896,026
Net assets:						
Invested in capital assets, net of related debt	67,412	67,047	(684)	(1,560)	66,728	65,487
Unrestricted	(140,865)	(123,840)	129	810	(140,736)	(123,030)
Total net assets (deficit)	\$ (73,453)	(56,793)	(555)	(750)	(74,008)	(57,543)

Changes in net assets. The Agency's total revenues were \$169.3 versus \$143.5 million in the prior year (see Table A-2 and Figure A-3). The Agency's revenue base primarily consists of:

- Charges for Services
- Property Tax Increment
- Operating Grants and Developer Contributions
- Other (includes investment earnings and land sales)

The increase in revenues was primarily due to additional funds received in the form of tax increment in connection with higher debt service requirements due and payable in 2008 and higher pass-thru payments pursuant to developer agreements.

Table A-2
Redevelopment Agency of the City and County of San Francisco
Changes in the Net Assets
Years Ended June 30, 2008 and 2007

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	\$ 19,124	23,168	3,251	3,078	22,375	26,246
Operating grants and contributions	13,949	8,964	-	-	13,949	8,964
General revenues:						
Property tax increment	102,559	74,258	-	204	102,559	74,462
Hotel taxes	5,393	5,477	-	-	5,393	5,477
Unrestricted investment earnings	16,314	16,395	137	124	16,451	16,519
Linkage and issuer fees	5,126	9,329	-	-	5,126	9,329
Gains	2,516	-	-	-	2,516	-
Other	928	2,481			928	2,481
Total revenues	165,909	140,072	3,388	3,406	169,297	143,478
Expenses						
Urban redevelopment and housing	137,251	88,983	-	-	137,251	88,983
Interest on long-term debt	45,317	36,714	-	-	45,317	36,714
Harbor	-	-	3,193	2,925	3,193	2,925
Total expenses	182,568	125,697	3,193	2,925	185,761	128,622
Increase (decrease) in net assets	\$ (16,659)	14,375	195	481	(16,464)	14,856

The total cost of all programs and services was \$185.8 in 2008, compared to the prior year's total of \$128.6. The Agency's expenses include a variety of costs relating to the removal of blight within redevelopment project areas and the construction and preservation of affordable housing (see Figure A-4). The Agency's current year expense for urban redevelopment and housing was \$137.3, which represents an increase of \$48.3 from the prior year. The increase is primarily due to the increased spending related to housing activities. Some of the housing developments funded in 2008 were: Mercy Housing 10th & Mission Project, 3rd & Armstrong Development Project, and 330 & 335 Berry Street Mission Bay North Project.

Expenses in governmental activities for redevelopment activities exceeded revenue in 2008. Expenses totaled \$182.6 in 2008, compared to \$125.7 in the prior year. Of the 2008 total, \$137.3 (\$89 in the prior year) was used for redevelopment and housing purposes, and \$45.3 (\$36.7 in the prior year) was used to pay interest on outstanding debt. Revenues from all sources totaled \$165.9 in 2008 and expenses totaled \$182.6, which resulted in a \$16.7 decrease in net assets.

The increase in net assets for business activities for 2008 was lower than the prior year as a result of an increase in expenses. Revenues totaled \$3.4, which was comparable to the prior year. Expenses were up \$0.3 for a 2008 total of \$3.2.

Figure A-3
Redevelopment Agency of the City and County of San Francisco
Sources of Revenue for Fiscal Year 2008

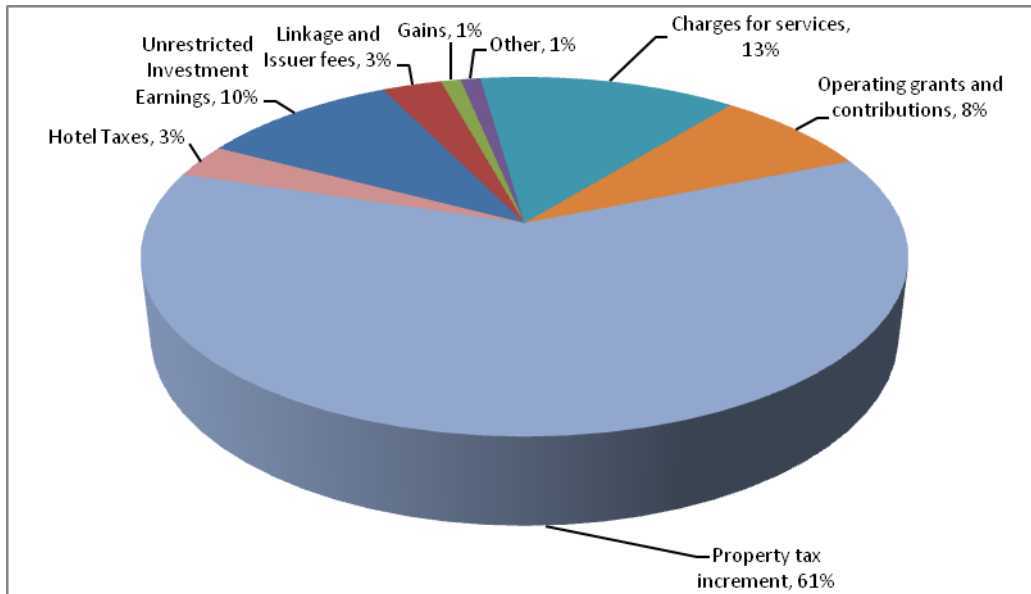
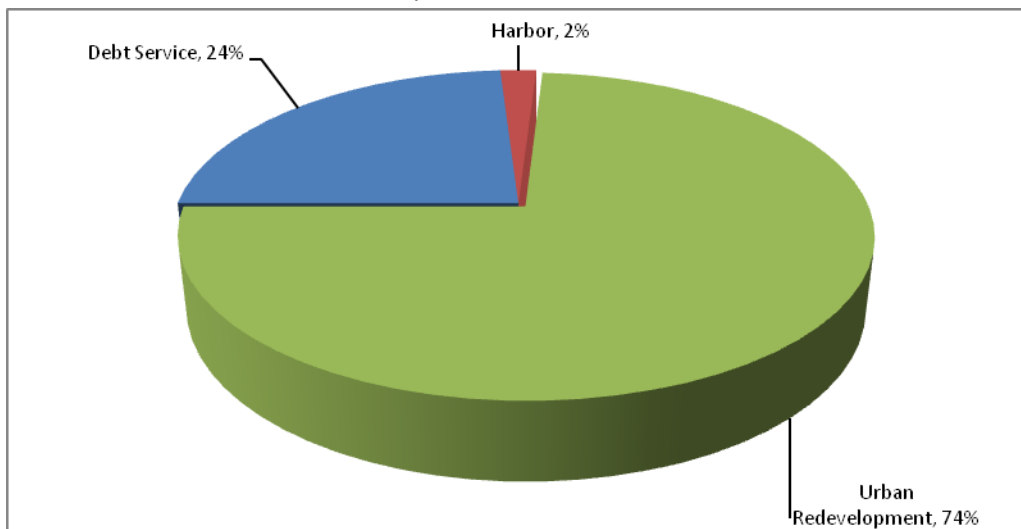


Figure A-4
Redevelopment Agency of the City and County of San Francisco
Functional Expenses for the Fiscal Year 2008



Governmental Activities

The cost and net cost (total cost less fees generated by the activities and intergovernmental aid) of the Agency's redevelopment and housing program amounted to \$182.6 and \$149.5, respectively, for the year ended June 30, 2008. The net cost was funded by \$132.8 of general revenues, which included tax increment, hotel taxes and investment earnings. The net cost for the fiscal year ended June 30, 2007 was funded by \$107.9 of general revenues.

The Agency works with other City departments to alleviate physical and economic blight in geographic areas that the Board of Supervisors has identified as redevelopment project areas. The Agency is a catalyst for development on public and private land in these project areas. This development provides additional tax revenue and other community benefits. The Agency's activities include financing public improvements, acquiring and disposing of land, funding affordable housing, facilitating public-private partnerships, promoting entrepreneurial development opportunities, and creating job training.

The cost of all governmental activities this year was \$182.6. However, the amount that taxpayers of the City paid through property taxes for these activities was only \$102.6. Some of the costs were paid by:

- Those who paid user fees and other charges for the programs of \$19.1.
- Other governments and organizations that subsidized certain programs with grants and contributions of \$13.9.

The Agency paid for the remaining governmental activities with other revenues such as hotel tax revenue, investment earnings and the sale of Agency-owned properties. The excess of expenses over revenues increased the deficit balance of net assets.

Financial Analysis of the Agency's Funds

The Agency uses fund accounting to ensure compliance with finance-related legal requirements. The governmental funds in this case include the capital projects and debt service funds.

Governmental Funds

During the year the Agency expended \$228.3 through the governmental funds including \$146.2 on urban redevelopment and housing activities through the capital projects fund and \$78.4 for principal and interest payments through the debt service fund. Expenditures for urban redevelopment and housing activities during 2008 increased by \$51.9. Significant expenditures during 2008 were made to develop low-income housing.

As of June 30, 2008, the capital projects fund had assets of \$329.8 and \$300 in fund balances available. Of the \$300 of fund balances, \$273.4 is unreserved and can be used for the general purposes of the Agency. The balance of \$26.6 consists of \$15.8 of amounts invested in property held for resale and \$10.8 of notes and mortgages receivable.

The capital projects fund balance increased by \$46.1 during the year. Revenues from tax increment, property sales, grants and other sources exceeded expenditures for development activities by \$3.7. Transfers in from bond trustees and other financing sources of \$42.4 resulted in the net increase in fund balance of \$46.1.

Debt service fund payments for principal and interest increased to \$78.4 in 2008 from \$69.8 in 2007. The increase is primarily due to the issuance of the 2007 Series A Tax Allocation Revenue Bonds and the 2007 Series B Tax Allocation Refunding Revenue Bonds during 2008.

The debt service fund had assets totaling \$286.9, of which \$121.6 is reserved for the payment of future debt service. The principal assets in the debt service fund are a lease receivable of \$165.3 from the City for Moscone Center and investments with trustees of \$121.6.

The debt service fund balance increased by \$22.9. Debt service payments exceeded revenues by \$50.8. This excess, combined with net other financing sources of \$73.7, resulted in the \$22.9 increase in fund balance.

Proprietary Fund

Revenues of the Agency's proprietary fund totaled \$3.4 and expenses totaled \$3.2 resulting in a \$0.2 increase in net assets, which is down \$0.3 from the prior year. The proprietary fund is related to the operations of a small craft boat harbor in the Rincon Point South Beach Project Area. The harbor has approximately 700 boat berths, which are rented out to commercial and recreational tenants. The construction of the harbor was financed with lease revenue bonds and a loan from the California Department of Boating and Waterways.

Fiduciary Fund

As the Agency completed the year, its fiduciary fund reported an asset balance of \$1.9 versus \$3.5 in the prior year. This balance is not reflected as part of the government-wide financial statement because the resources of this fund are not available to support the Agency's own programs. The fiduciary fund is used to account for resources held for the City and performance deposits received from developers. Performance deposits are held by the Agency until the developers fulfill their contractual obligations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2008, the Agency had invested \$273.4 in a broad range of capital assets, including properties held for lease, leasehold improvements, building improvements, furniture and equipment and construction in progress (see Table A-3).

Table A-3
Redevelopment Agency of the City and County of San Francisco
Capital Assets (net of depreciation)
June 30, 2008 and 2007

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Property held for lease	\$ 117,324	111,472	-	-	117,324	111,472
Leasehold improvements	-	-	13,096	13,540	13,096	13,540
Furniture and equipment -general	218	229	31	48	249	277
Buildings and improvement-YBC & Harbor	127,847	128,540	-	-	127,847	128,540
Furniture and equipment - Yerba Buena Center	2	7	-	-	2	7
Construction in progress	14,925	14,998	-	-	14,925	14,998
Total	\$ 260,316	255,246	13,127	13,588	273,443	268,834

Detailed information regarding the Agency's capital assets is included in the notes to the financial statements.

Long-term Debt

As of June 30, 2008, the Agency had \$935.6 in long-term debt (including accreted interest) as shown in Table A-4. Detailed information regarding the Agency's debt is included in the notes to the financial statements.

Table A-4
Redevelopment Agency of the City and County of San Francisco
Long-term Debt
June 30, 2008 and 2007

		Governmental		Business-type		Total	
		Activities		Activities			
		2008	2007	2008	2007	2008	2007
Lease revenue bonds	\$	121,955	127,499	-	-	121,955	127,499
Tax allocation revenue bonds		663,396	575,994	-	-	663,396	575,994
Hotel tax revenue bonds		59,725	62,300	-	-	59,725	62,300
Accreted interest payable on bonds		69,381	69,544	-	-	69,381	69,544
State loan		-	-	7,992	7,999	7,992	7,999
Refunding bond		-	-	6,300	7,700	6,300	7,700
Accreted interest payable on state loan		-	-	365	497	365	497
Advances from the City		6,461	5,733	-	-	6,461	5,733
Total	\$	920,918	841,070	14,657	16,196	935,575	857,266

In November 2007 the Agency issued two series of tax allocation revenue bonds. The Agency issued the 2007 Series A Taxable Tax Allocation Revenue Bonds in the amount of \$118.3, the proceeds of which will be used primarily to fund the development, rehabilitation, and preservation of low-income housing and general redevelopment purposes in the Bayview Hunters Point, Mission Bay North, Rincon Point-South Beach, South of Market, Transbay, and Yerba Buena Center project areas. The Agency also issued the 2007 Series B Tax Allocation Refunding Revenue Bonds in the amount of \$94.1 for the purposes of refunding in whole the following bonds: 1999 Tax Allocation Revenue Bonds Series A and B, 2000 Tax Allocation Revenue Bonds Series A, and 2001 Tax Allocation Revenue Bonds Series A. The 2007 Series B bonds produced a net present value savings of \$3.9 or 4.2% of the par amount of the bonds refunded.

Bond Ratings

The Agency's 1993 series B and 1998 series C tax allocation bonds are uninsured and were issued with stand-alone ratings of "A2" by Moody's Investor Service (Moody's) and "A" by Standard & Poor's (S&P). The 2005 series D tax allocation bonds are uninsured and were issued with stand-alone ratings of "Baa3" by Moody's and "BBB-" by S&P. The Moscone Lease Revenue Bonds, series 1992, are uninsured and have been rated "AA" by S&P and "A1" by Moody's. The 1986 Refunding Bond was rated "Aa1/VMIG1" by Moody's based on a letter of credit provided by Credit Local de France (Dexia Credit Local). The remaining tax allocation bonds, lease revenue bonds, and hotel tax bonds were issued with ratings of "AAA", "Aaa", "A2", "A", "Aa3", or "AA" based on insurance provided by the following insurers: MBIA Insurance Corporation (MBIA), Financial Guaranty Insurance Company (FGIC), Financial Security Assurance Inc. (FSA), AMBAC Assurance Corporation (AMBAC), and Radian Asset Assurance Inc. (Radian). Most of these ratings have been revised downward following the downgrades of the bond insurance firms ratings as rated by Moody's or S&P. As of June 30, 2008, MBIA's rating was downgraded to "A2" by Moody's and "AA" by Standard & Poor's S&P. FGIC was downgraded to "B1" by Moody's. AMBAC was downgraded to "Aa3" by Moody's. Radian was downgraded to "A3" by Moody's. As of November 30, 2008, MBIA was further downgraded to a rating of "Baa1" by Moody's. FSA was downgraded to "Aa3" by Moody's. FGIC was rated "CCC" by S&P. AMBAC was downgraded to "Baa1" by Moody's and rated "A" by S&P. Radian was rated "BBB+" by S&P.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning information provided in this report or requests for additional financial information should be addressed to the Redevelopment Agency of the City and County of San Francisco, Finance Department, 1 South Van Ness Avenue, 5th Floor, San Francisco, CA, 94103.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Statement of Net Assets

June 30, 2008

Assets	Governmental activities	Business-type activities	Total
Deposits and investments	\$ 268,110,254	2,136,601	270,246,855
Interest and other receivables	25,453,925	57,609	25,511,534
Intergovernmental receivable	1,191,012	—	1,191,012
Internal balances	1,104,288	(1,104,288)	—
Property held for sale	15,820,727	—	15,820,727
Restricted assets:			
Investments with trustees	121,638,917	846,701	122,485,618
Capital assets (net of accumulated depreciation):			
Land held for lease	117,324,199	—	117,324,199
Furniture and equipment – general	218,228	30,640	248,868
Furniture and equipment – Yerba Buena Center	1,652	—	1,652
Buildings and improvements – YBC/Harbor	127,846,627	—	127,846,627
Leasehold improvements	—	13,095,767	13,095,767
Construction in progress	14,925,024	—	14,925,024
Capital lease receivable	171,976,406	—	171,976,406
Notes and mortgages receivable (net of allowance for uncollectible amounts of \$211,187,417)	10,745,574	—	10,745,574
Other assets	14,221,758	—	14,221,758
Total assets	890,578,591	15,063,030	905,641,621
Liabilities:			
Accounts payable	9,688,968	57,163	9,746,131
Due to primary government	2,703,221	—	2,703,221
Accrued interest payable	18,782,594	344,726	19,127,320
Unearned revenue	3,557,677	124,769	3,682,446
Other	3,537,034	321,507	3,858,541
Noncurrent liabilities:			
Due within one year	49,258,549	272,282	49,530,831
Due in more than one year	876,503,374	14,497,109	891,000,483
Total liabilities	964,031,417	15,617,556	979,648,973
Net assets (deficit):			
Invested in capital assets, net of related debt	67,412,383	(683,891)	66,728,492
Unrestricted	(140,865,209)	129,365	(140,735,844)
Total net assets (deficit)	\$ (73,452,826)	(554,526)	(74,007,352)

See accompanying notes to basic financial statements.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Statement of Activities

Year ended June 30, 2008

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net assets		
		Charges for services	Operating grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:						
Urban redevelopment and housing	\$ 137,250,904	9,257,257	13,948,724	(114,044,923)	—	(114,044,923)
Unallocated interest on long-term debt	45,317,193	9,866,452	—	(35,450,741)	—	(35,450,741)
Total governmental activities	182,568,097	19,123,709	13,948,724	(149,495,664)	—	(149,495,664)
Business-type activities:						
Harbor	3,160,061	3,218,391	—	—	58,330	58,330
Total business-type activities	3,160,061	3,218,391	—	—	58,330	58,330
Total	\$ 185,728,158	22,342,100	13,948,724	(149,495,664)	58,330	(149,437,334)
General revenues:						
Property tax increment				102,559,242	—	102,559,242
Hotel taxes				5,392,742	—	5,392,742
Unrestricted investment earnings				16,314,221	136,847	16,451,068
Linkage and issuers fees				5,125,824	—	5,125,824
Gains on property sales				2,516,255	—	2,516,255
Other				927,998	—	927,998
Total general revenues and transfers				132,836,282	136,847	132,973,129
Change in net assets				(16,659,382)	195,177	(16,464,205)
Net assets (deficit), beginning of year				(56,793,444)	(749,703)	(57,543,147)
Net assets (deficit), end of year				\$ (73,452,826)	(554,526)	(74,007,352)

See accompanying notes to basic financial statements.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Governmental Funds

Balance Sheet

June 30, 2008

Assets	Capital projects	Debt service	Total
Deposits and investments	\$ 268,110,254	—	268,110,254
Interest and other receivables	25,453,925	—	25,453,925
Other assets	661,522	—	661,522
Intergovernmental receivable	1,191,012	—	1,191,012
Due from other funds	1,104,288	—	1,104,288
Capital lease receivables	6,717,799	165,258,607	171,976,406
Notes and mortgages receivable (net of allowance for uncollectible amounts of \$211,187,417)	10,745,574	—	10,745,574
Property held for sale	15,820,727	—	15,820,727
Investments with trustees – restricted	—	121,638,917	121,638,917
Total assets	<u>\$ 329,805,101</u>	<u>286,897,524</u>	<u>616,702,625</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 9,688,968	—	9,688,968
Other liabilities	3,537,034	—	3,537,034
Due to primary government	2,371,600	331,621	2,703,221
Deferred revenue	14,255,821	165,258,607	179,514,428
Total liabilities	<u>29,853,423</u>	<u>165,590,228</u>	<u>195,443,651</u>
Fund balances:			
Reserved for:			
Debt service	—	121,307,296	121,307,296
Long term notes and mortgages receivable	10,745,574	—	10,745,574
Property held for sale	15,820,727	—	15,820,727
Unreserved			
Designated	273,385,377	—	273,385,377
Total fund balances	<u>299,951,678</u>	<u>121,307,296</u>	<u>421,258,974</u>
Total liabilities and fund balances	<u>\$ 329,805,101</u>	<u>286,897,524</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital and certain long-term assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	273,875,966
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred or not recorded in the funds.	175,956,751
Long term-liabilities (e.g., bonds, leases and advances) are not due and payable in the current period and, therefore, are not reported in the funds.	(944,544,517)
Net assets (deficit) of governmental activities	<u>\$ (73,452,826)</u>

See accompanying notes to basic financial statements.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2008

	Capital projects	Debt service	Total
Revenues:			
Property tax increment	\$ 102,559,242	—	102,559,242
Property sales	4,839,199	—	4,839,199
Rental / lease income	12,965,509	18,468,193	31,433,702
Investment income	12,932,771	3,742,774	16,675,545
Hotel tax	—	5,392,742	5,392,742
Grant revenue	8,377,451	—	8,377,451
Developer contributions	5,571,273	—	5,571,273
Other income	6,341,495	—	6,341,495
Total revenues	<u>153,586,940</u>	<u>27,603,709</u>	<u>181,190,649</u>
Expenditures:			
Current:			
Urban redevelopment and housing	146,195,960	—	146,195,960
Debt service:			
Principal retirement	—	36,506,497	36,506,497
Payment to refunding bonds escrow agent	—	10,606,985	10,606,985
Interest and finance charges	—	41,898,198	41,898,198
Bond issuance costs	3,692,992	—	3,692,992
Total expenditures	<u>149,888,952</u>	<u>89,011,680</u>	<u>238,900,632</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,697,988</u>	<u>(61,407,971)</u>	<u>(57,709,983)</u>
Other financing sources (uses):			
Other financing sources	463,000	—	463,000
Tax allocation bonds issued	—	118,285,000	118,285,000
Refunding bonds issued	—	94,115,000	94,115,000
Premium on tax allocation bonds	—	3,532,623	3,532,623
Discount on tax allocation bonds	—	(2,099,179)	(2,099,179)
Transfer of bond proceeds	212,400,000	(212,400,000)	—
Transfer of premium on tax allocation bonds	3,532,623	(3,532,623)	—
Transfer of discount on tax allocation bonds	(2,099,179)	2,099,179	—
Payment to refunding bonds escrow agent	—	(87,589,287)	(87,589,287)
Transfers in	5,803,770	178,047,686	183,851,456
Transfers out	(177,692,096)	(6,159,360)	(183,851,456)
Total other financing sources	<u>42,408,118</u>	<u>84,299,039</u>	<u>126,707,157</u>
Net change in fund balances	<u>46,106,106</u>	<u>22,891,068</u>	<u>68,997,174</u>
Fund balances, beginning of year	<u>253,845,572</u>	<u>98,416,228</u>	<u>352,261,800</u>
Fund balances, end of year	<u>\$ 299,951,678</u>	<u>121,307,296</u>	<u>421,258,974</u>

See accompanying notes to basic financial statements.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2008

Amounts reported for governmental activities in the statement of activities (page 15)
are different because:

Net change in fund balances – total governmental funds (page 17)	\$ 68,997,174
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	5,069,513
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Capital lease and notes receivable payments that provide current financial resources in the governmental funds are not reported as income in the government-wide statement of activities.	(11,064,414)
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The issuance of long-term debt (e.g., bonds, leases and advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(67,046,198)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(12,615,457)
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Change in net assets of governmental activities (page 15)	\$ <u>(16,659,382)</u>
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See accompanying notes to basic financial statements.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Proprietary Fund
Statement of Net Assets

June 30, 2008

Assets:

Current assets:

Deposits and investments	\$ 2,136,601
Interest receivable	9,449
Tenant accounts receivable	48,160
	<hr/>
Total current assets	2,194,210

Noncurrent assets:

Investments with trustees – restricted	846,701
Capital assets (net of accumulated depreciation):	
Equipment	30,640
Leasehold improvements	13,095,767
	<hr/>
Total noncurrent assets	13,973,108
	<hr/>
Total assets	16,167,318

Liabilities:

Current liabilities:

Accounts payable	57,163
Due to other funds	1,104,288
Accrued vacation and sick leave pay	112,392
Other liabilities	321,507
Deferred revenue	124,769
Accreted interest payable	153,058
Accrued interest payable	344,726
Loan payable- current	6,832
	<hr/>
Total current liabilities	2,224,735

Noncurrent Liabilities:

Accreted interest payable	211,732
Refunding bonds payable	6,300,000
Loan payable- current	7,985,377
	<hr/>
Total noncurrent liabilities	14,497,109

Total liabilities	<hr/> 16,721,844
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Net assets (deficit):

Invested in capital assets, net of related debt	(683,891)
Unrestricted	129,365
	<hr/>
Total net assets (deficit)	\$ (554,526)

See accompanying notes to basic financial statements.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
Year ended June 30, 2008

Operating revenues:		
Rent (net of bad debt expense of \$33,067)	\$	3,154,793
Other		63,598
Total operating revenues		<u>3,218,391</u>
Operating expenses:		
Personnel		825,681
Rent		446,270
Insurance		123,604
Light, heat and power		289,868
Materials and supplies		26,552
Repairs and maintenance		202,146
Depreciation and amortization		461,919
General and administrative		63,573
Other		3,669
Total operating expenses		<u>2,443,282</u>
Operating income		<u>775,109</u>
Nonoperating revenues (expenses):		
Investment earnings		136,847
Interest expense		(716,779)
Net nonoperating expenses		<u>(579,932)</u>
Change in net assets		195,177
Total net assets (deficit), beginning of year		<u>(749,703)</u>
Total net assets (deficit), end of year	\$	<u><u>(554,526)</u></u>

See accompanying notes to basic financial statements.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Proprietary Fund
Statement of Cash Flows
Year ended June 30, 2008

Cash flows from operating activities:	
Cash received from customers, including cash deposits	\$ 63,598
Cash received from tenants for rent	3,420,809
Cash paid to suppliers for goods and services	<u>(1,767,068)</u>
Net cash provided by operating activities	<u>1,717,339</u>
 Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(1,538,797)
Interest paid on long-term debt	<u>(723,091)</u>
Net cash used by capital and related financing activities	<u>(2,261,888)</u>
 Cash flows from investing activities:	
Proceeds from maturities of investments with trustees	200,390
Proceeds from maturities of investments	145,282
Interest income received	<u>130,830</u>
Net cash provided by investing activities	<u>476,502</u>
Net decrease in cash and cash equivalents	(68,047)
Cash and cash equivalents, beginning of year	<u>436,314</u>
Cash and cash equivalents, end of year	<u><u>\$ 368,267</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 775,109
 Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	461,919
Changes in operating assets and liabilities:	
Decrease in tax increment receivable	204,057
Increase in tenant receivable	(48,160)
Increase in accounts payable	47,504
Increase in due to other funds	249,440
Decrease in accrued vacation and sick leave	(59,277)
Increase in other liability	9,416
Increase in deferred revenue	77,052
Increase in accreted interest payable	6,591
Decrease in accrued interest payable	<u>(6,312)</u>
Net cash provided by operating activities	<u><u>\$ 1,717,339</u></u>
 Reconciliation of cash and cash equivalents to the balance sheet:	
Deposits and investments (unrestricted)	\$ 2,136,601
Less deposits and investments not meeting the definition of cash equivalents	<u>(1,768,334)</u>
Cash and cash equivalents at end of year on statement of cash flows	<u><u>\$ 368,267</u></u>

See accompanying notes to basic financial statements.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Agency Fund
Statement of Fiduciary Net Assets

June 30, 2008

Assets

Deposits and investments	\$ 1,368,150
Notes and mortgages receivable	445,569
Investment with trustees – restricted	<u>39,114</u>
Total assets	<u>\$ 1,852,833</u>

Liabilities

Due to the City and County of San Francisco	\$ 484,683
Due to Community Facility District	487,910
Developers' performance deposits	<u>880,240</u>
Total liabilities	<u>\$ 1,852,833</u>

See accompanying notes to basic financial statements.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

(a) General

The Redevelopment Agency of the City and County of San Francisco (the Agency) is a public body, corporate and politic, organized and existing under the Community Redevelopment Law of the State of California. The Agency is included as a discretely presented component unit within the basic financial statements of the City and County of San Francisco (the City) because of its fiscal dependency on the City. The Agency is directed by a Commission composed of seven members. The Commissioners are appointed by the Mayor, with the approval of the Board of Supervisors of the City.

Since the organization of the Agency in 1948, the Agency has completed four redevelopment project areas and twelve redevelopment areas are now underway. Additionally, the Agency has completed a feasibility study on the Mid Market Survey Area and the redevelopment plan has been submitted to the Board of Supervisors for review. Feasibility studies are underway for the Visitacion Valley and Bayview Hunters Point Survey Areas designated by the Board of Supervisors. The Agency acts as the lead Agency for the City in administering the Housing Opportunities for Persons with AIDS (HOPWA) program, which is a program funded by a grant from the United States (U.S.) Department of Housing and Urban Development.

On October 14, 1997, the Board of Supervisors approved ordinances approving the Federal Office Building Redevelopment Plan, and amending the Golden Gateway and South of Market Redevelopment Plans to create a three-way fiscal merger. The Agency is not currently pursuing redevelopment activities in the Golden Gateway project area. However, the merger allows the Agency to use the tax increment generated from the Golden Gateway project area to pay past indebtedness, fund the acquisition of the federal office building site and the Agency's affordable housing program, and finance activities in the South of Market project area. On December 6, 2005, the Board of Supervisors adopted a modified plan for the South of Market project area that increases the area to 69 acres.

In October and November 1998, the Board of Supervisors approved ordinances and resolutions adopting the Mission Bay North and South Redevelopment Plans, Interagency Cooperation Agreements, Tax Allocation Agreements, and related ordinances and resolutions. The two project areas total 303 acres. In June 2005, the Board of Supervisors approved an ordinance to adopt the Transbay project area as a new redevelopment area which consists of 40 acres and is located south of the San Francisco financial district. The project area is bounded by Mission Street in the north, Main Street in the east, Folsom Street in the south and Second Street in the west. The future development of a new transit terminal and a concept plan which includes high-density, transit-oriented residential development are the highlights of this project.

On May 23, 2006, the Board of Supervisors approved an amendment to the Hunters Point Redevelopment Project Area to include two distinct geographic areas: the existing Hunters Point Redevelopment Area and an additional 1361 acres. The new project name is now "Bayview Hunters Point Redevelopment Area". The Redevelopment Plan became effective September 19, 2006.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

The Agency has no direct taxing power and does not have the power to pledge the general credit or taxing power of the City, the State of California or any political subdivision thereof. However, California's Health and Safety Code allows redevelopment agencies with appropriate approvals of the local legislative bodies to recover costs of financing public improvements from increased tax revenues (tax increment) associated with increased property values of individual project areas.

The financial statements present the Agency and its component units, entities for which the Agency is considered to be financially accountable. The City and County of San Francisco Redevelopment Financing Authority (the Authority) is a joint powers authority formed between the Agency and the City to facilitate the long-term financing of Agency activities. The Authority is included as a blended component unit in the Agency's financial statements because the Agency's governing commission serves as the Board of Directors of the Authority.

The Public Initiatives Development Corporation (PIDC) was formed in May of 2002 to develop affordable housing on the Agency's behalf. PIDC is reported as a blended component unit of the Agency due to the majority of its governing body being comprised of Agency management. On November 12, 2004, a limited partnership, Plaza Apartments Associates, L.P. (the Partnership) was formed by PIDC and Wincopin Circle, LLLP. PIDC is the managing general partner and owns a 0.01% interest in the partnership. Wincopin Circle, LLLP is a limited partner and owns a 99.99% interest. Wincopin Circle, LLLP transferred its interest in the Partnership to the Housing Outreach Fund XI Limited Partnership, effective December 24, 2004. The Partnership completed construction of a 106-unit affordable housing project in the South of Market project area in January 2006. As of June 30, 2008, 100% of the units were leased. The Agency reports the investment in the Partnership under the equity method, based on the value of the assets and liabilities transferred to the Partnership.

(b) Implementation of New Accounting Principles

(i) Governmental Accounting Standards Board Statement No. 45

The Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expense/expenditures and related liabilities (assets), note disclosure, and as applicable, required supplementary information (RSI) in the financial reports of state and local government employers.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(ii) Governmental Accounting Standards Board Statement No. 48

The Agency adopted the provisions of GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues*. GASB Statement No. 48 establishes criteria that governments will use to determine whether the proceeds received from either exchanging an interest in the future cash flows from collecting specific receivables or exchanging specific future revenues for immediate cash payments should be reported as revenue or as a borrowing with a related liability. The criteria should be used to determine the extent to which a transferor government either retains or relinquishes control over the receivable or future revenues through its continuing involvement with those receivables or future revenues.

(iii) Governmental Accounting Standards Board Statement No. 50

The Agency adopted the provisions of GASB Statement No. 50, *Pension Disclosures, an Amendment of GASB Statements No.25 and No.27*. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This statement amends GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of GASB Statement No.45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

(c) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all nonfiduciary activities of the Agency and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Certain indirect costs have been included as part of the program expenses reported in urban redevelopment and housing.

Separate financial statements are provided for the Agency's governmental funds, proprietary fund, and fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Incremental property taxes are recognized as revenues in the year for which they are levied by the City. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to *be available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, hotel taxes, and investment income (including the change in the fair value of investments) associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the modified accrual basis of accounting as described above. Revenues from property sales are recorded when title to ownership has changed and cash is received. Revenues from installment sales are deferred as these amounts are not considered available until collected. Rental income is accrued to the extent in which rents are considered collectible. Revenues from capital leases are deferred and recognized as cash is collected. All other revenue items are considered to be measurable and available only when cash is received by the Agency.

The Agency reports the following major governmental funds:

The *capital projects fund* is the Agency's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The *capital projects fund* also accounts for financial resources used for the acquisition, construction or management of major capital related activities (other than those financed in the proprietary fund).

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the Agency (other than debt reported in the proprietary fund).

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

The Agency reports the following major proprietary fund:

The *enterprise fund* accounts for the activities of the South Beach Yacht Harbor.

Additionally, the Agency reports the following fund:

The *agency fund* is used to account for assets held by the Agency as an agent for individuals, private organizations, and other governmental units. Agency funds are custodial in nature and do not involve the measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and proprietary funds, subject to this same limitation. The Agency has elected not to follow subsequent private-sector guidance.

The proprietary fund distinguishes *operating* revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the South Beach Yacht Harbor proprietary fund is rent charged to tenants. Operating expenses for the proprietary fund include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

(d) Budgetary Data

The Agency's activities are generally budgeted on a project or grant basis. Because comparison with financial results for a specific period would not be meaningful, budgetary data are not presented in the financial statements. The Agency's budgets are subject to the approval of the Agency's Commission and the Board of Supervisors of the City. Unexpended budget appropriations are carried forward to the succeeding year.

(e) Deposits and Investments

The Agency pools deposits and investments, except for certain investments restricted for developers' deposits and pledged assets relating to specific projects.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

The Agency's investments are stated at fair value. Fair value has been obtained by using market quotes as of June 30, 2008 and reflects the values as if the Agency were to liquidate the securities on that date. Money market investments (such as short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations) and participating interest-earning investment contracts (such as negotiable certificates of deposit, repurchase agreements and guaranteed or bank investment contracts) that have a remaining maturity of less than one year at the date of purchase are valued at the amortized cost, which approximates fair value as of June 30, 2008.

(f) *Property Held for Sale*

Property held for sale is acquired as part of the Agency's redevelopment program. These properties are both residential and commercial. All costs of developing and administering Agency projects are charged to urban redevelopment and housing expenditures as incurred.

A primary function of the redevelopment process is to prepare land for specific private development. The Agency does not maintain cost records by parcel, as there is no relationship between costs incurred and the final disposition value, which is significantly affected by various use restrictions. For financial statement presentation, this property is stated at the lower of estimated cost or estimated conveyance value. Estimated conveyance value is management's estimate of net realizable value of each property parcel based on its current intended use. Note 5(a) reflects the activity in this account for the year ended June 30, 2008.

Property held for sale may, during the period it is held by the Agency, generate rental income, which is recognized as it becomes due and is considered collectible.

(g) *Restricted Investments*

Certain proceeds of the Agency's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet and the statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The Yerba Buena Gardens and Art Center account is used for the Marriott lease revenue, which is used for the maintenance and operation of the Yerba Buena Gardens and Art Center. Additional accounts are used to segregate resources accumulated for debt service payments.

(h) *Capital Assets*

Capital assets, which include land held for lease, buildings and improvements, equipment, and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Agency are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Vehicles	5
Office Furniture	7
Computer Equipment	5
Office Equipment	5

Capital assets over individual cost of more than \$5,000 in the *enterprise fund* are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Vehicles	10
Office Furniture	10
Computer Equipment	10
Office Equipment	10

(i) Notes and Mortgages Receivable

During the process of selling land to developers and issuing mortgage revenue bonds, the Agency may defer receipt of land sale proceeds and mortgage revenue bond financing fees from various private developers in exchange for notes receivable, which aids the developers' financing arrangements. In the governmental fund financial statements, the Agency defers all revenues and interest on the above-described arrangements until the cash is collected. In the government-wide financial statements, the Agency recognizes all revenues and interest on the above-described arrangements when earned, net of any amounts deemed to be uncollectible.

The Agency renovates housing and sells it to low- and moderate-income families at market rates under a shared appreciation loan program. Under this program, a non-interest bearing second mortgage is carried by the Agency, which generally will be repaid along with a share in appreciation at the time of resale. In the governmental fund financial statements, revenue is deferred and recognized as cash is collected because the timing of collection of payments is not readily determinable. In the government-wide financial statements, the Agency recognizes all revenues on the above-described arrangements when earned, net of any accounts deemed to be uncollectible.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

The Agency has issued notes to developers for the purpose of providing low- and moderate-income housing throughout the City. These notes are long-term and many of them are also interest free. The notes have been reserved with a charge to urban redevelopment and housing expenditures in the year advanced because the collection of amounts owed is uncertain. Revenue is deferred and recognized as cash is collected. Notes and mortgages receivable are stated net of estimated uncollectible amounts.

(j) *Compensated Absences*

It is the Agency's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. For governmental funds, only amounts due and payable as of June 30, 2008, are accrued as a liability in the fund.

(k) *Deferred Revenue*

Deferred revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Agency typically records deferred revenue in the governmental fund financial statements related to long-term contracts, capital lease receivables, notes and mortgages arising from developers' financing arrangements and its shared appreciation loan program.

(l) *Property Tax Increment Revenues*

Incremental property tax revenues represent taxes collected on the project areas from the excess of taxes levied and collected over that amount which was levied and collected in the base year (the year of project inception) property tax assessment. Under an indebtedness limitation agreement with the City, the Agency receives only the portion of available tax increment, which the Board of Supervisors approves in the Agency's budget, and which is recorded as revenue in the year in which the City levies the property taxes.

(m) *George R. Moscone Convention Center*

The City is responsible for the construction management, operation, maintenance, repair and expansion of the George R. Moscone Convention Center, which has been partially financed with lease revenue bonds issued by the Agency. Accordingly, proceeds of the bonds are held in an agency fund and considered due to the City, which records construction activity in its own capital projects fund. The bonds are special limited obligations of the Agency and payable solely from the lease payments from the City.

(n) *Long-Term Obligations*

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(o) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific change. Designations of fund balances represent tentative management plans that are subject to change.

(p) Income Taxes

The Agency falls under the provisions of the Internal Revenue Code Section 115 and the corresponding California Revenue and Taxation Code provisions. As such, the Agency is not subject to federal or state income taxes.

(q) Interfund Transfers

Interfund transfers are generally recorded as transfers in (out) except for reimbursements for services performed, which are recorded as a reduction of expenditures in the performing fund and an expenditure of the receiving fund.

(r) Cash Flows

A statement of cash flows is presented for the proprietary fund. Cash and cash equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less.

(s) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(2) Reconciliation of Government-Wide and Fund Financial Statements

(a) *Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets*

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “capital and certain long-term assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of the \$273,875,966 difference are as follows:

Capital assets, net	\$ 260,315,730
Other assets (unamortized bond issuance costs)	<u>13,560,236</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	\$ <u>273,875,966</u>

Another element of that reconciliation explains that “Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred or not recorded in the funds”. The details of the \$175,956,751 difference are as follows:

Deferred revenue	\$ 179,514,428
Unearned revenue	<u>(3,557,677)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	\$ <u>175,956,751</u>

Another element of that reconciliation explains that “long-term liabilities (e.g., bonds, leases and advances) are not due and payable in the current period and, therefore, are not reported in the funds.” The details of the (\$944,544,517) difference are as follows:

Bonds payable	\$ (917,335,954)
Accrued interest payable	(18,782,594)
Advances from primary government	(6,460,780)
Compensated absences	<u>(1,965,189)</u>
Net adjustment to decrease fund balance – total governmental funds to arrive at net assets – governmental activities	\$ <u>(944,544,517)</u>

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(b) *Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities*

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$5,069,513 difference are as follows:

Capital outlay, net	\$ 9,535,191
Depreciation expense	<u>(4,465,678)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>5,069,513</u>

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases and advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of the (\$67,046,198) difference are as follows:

Debt issued or incurred:	
Proceeds from bonds	\$ (212,400,000)
Proceeds from advances	(2,511,076)
Premium on bonds issuance	(3,532,623)
Discount on bonds issuance	2,099,179
Bond issuance costs	3,692,992
Bonds Payments:	
Principal repayments (including any amounts paid to escrow agents)	134,702,769
Accreted interest payment	9,603,503
Advance payments	1,783,756
Amortized refunding loss	(387,596)
Amortized issuance costs	(899,937)
Amortized issuance premium	914,161
Amortized issuance discount	<u>(111,326)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	 \$ <u>(67,046,198)</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of the (\$12,615,457) difference are as follows:

Compensated absences	\$ 407,041
Accreted interest	(9,441,191)
Accrued interest	<u>(3,581,307)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets governmental activities	 \$ <u>(12,615,457)</u>

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(3) Deposits and Investments

The Agency's investment policy is governed by and is in compliance with Title 5, Division 2, Part 1, Chapter 4, Article 2 of the California Government Code (the Code). In certain cases, the Agency's investment policy is more restrictive than the Code. The Code limits investments to the State Local, Agency Investment Fund (LAIF), U.S. Treasury debt, U.S. Government Agency issues, the debt obligations of the State of California and its agencies, corporate notes, bankers' acceptances, commercial paper, guaranteed investment contracts, negotiable certificates of deposit, and repurchase agreements. The Agency does not participate in reverse repurchase agreements or other high-risk investments as defined by the Agency's investment policy. Investment of bond proceeds is limited to those investments permitted in the bond document or provided in Title 1, Division 6, Chapter 12, Section 5922 (c) and (d) of the Code.

LAIF is sponsored by the State Treasurer and prepares its market value report detailing the carrying cost and the estimated market value for the entire pool. The Agency has used a multiplier provided by LAIF to determine estimated market values.

Investments with trustees are restricted by various bond covenants and are pledged for payment of principal, interest and specified capital improvements. Agency management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements.

GASB Statement 40 requires the Agency to disclose risks in the following areas:

Interest Rate Risk: Refers to potential loss of an investment's value caused by changing interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Agency's investment policy limits investments to securities with short maturities, such as the following:

- The maximum maturity of commercial paper is 180 days. In accordance with the Code, investment in commercial paper is limited to 25% of the Agency's portfolio.
- In accordance with the Code, the maximum maturity of bankers' acceptances is 180 days.
- The maximum maturity of corporate notes is five years. In accordance with the Agency's policy, investment in corporate notes may not exceed 15% of the Agency's portfolio. As of June 30, 2008, the Agency did not own any corporate notes.

Credit Risk: Refers to the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As a means of limiting exposure to credit risk, the Code limits investments to high-quality securities with an investment grade of A or better for commercial paper and AAA for money market funds.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

Concentration of Credit Risk: Refers to the risk of loss attributed to the magnitude of investment in a single issuer. The Code limits investments in a single issuer as follows:

- Commercial paper is limited to 25% of the Agency's portfolio, with no more than 10% invested in any one issuer.
- Money market funds are limited to 20% of the Agency's portfolio, with no more than 10% in any one fund.
- Bankers' acceptances are limited to 40% of the Agency's portfolio, with no more than 30% in bankers' acceptances of any one commercial bank.

As of June 30, 2008, the Agency had the following investments (excluding those issued or explicitly guaranteed by the U.S. government), that equaled or exceeded 5% of the Agency's total investments:

Investments Equal to or Exceeding 5% of Total Investments	Fair Value	Percentage of Total Investments
AIG Matched Funding Corporation	\$ 25,668,669	7.6%
Federal Farm Credit Bank	\$ 23,169,555	6.9%
Federal Home Loan Bank	\$ 86,382,062	25.6%
GE Capital Services	\$ 17,970,667	5.3%

Custodial Credit Risk, Investments: Refers to the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Agency does not have a formal investment policy for custodial credit risk for investments. As of June 30, 2008, \$846,701 of the Agency's investments held by the proprietary fund are exposed to custodial credit risk because they are uninsured, not registered in the name of the Agency, and held by the counterparty's trust department or agent in the Agency's name. Such investments are held pursuant to an Indenture of Trust associated with a bond issue for the benefit of bond holders.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

The following is a summary of Deposits and Investments as of June 30, 2008:

	Investment Maturities in Years			Total Fair Value	Credit Rating	Portfolio Allocation
	Less than 1	1-5	More than 10			
Cash and cash deposits:						
Cash on hand				\$ 600	NA	
Cash in bank				56,350,621	NA	
Total cash and cash deposits				56,351,221		14.3%
Investments held by fiscal agent:						
U.S. Government Agency Securities:						
Coupon notes	\$ 40,741,617	17,611,784	—	58,353,401	AAA	14.8%
Discount notes	68,205,336	—	—	68,205,336	AAA	17.3%
Commercial paper	19,509,383	—	—	19,509,383	A-1/P-1	4.9%
Local Agency Investment Fund	62,733,113	—	—	62,733,113	Not Rated	15.9%
Money market funds	69,575,301	—	—	69,575,301	AAAm	17.7%
Guaranteed investment contracts	3,342,169	19,957,500	11,937,573	35,237,242	A- or Higher	8.9%
Guaranteed investment contracts	—	—	2,938,791	2,938,791	Not Rated	.8%
Bankers acceptances	21,235,949	—	—	21,235,949	Not Rated	5.4%
Total investments	\$ 285,342,868	37,569,284	14,876,364	337,788,516		85.7%
Total cash, investments & restricted assets				\$ 394,139,737		100%

Custodial Credit Risk, Deposits: Refers to the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Code requires California banks and savings and loan associations to secure the Agency's deposits not covered by federal deposit insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the Agency's deposits. The Agency does not have any exposure to custodial credit risk for deposits because the collateral is held at the pledging bank's trust department in the Agency's name.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

Total Agency deposits and investments as of June 30, 2008 are as follows:

	<u>Deposits and investments</u>	<u>Investments with trustees – restricted</u>	<u>Total</u>
Governmental activities:			
Capital Projects Fund	\$ 268,110,254	—	268,110,254
Debt Service Fund	—	121,638,917	121,638,917
	<u>268,110,254</u>	<u>121,638,917</u>	<u>389,749,171</u>
Business-type activities:			
Proprietary Fund	2,136,601	846,701	2,983,302
Agency Fund	<u>1,368,150</u>	<u>39,114</u>	<u>1,407,264</u>
Total deposits and investments	<u>\$ 271,615,005</u>	<u>122,524,732</u>	<u>394,139,737</u>

(4) Interest and Other Receivables – Governmental Activities/Capital Projects Fund

Interest and other receivables as of June 30, 2008 are as follows:

Tax increment	\$ 20,296,763
Interest	1,502,737
Developers' contributions	3,354,653
Tenants	68,507
Other	<u>231,265</u>
Total receivables	<u>\$ 25,453,925</u>

(5) Property Held for Sale and Capital Assets

(a) Property Held for Sale

A summary of changes in property held for sale follows:

	<u>July 1, 2007</u>	<u>Purchases</u>	<u>Sales</u>	<u>June 30, 2008</u>
Property held for sale	\$ <u>17,418,908</u>	<u>724,763</u>	<u>(2,322,944)</u>	<u>15,820,727</u>

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(b) Capital Assets – Governmental Activities

A summary of changes in capital assets recorded in governmental activities follows:

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>June 30, 2008</u>
Capital assets not being depreciated:				
Land held for lease	\$ 111,471,594	5,852,605	—	117,324,199
Construction in progress	14,998,000	3,572,055	(3,645,031)	14,925,024
Total capital assets not being depreciated	<u>126,469,594</u>	<u>9,424,660</u>	<u>(3,645,031)</u>	<u>132,249,223</u>
Capital assets being depreciated:				
Furniture and equipment – general	2,258,858	34,689	—	2,293,547
Furniture and equipment – Yerba Buena Center	5,535,724	—	—	5,535,724
Buildings and improvements – Yerba Buena Center	163,002,629	3,645,031	—	166,647,660
Buildings and Improvements – Harbor	9,932,104	75,842	—	10,007,946
Total capital assets being depreciated	<u>180,729,315</u>	<u>3,755,562</u>	<u>—</u>	<u>184,484,877</u>
Less accumulated depreciation for:				
Furniture and equipment – general	(2,029,667)	(45,652)	—	(2,075,319)
Furniture and equipment – Yerba Buena Center	(5,528,541)	(5,531)	—	(5,534,072)
Buildings and improvements – Yerba Buena Center	(44,146,181)	(4,166,192)	—	(48,312,373)
Building and improvements- Harbor	(248,303)	(248,303)	—	(496,606)
Total accumulated depreciation	<u>(51,952,692)</u>	<u>(4,465,678)</u>	<u>—</u>	<u>(56,418,370)</u>
Total capital assets being depreciated, net	<u>128,776,623</u>	<u>(710,116)</u>	<u>—</u>	<u>128,066,507</u>
Governmental activities capital assets, net	<u>\$ 255,246,217</u>	<u>8,714,544</u>	<u>(3,645,031)</u>	<u>260,315,730</u>

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(c) Capital Assets – Business-Type Activities/Proprietary Fund

A summary of changes in capital assets recorded in business-type activities and the proprietary fund follows:

	July 1, 2007	Additions	June 30, 2008
Capital assets being depreciated:			
Leasehold improvements	\$ 22,202,011	—	22,202,011
Equipment	<u>273,273</u>	<u>—</u>	<u>273,273</u>
Total capital assets being depreciated	22,475,284	—	22,475,284
Less accumulated depreciation for:			
Leasehold improvements	(8,662,203)	(444,041)	(9,106,244)
Equipment	<u>(224,755)</u>	<u>(17,878)</u>	<u>(242,633)</u>
Total accumulated depreciation	<u>(8,886,958)</u>	<u>(461,919)</u>	<u>(9,348,877)</u>
Business-type activities capital assets, net	<u>\$ 13,588,326</u>	<u>461,919</u>	<u>13,126,407</u>

(d) Depreciation Expense

Depreciation expense was charged to functions/programs of the Agency as follows:

Governmental activities – Urban redevelopment and housing	\$ <u>4,465,678</u>
Business-type activities – South Beach Yacht Harbor	\$ <u>461,919</u>

(6) Interfund Receivables, Payables and Transfers

(a) Due to/from other funds

The Agency utilizes one payroll system. Payroll costs and related benefits are paid from the capital projects fund. The interfund receivable in the capital projects fund represents the amount advanced to the proprietary fund for payroll-related costs.

(b) Interfund Transfers

The transfers from the debt service fund to the capital projects fund were for project construction and housing activities. These transfers were from 1) bonds proceeds, including related premiums and discounts; and 2) excess earnings from funds held by the trustees. The transfers from the capital projects fund to the debt service fund were for the payment of principal and interest on the Agency's tax allocation bonds.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(7) Long-Term Obligations

(a) Governmental Activities

The following is a summary of long-term obligations at June 30, 2008 (in thousands). Rounding differences may be noted.

	Due to	Remaining interest rates	July 1, 2007	Additions	Current maturities, retirements, and defeasances	June 30, 2008	Due within one year
Agency bonds:							
Revenue bonds:							
Moscone Convention Center Lease, Series 1992 (1)	2015	6.95% to 7.05%	\$ 27,039	-	(4,494)	22,545	4,195
Moscone Convention Center Lease, Series 2002 (1)	2019	2.6% to 5.25%	66,895	-	(340)	66,555	350
Moscone Convention Center Lease, Series 2004 (1)	2025	3.0% to 5.375%	33,565	-	(710)	32,855	805
Hotel Tax Revenue Bonds, Series 1994 (3)	2026	6.5% to 6.75%	9,040	-	(2,075)	6,965	2,125
Hotel Tax Revenue Bonds, Series 1998 (3)	2026	4.5% to 5.0%	53,260	-	(500)	52,760	520
Authority bonds:							
Tax Allocation Revenue Bonds, San Francisco Redevelopment Projects Series 1990 (2)	2011	7.0% to 7.05%	980	-	(272)	708	254
Tax Allocation Revenue Bonds, San Francisco Redevelopment Projects Series 1991 (2)	2012	6.60% to 6.65%	1,715	-	(391)	1,324	366
Tax Allocation Revenue Bonds, San Francisco Redevelopment Projects Series 1993B (2)	2019	4.75% to 5.75%	7,914	-	-	7,914	639
Taxable Tax Allocation Revenue Bonds, San Francisco Redevelopment Projects Series 1994B (2) (4)	2009	8.2% to 8.3%	3,465	-	(1,065)	2,400	1,150
Tax Allocation Revenue Bonds, San Francisco Redevelopment and Refunding Notes Series 1998C (2) (4)	2025	4.75% to 5.4%	9,550	-	-	9,550	1,443
Tax Allocation Revenue Bonds, San Francisco Redevelopment and Refunding Notes Series 1998D (2)	2025	4.375% to 5.2%	18,519	-	(370)	18,149	390
Tax Allocation Revenue Bonds, San Francisco Redevelopment and Refunding Notes Series 1999A (2)	-	-	49,350	-	(49,350)	-	-
Tax Allocation Revenue Bonds, San Francisco Redevelopment and Refunding Notes Series 1999B (2)	-	-	14,260	-	(14,260)	-	-

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

	Due to	Remaining interest rates	July 1, 2007	Additions	Current maturities, retirements, and defeasances	June 30, 2008	Due within one year
Tax Allocation Revenue Bonds, San Francisco Redevelopment Projects Series 2000A (2)	-	-	10,010	-	(10,010)	-	-
Tax Allocation Revenue Bonds, San Francisco Redevelopment Projects Series 2001A (2)	-	-	31,455	-	(31,455)	-	-
Tax Allocation Revenue Bonds, San Francisco Redevelopment Projects Series 2003A, B, C (2)	2019	3.0% to 5.41%	125,945	-	(7,475)	118,470	8,370
Tax Allocation Revenue Bonds, San Francisco Redevelopment Projects Series 2004A, B, C, D (2)	2031	2.0% to 6.0%	129,230	-	(4,995)	124,235	3,515
Tax Allocation Revenue Bonds, San Francisco Redevelopment Projects and Refunding Notes Series 2005A, B, C, D (2)	2036	3.25% to 5.2%	88,360	-	(4,165)	84,195	4,130
Taxable Tax Allocation Revenue Bonds, San Francisco Redevelopment Project Series 2006A (2)	2037	5.618% to 6.185%	50,731	-	(900)	49,831	555
Tax Allocation Revenue Bonds, San Francisco Redevelopment Project Series 2006B (2)	2037	4% to 5%	34,510	-	(290)	34,220	255
Taxable Tax Allocation Revenue Bonds, San Francisco Redevelopment Project Series 2007A (2)	2038	5.5% to 5.75%	-	118,285	-	118,285	685
Tax Allocation Revenue Bonds, San Francisco Redevelopment Refunding Notes Series 2007B (2)	2023	4% to 5%	-	94,115	-	94,115	6,930
Total Bonds Payable			<u>765,793</u>	<u>212,400</u>	<u>(133,117)</u>	<u>845,076</u>	<u>36,677</u>
Less deferred amounts:							
Issuance premiums			7,908	3,533	(914)	10,527	-
Issuance discounts			(733)	(2,099)	111	(2,721)	-
Refunding loss			(3,729)	(1,586)	388	(4,927)	-
Accreted interest payable *			769,239	212,248	(133,532)	847,955	36,677
Advances from the City			69,544	9,441	(9,604)	69,381	11,683
Liability for compensated absences			5,733	2,511	(1,783)	6,461	-
			2,372	-	(407)	1,965	899
Total			<u>\$ 846,888</u>	<u>224,200</u>	<u>(145,326)</u>	<u>925,762</u>	<u>49,259</u>

* Amount represents interest accretion on Capital Appreciation Bonds.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

Debt service payments for long-term obligations are made from the following sources:

- (1) Capital lease payments from the City and existing debt service funds.
- (2) Property tax increment revenues from the Hunters Point, Western Addition, Rincon Point South Beach, Yerba Buena Center, India Basin, South of Market, Golden Gateway, Mission Bay South, Transbay and Mission Bay North project areas.
- (3) Hotel tax revenues from the occupancy of guest rooms in the hotels within the City.
- (4) U.S. Government obligations held in escrow trust accounts are used to partially defease Tax Allocation Bonds issued in 1989, 1994, 1995 and 1996.

The proceeds from the issuance of Authority bonds are immediately loaned to the Agency. Loan payments to the Authority are equal to the debt service requirements of the underlying debt. The bonds are secured by property tax increment revenues. Since the loan transactions are entirely within the financial reporting entity, they have been eliminated in the financial statements.

Tax Allocation Revenue Bonds Series 2007 A & B

On November 8, 2007, the Authority issued \$118,285,000 in Taxable Tax Allocation Revenue Bonds 2007 Series A (2007 Series A Bonds) and \$94,115,000 in Tax Allocation Refunding Revenue Bonds Series B (2007 Series B Bonds). These bonds are secured by a pledge of the Agency's share of certain property tax revenue derived from related project areas.

Series 2007 A

The 2007 Series A Bonds consist of \$118,285,000 in terms bonds that mature through August 1, 2037 with interest rates ranging from 5.50% to 5.75%. The net proceeds of \$110,797,000 (including original issue discount of \$2,099,179; and after (1) depositing \$736,450 in a reserve fund, \$1,627,167 in a revenue fund, and \$74,991 in an interest fund and (2) payment of \$2,950,213 in issuance costs) from the 2007 Series A Bonds will be used for general redevelopment purposes, including financing the development, rehabilitation and preservation of low and moderate income housing.

Series 2007 B

The net proceeds of the 2007 Series B Refunding Bonds were used to refund all the outstanding bonds of the Tax Allocation Revenue Bonds Series 1999 Series A in the amount of \$43,845,000; and 1999 Series B in the amount of \$13,630,000; and 2000 Series A in the amount of \$9,740,000; and 2001 Series A in the amount of \$29,395,000.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

The net proceeds of \$87,589,287 (including original issue premium of \$3,532,623; and after (1) depositing \$9,298,844 in a reserve fund and \$16,713 in an interest fund; and (2) payment of \$742,779 in issuance costs) from the 2007 Series B Refunding Bonds, together with transfers from existing reserve accounts in the amount of \$10,606,985, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the debt service payments on the refunded bonds identified above on December 13, 2007. As a result, the refunded bonds described above are considered defeased and the liability for the refunded bonds has been removed from the accompanying statement of net assets.

Although the advance refunding resulted in the recognition of a deferred accounting loss of \$1,586,272, the Agency in effect reduced its aggregate debt service payments by approximately \$4,307,361 over the next 15 years and obtained an economic gain (difference between the present value of the old and the new debt service payment) of \$3,930,629. The 2007 Series B Refunding Bonds mature through August 1, 2022 with interest rates ranging from 4% to 5%.

Advances from the City

The City advanced \$1,894,576 in tax increment revenue to the Agency during the year ended June 30, 2008 for debt services payments on the Tax Allocation Revenue Bonds, San Francisco Redevelopment Projects Series 2003 B & C. In addition, the Agency accrued interest in the amount of \$153,500, based on the balance due to the City. The City also advanced \$463,000 for implementation costs for the Bayview Hunters Point Project Area, consisting of \$160,000 for planning costs of the Bayview Hunters Point Survey Area and \$303,000 for planning and implementation costs for the Visitation Valley Survey Area.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(b) Business-Type Activities

The following is a summary of long-term obligations at June 30, 2008 (in thousands). Rounding differences may be noted.

	<u>Due serially to</u>	<u>Remaining interest rates</u>	<u>July 1, 2007</u>	<u>Additions</u>	<u>Current maturities</u>	<u>June 30, 2008</u>	<u>Due within one year</u>
California Department of Boating and Waterways Loan (i)	2037	4.5%	\$ 7,999	—	(7)	7,992	7
Variable Rate Demand Refunding Bond 1986 Issue A (convertible to fixed rate at Agency's Option) (ii)	2017	Variable(1.57% at 6/30/08)	<u>7,700</u>	<u>—</u>	<u>(1,400)</u>	<u>6,300</u>	<u>—</u>
			<u>15,699</u>	<u>—</u>	<u>(1,407)</u>	<u>14,292</u>	<u>7</u>
Accreted interest payable			497	—	(132)	365	153
Accrued vacation and sick leave pay			<u>172</u>	<u>—</u>	<u>(60)</u>	<u>112</u>	<u>112</u>
Total			<u>\$ 16,368</u>	<u>—</u>	<u>(1,599)</u>	<u>14,769</u>	<u>272</u>

Debt service payments for obligations of business-type activities are made from the following sources:

- (i) South Beach Harbor Project revenues (subordinated to Refunding Bonds).
- (ii) South Beach Harbor Project cash reserves, property tax increment revenues and project revenues.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

In 1992, the bank holding the letter of credit and the Agency approved a restructuring of the debt involving a sublease of the South Beach Harbor (the Harbor) by the Agency to the Authority, who then leased the Harbor back to the Agency. The debt restructuring was performed in order for the Agency to be in compliance with certain debt coverage covenants of the South Beach Harbor Variable Rate Demand Refunding Bond 1986 Issue A indenture. The annual sublease and leaseback payments to be made are calculated as the difference between the net revenues of the Harbor and 130% of the debt service on the bonds for the preceding fiscal year. As a result of the Agency's compliance with certain debt coverage covenants, there were no annual lease payments required to be recorded in the Agency's proprietary fund as of June 30, 2008.

The interest rate for the South Beach Harbor Variable Rate Demand Refunding Bond 1986 Issue A is reset weekly by a remarketing agent. The rate varies depending on financial market conditions.

(c) Summary

The annual requirements to amortize all long-term obligations outstanding as of June 30, 2008 are as follows:

Governmental activities								
June 30,	Tax Allocation Revenue Bonds		Lease Revenue Bonds		Hotel Tax Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 28,682	32,118	5,350	13,289	2,645	2,999	36,677	48,406
2010	28,586	31,148	5,152	13,565	2,730	2,856	36,468	47,569
2011	30,664	30,099	5,019	13,776	2,770	2,726	38,453	46,601
2012	32,312	28,256	4,881	13,992	2,825	2,586	40,018	44,834
2013	34,383	26,112	4,791	14,155	2,885	2,447	42,059	42,714
2014 – 2018	202,776	96,736	62,142	32,762	15,275	10,014	280,193	139,512
2019 – 2023	125,537	76,411	28,610	3,829	18,225	5,778	172,372	86,018
2024 – 2028	55,658	78,550	6,010	309	12,370	1,161	74,038	80,020
2029 – 2033	59,763	46,500	–	–	–	–	59,763	46,500
2034 – 2038	65,035	27,373	–	–	–	–	65,035	27,373
TOTAL	\$ 663,396	473,303	121,955	105,677	59,725	30,567	845,076	609,547

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

Business-type activities						
June 30,	California Department of Boating and Waterway Loan		Refunding Bond 1986A		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 7	529	—	99	7	628
2010	69	468	—	99	69	567
2011	107	429	—	99	107	528
2012	136	399	—	99	136	498
2013	191	345	595	99	786	444
2014 – 2018	1,090	1,590	5,705	231	6,795	1,821
2019 – 2023	1,358	1,321	—	—	1,358	1,321
2024 – 2028	1,693	987	—	—	1,693	987
2029 – 2033	2,110	570	—	—	2,110	570
2034 – 2038	1,231	101	—	—	1,231	101
	<u>\$ 7,992</u>	<u>6,739</u>	<u>6,300</u>	<u>726</u>	<u>14,292</u>	<u>7,465</u>

It is not practical to determine the specific year for payment of the liability for accreted interest payable on bonds and accrued compensated absences. The liability for compensated absences is generally liquidated by the capital projects fund.

(d) Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The Agency has evaluated each general obligation bond issue subject to the arbitrage rebate requirements and has recorded no rebatable arbitrage liability as of June 30, 2008.

(8) Retirement Plan

Plan Description – The Agency contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and their beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. Copies of the PERS' annual financial report may be obtained from their Executive Office: 400 Q Street, Sacramento, CA 95814.

Funding Method – Participants are required to contribute 7% of their monthly salaries over \$133.33 to PERS. For the year ended June 30, 2008, the Agency paid the employee share of 7%. The Agency is required to contribute at an actuarially determined rate. The employer contribution rate was 10.537% of annual covered payroll for the year ended June 30, 2008. The contribution requirements of the plan members and the Agency are established and may be amended by PERS.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

Annual Pension Cost – The Agency’s annual pension cost of \$1,088,000 for PERS was equal to the Agency’s required and actual contributions which was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) overall payroll growth of 3.25% compounded annually, and (c) an inflation rate of 3.0%. The actuarial value of the PERS assets was determined using techniques that smooth the effects of short-term market value fluctuations over a 15 year period. The PERS unfunded actuarial accrued liability is being amortized as a level percentage of assumed future payrolls. The remaining amortization period at June 30, 2007, was over a closed 20-year period.

Three-year historical trend information is as follows:

<u>Fiscal year ended</u>	<u>Annual pension cost (APC) (000s omitted)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
6/30/06	\$1,301	100%	—
6/30/07	\$1,052	100%	—
6/30/08	\$1,088	100%	—

Funded Status and Funding Progress: As of June 30, 2007, the most recent actuarial valuation date, the plan was 98.5 percent funded. The actuarial accrued liability for benefits was \$84.8 million, and the actuarial value of assets was \$83.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.4 million, and the ratio of the UAAL to the covered payroll was (12.5%).

The schedule of funding progress, presented as required supplementary information (RSI) following the notes of the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Deferred Compensation Plan – The Agency offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan, established on May 23, 1979, is available to all employees and permits them to defer a portion of their salary until future years. Employee contributions may range from as little as \$20 per month to the lesser of \$15,500 or 33 1/3% of annual gross income. Employees age 50+ may elect to make additional “Catch-Up” contributions of \$5,000 for year 2008. Employees may take advantage of “Pre-Retirement Catch-Up” provision for the 3 years prior to retirement and contribute the maximum limit of \$31,000 for year 2008. No employer contribution to the plan is required. The deferred compensation withdrawal is not available to employees until termination, retirement, death, or unforeseeable emergency. Hartford Variable Annuity Life Insurance Company is the administrator of the plan.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

The Agency has no administrative involvement and does not perform the investing function. The Agency has no fiduciary accountability for the plan, and, accordingly, the plan assets and related liabilities to plan participants are not included in the financial statements.

(9) Postemployment Healthcare Plan

Plan Description – San Francisco Redevelopment Agency sponsors a single-employer defined benefit plan providing other (than pensions) postemployment benefits (OPEB) to employees who retire directly from the Agency. The Agency is a contracting agency under the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS, providing the following monthly retiree medical benefit contributions.

<u>Coverage</u>	<u>Calendar Year</u>	
	<u>2007</u>	<u>2008</u>
Employee only	\$ 439	\$ 471
Employee + 1	823	886
Family	1,042	1,129

Premiums in excess of the above Agency contributions are paid by the retirees. Benefits provisions are established and may be amended by the Agency. A publicly available report is not issued.

Funding Policy – The contribution requirements of plan members and the Agency are established by the Agency. For the year ended June 30, 2008, the Agency made contributions for retiree premiums on a pay-as-you-go basis. For the year ended June 30 2008, the Agency paid \$723,000 for current premiums. Plan participants receiving benefits paid any premiums that exceeded the Agency limits identified above.

Commencing July 1, 2008, the Agency intends to fund the full Annual Required Contribution (ARC) to the California Employees' Retiree Benefit Trust Program (CERBT). As of June 30, 2009, the ARC is \$1,307,000.

Annual OPEB Cost Benefit Cost and Net OPEB Obligations – The Agency's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Annual OPEB Cost (AOC) equals the plan's ARC, adjusted for historical differences between the ARC and amounts actually contributed. The Agency's annual required contribution for the year ended June 30, 2008 is the sum of (a) normal cost and (b) a 30-year level percentage amortization of the June 30, 2007 unfunded liability.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

The following table shows the components of the Agency's annual OPEB cost for the year ended June 30, 2008, and the changes in the net OPEB obligation (amounts in \$000's):

Annual required contribution	\$ 1,216
Interest on OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>1,216</u>
Contributions made	(723)
Increase in net OPEB obligation	493
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 493</u></u>

The annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2008 were as follows:

Fiscal Year Ended	Annual OPEB Cost (AOC) (000'S omitted)	Percentage of AOC Contributed	Net OPEB Obligation (000's omitted)
6/30/2008	\$1,216	59%	\$493

Funded Status and Funding Progress: As of June 30, 2007, the most recent actuarial valuation date, the plan was 0% percent funded. The actuarial accrued liability for benefits was \$13.8 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$13.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$9.6 million, and the ratio of the UAAL to the covered payroll was 144%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents current year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. (Multi-year trend information will be provided in future years when available.)

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and plan members to that point.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

The annual required contribution was determined based on the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. Actuarial assumptions include (a) select and ultimate discount rates – 4.50% investment return for the year ended June 30, 2008 and 7.75% for the year ending June 30, 2009 and later; (b) CalPERS 1997-2002 Experience Study for Males and Females; (c) actual 2007 and 2008 (calendar year basis) PEMCHA premiums; (d) HMO healthcare cost increases: 9.7% for calendar year 2009 graded down to 4.5% over 9 years, and PPO healthcare cost increases: 10.1% graded down to 4.5% over 9 years; and (e) 3.25% for projected payroll growth.

The Agency's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over a 30-year period. The remaining amortization period at June 30, 2008, was 29 years.

(10) Fund Balance – Capital Projects Fund

Due to the nature of its funding and activities, substantially all of the Agency's fund balance must be used for specific capital projects, future debt service or future housing obligations. The following describes unreserved fund balance designations for the Agency's Capital Projects Fund:

Economic development and public improvements	\$ 126,027,712
Low income housing development	132,581,142
Operation of cultural facilities and public gardens (Yerba Buena Gardens)	7,940,805
Section 8 standby payment agreements	4,870,529
Compensated absences	<u>1,965,189</u>
Total unreserved fund balance	\$ <u>273,385,377</u>

The above fund balance designations represent that portion of unreserved fund balance that is not available for appropriation based on management's plans for future use of the funds.

(11) Mortgage Revenue Bonds

In order to facilitate construction and rehabilitation in the City and County of San Francisco, various construction loan notes, promissory notes, community district facility bonds and mortgage revenue bonds with an aggregate outstanding balance of approximately \$628 million as of June 30, 2008 have been issued by the Agency on behalf of various developers and property owners who retain full responsibility for the repayment of the debt. When these obligations are issued, they are secured by the related mortgage indebtedness and special assessment taxes, and, in the opinion of management, are not considered obligations of the Agency or the City and are therefore not included in the accompanying financial statements. Debt service payments will be made by developers or property owners.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(12) Commitments and Contingent Liabilities

(a) Low and Moderate Income Housing Requirements of the Agency

California Health and Safety Code Section 33334.3 requires the Agency to set aside 20% of the proceeds from its incremental property tax revenues for expenditures for low and moderate income housing. Related interest earned on these funds must also be set aside for such purposes. The Agency established the Low and Moderate Income Housing Fund to account for this commitment and has budgeted \$530.9 million for such expenditures since its inception. The Agency has expended \$366 million for low- and moderate-income housing since its inception.

(b) Redevelopment Plan Requirements

Effective January 1, 1995, the California State Legislature passed Assembly Bill 1290 (AB 1290). This legislation imposes several requirements on redevelopment agencies and permits the establishment of time limits for the issuance of debt, plan termination, and the collection of tax increment. The Agency amended its redevelopment plan during the year ended June 30, 1995 to be in accordance with these requirements.

As part of AB 1290, the Agency is required to report any excess surplus to the Federal Department of Housing and Urban Development. An excess surplus exists for a fiscal year if the unencumbered balance at year-end in the Agency's Low and Moderate Housing Fund exceeds the greater of \$1 million or the aggregate amount of tax increment deposited into this fund during the preceding four fiscal years. If any excess surplus is not spent or encumbered within three years it must be transferred to the County housing authority. The Agency did not have any surplus housing funds for the year ended June 30, 2008 based on calculations by Agency management.

(c) Insurance, Claims and Litigation

The Agency is a member of the Bay Cities Joint Powers Authority, which provides coverage for its general liability, automobile liability and public officials' errors and omissions risks with combined single limits of \$25,000,000 per occurrence and a deductible of \$50,000 self-insurance retention per occurrence. Workers' compensation insurance is provided by the State Compensation Insurance Fund up to statutorily determined limits.

Claims relating to the construction of the George R. Moscone Convention Center, if any, are indemnified by the City in an agreement between the Agency and the City.

The Agency has been named as defendant in several legal actions, which are covered by its insurance policies. In the opinion of the Agency's management and legal counsel, the outcome of these actions will not have a material adverse effect on the financial position of the Agency.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(d) Federal Grants

The Agency participates in federal grant programs subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs have not yet been completed. Accordingly, the Agency's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. Management believes that disallowances, if any, would not have a material effect on the financial statements.

(e) Operating Leases

The Agency has entered into two operating leases for its office sites, one lease for the South of Market Project Area Committee office, and a Master Lease Option Agreement (through the City) with the San Francisco Port Commission, which contains several lease options for various real property sites located in the Rincon Point South Beach Project Area. As of June 30, 2008, the Agency has exercised several of the lease options.

Total future minimum operating lease payments are as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Year ending June 30:			
2009	\$ 1,332,502	460,858	1,793,360
2010	1,314,323	460,858	1,775,181
2011	1,314,323	460,858	1,775,181
2012	1,314,323	460,858	1,775,181
2013	1,314,323	460,858	1,775,181
2014 – 2018	6,016,601	2,304,290	8,320,891
2019 – 2023	1,814,337	2,304,290	4,118,627
2024 – 2028	1,814,337	2,304,290	4,118,627
2029 – 2033	1,814,337	2,304,290	4,118,627
2034 – 2038	1,814,337	2,304,290	4,118,627
2039 – 2043	1,814,337	2,304,290	4,118,627
2044 – 2048	1,814,337	2,304,290	4,118,627
2049 – 2050	816,452	1,036,931	1,853,383
	<u>\$ 24,308,869</u>	<u>19,471,251</u>	<u>43,780,120</u>

Rent payments in the Capital Projects Fund totaling \$1,274,840 are included in the caption urban redevelopment and housing on the accompanying government-wide and governmental fund financial statements for the year ended June 30, 2008.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(f) *Capital Projects*

The Agency has commitments under contracts of approximately \$74.4 million as of June 30, 2008.

(g) *Standby Payment Agreements*

The Agency provides standby payment agreements in conjunction with its issuance of Mortgage Revenue Bonds wherein the Department of Housing and Urban Development (HUD) guarantees Housing Assistance Payments (HAP) subsidized under Section 8 for multifamily residential facilities. If the HAP contract expires and is not renewed or is substantially reduced, the Agency will be required to pay the difference. The estimated maximum obligation until June 30, 2019 over the terms of all standby payment agreements is \$48.7 million. As of June 30, 2008, management has designated \$4,870,529 for standby payment agreements. It is management's intent to designate 10% of the estimated maximum obligation.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(13) Rental Income

(a) Noncancelable Operating Leases – Governmental Activities

The Agency has entered into eighteen noncancelable operating leases within the Yerba Buena Center, Western Addition Area Two, Hunters Point, South of Market, and Mission Bay North project areas. The initial terms of the leases will expire in years ranging from 2012 to 2098. The following is a schedule by years of minimum future rental income to be received on the leases (excluding variable rents calculated as a percentage of retail sales) as of June 30, 2008:

	Governmental activities
Year ending June 30:	
2009	\$ 4,488,551
2010	4,538,783
2011	4,567,222
2012	4,474,774
2013	4,452,736
2014 – 2018	22,556,241
2019 – 2023	21,563,740
2024 – 2028	22,236,220
2029 – 2033	24,051,008
2034 – 2038	21,950,213
2039 – 2043	21,329,439
2044 – 2048	15,889,247
2049 – 2053	2,064,456
2054 – 2058	735,000
2059 – 2063	513,333
2064 – 2068	363,891
2069 – 2073	250,000
2074 – 2078	198,222
2079 – 2083	150,000
2084 – 2088	150,000
2089 – 2093	150,000
2094 – 2098	127,500
	<u>\$ 176,800,576</u>

For the year ended June 30, 2008, operating lease rental income from noncancelable operating leases was \$11,172,875 as reported in the basic financial statements.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(b) Noncancelable Operating Leases – Business-type Activities

The Agency has entered into three noncancelable operating subleases at Pier 40, in the South Beach Harbor project area. The initial terms of the leases will expire in years ranging from 2013 to 2023. The following is a schedule by years of minimum future rental income to be received on the leases (excluding variable rents calculated as a percentage of retail sales) as of June 30, 2008:

	<u>Business –type activities</u>
Year ending June 30:	
2009	\$ 118,317
2010	118,317
2011	118,317
2012	118,317
2013	71,713
2014 – 2018	224,476
2019 – 2023	<u>195,548</u>
	\$ <u>965,005</u>

(c) Capital Lease

The Agency has entered into a capital lease with the City for use of land and facility space pertaining to the George R. Moscone Convention Center. The lease repayment terms, which extend through July 1, 2024, mirror the debt service requirements of the corresponding lease revenue bonds that were issued by the Agency to finance the construction and expansion of the George R. Moscone Convention Center. The lease payments are recognized as rental income and the principal and interest payments on the lease revenue bonds are recognized as debt service expenditures in the accompanying governmental fund financial statements. For purposes of the government-wide financial statements, the capital lease is recorded as a receivable and the corresponding lease revenue bonds are recorded as liabilities of the Agency. The principal portion of the lease payments is recorded as a reduction of the capital lease receivable, and the principal payments on the lease revenue bonds are recorded as a reduction of the debt. The interest portion of the lease is recognized as rental income, and the interest payments on the lease revenue bonds are recognized as interest expense.

The lease agreement for the George R. Moscone Convention Center provides for deferred base rental payments commencing in May 1996 at a rate of \$870,000 per year until the termination date of the lease, July 1, 2024. Deferred base rental represents a portion of the fair rental value of the project, which has been deferred by the agreement, to a date when monies are anticipated to be available.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

Amounts to be provided from capital leases are as follows:

Year ending June 30:		
2009	\$	18,639,479
2010		18,716,781
2011		18,794,186
2012		18,873,114
2013		18,946,154
2014 – 2018		94,904,516
2019 – 2023		32,438,659
2024 – 2025		<u>6,318,964</u>
Total minimum lease payments		227,631,853
Less amounts representing interest		<u>(55,655,447)</u>
Present value of maximum lease payments	\$	<u>171,976,406</u>

For the year ended June 30, 2008, rental income was \$18,468,193 as reported in the basic financial statements.

(14) Accumulated Deficit – Proprietary Fund

As of June 30, 2008, the Proprietary Fund had an accumulated deficit of \$554,526. A reduction in this deficit is planned over the next several years as the Agency supplements funds primarily from tax increment revenues to pay debt service on proprietary obligations.

(15) Subsequent Events

(a) Educational Revenue Augmentation Funds

On September 30, 2008, AB 1389 was signed into law requiring redevelopment agencies statewide to shift a one-time \$350 million of property tax increment to the State of California's (the State) Educational Revenue Augmentation Fund (ERAF) as a way to reduce the State's \$24.3 billion budget deficit for fiscal year 2008-2009. The ERAF money will then be paid to schools and community colleges, relieving the State of payments. The Agency's share of this revenue shift is approximately \$5.9 million and payment is to be made by May 10, 2009.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Financial Statements

June 30, 2008

(b) *Recent Changes in the Economic Environment and Its Impact to the Agency*

The recent turmoil in the financial market has been unprecedented. In September 2008, the U.S. Treasury placed government-sponsored enterprises Federal Home loan Mortgage Corporation (Freddie Mac) and Federal National Mortgage Association (Fannie Mae) into conservatorship and committed to provide as much as \$100 billion to each company to backstop any shortfalls in capital through 2009, which protected the principal and interest payments on their debt (bonds issued). In addition, the federal government recently assumed control of American International Group, Inc. (AIG), the largest insurance company in the U.S.; Lehman Brothers Holdings, Inc. was seized by government regulators and its branches and assets sold to JP Morgan Chase & Co. On October 3, 2008, the President of the United States signed into law the \$700 billion Emergency Economic Stabilization Act of 2008 in an effort to address the economic crisis.

Investment Risks: Due to the conservative composition of its investment portfolio, the Agency has not experienced any significant losses as a result of the turmoil in the financial markets. The Agency's response has been to reduce exposure to commercial paper and bankers' acceptances through attrition and to reduce the average maturity of the portfolio with new purchases. The investment portfolio has become increasingly dominated by short term discount notes of US Government Agencies and government sponsored enterprises. The yield on the portfolio has dropped with the decline in general interest rates.

Financial Impact on Agency Bonds: Since all Agency Tax Increment Bonds are fixed rate, the portfolio has not been impacted by the lack of liquidity experienced by issuers of floating rate bonds. There is one Variable Rate Demand Lease Revenue Bond, Series 1986 outstanding with a remaining balance of approximately \$6.3 million. The financed project continues to generate significant excess revenues and the spike in short term rates has not had any material impact.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Required Supplementary Information

Schedules of Funding Progress

California Public Employees' Retirement System – Pension Plan

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a % of covered payroll ((b-a)/c)
6/30/2005	\$ 74,451,241	\$ 75,930,852	\$ 1,479,611	98.1%	\$ 10,835,049	13.7%
6/30/2006	\$ 78,549,504	\$ 79,381,536	\$ 832,032	99.0%	\$ 10,556,504	7.9%
6/30/2007	\$ 83,460,425	\$ 84,764,168	\$ 1,303,743	98.5%	\$ 10,393,430	12.50%

See accompanying independent auditors' report and note 8 in the financial statements for actuarial assumptions and other information related to the schedule of funding progress.

Postemployment Health Plan

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a % of covered payroll ((b-a)/c)
6/30/2007	\$ -	\$ 13,829,000	\$ 13,829,000	0%	\$ 9,634,000	144%

See accompanying independent auditors' report and note 9 in the financial statements for actuarial assumptions and other information related to the schedule of funding progress.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**
Capital Projects Fund
Combining Schedule of Accounts
June 30, 2008

Assets	City-wide Housing	Bayview Hunters Point	India Basin	Rincon Point South Beach	Western Addition	Yerba Buena Center	Hunters Point Shipyard	Mission Bay North	Mission Bay South	Tranbay	Golden Gateway/So. of Market/ Fed. Office Bldg.	General Redevelopment	Total
\$													
Deposits and investments	21,339,766	(421,881)	153,125	1,262,975	871,998	12,877,720	-	3,788,886	-	-	3,080,567	225,157,098	268,110,254
Interest and other receivables	1,782	-	-	110,195	-	20,518	3,134,812	292,100	7,563	-	-	21,886,955	25,453,925
Other assets	-	-	-	-	-	505,556	-	-	-	-	-	155,966	661,522
Intergovernmental receivable	832,679	-	-	-	-	-	358,333	-	-	-	-	-	1,191,012
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	1,104,288	1,104,288
Capital lease receivables	-	-	-	-	-	6,717,799	-	-	-	-	-	-	6,717,799
Notes and mortgages receivable, net	324,250	-	-	-	1,367,106	1,400,000	-	7,270,479	-	-	-	383,739	10,745,574
Property held for sale	14,499,723	121,003	-	-	1,200,000	1	-	-	-	-	-	-	15,820,727
Interproject (payables) receivables	100,570,581	(2,751,167)	744,120	(12,782,406)	23,475,953	(32,803,844)	(18,848,310)	17,456,437	(2,243,192)	19,107,683	(20,652,820)	(71,073,035)	-
Total assets	137,568,781	(3,052,045)	897,245	(11,409,236)	26,915,057	(11,282,250)	(15,355,165)	28,807,902	(2,235,629)	19,107,683	(17,572,253)	177,615,011	329,805,101
Liabilities and Fund Balance													
Liabilities:													
Accounts payable	833,278	7,181	-	1,800	31,762	102,865	267,310	510,000	500,000	-	1,388,807	6,045,965	9,688,968
Other liabilities	294,620	-	-	-	91,200	210,596	252,440	210,596	-	283,155	-	2,405,023	3,537,034
Due to primary government	-	388,161	-	-	215,948	779,633	81,304	70,000	-	-	866,554	-	2,371,600
Deferred revenue	3,877,176	151,668	-	-	1,367,106	8,117,799	358,333	-	-	-	-	383,739	14,255,821
Total liabilities	5,005,074	517,010	-	1,800	1,706,016	9,210,893	959,387	580,000	500,000	283,155	2,255,361	8,834,727	29,853,433
Fund balance:													
Reserved for:													
Loans and notes and mortgages receivable	334,250	-	-	-	1,367,106	1,400,000	-	7,270,479	-	-	-	383,739	10,745,574
Property held for sale	14,499,723	-	-	-	1,200,000	1	-	-	-	-	-	-	15,820,727
Unreserved:													
Designated (Undesignated)	117,539,734	(3,690,058)	897,245	(11,411,036)	22,641,935	(21,893,144)	(16,314,552)	20,957,423	(2,735,629)	18,824,528	(19,827,614)	168,796,545	273,385,377
Total fund balance	132,563,707	(3,569,059)	897,245	(11,411,036)	25,209,041	(20,493,143)	(16,314,552)	28,227,902	(2,735,629)	18,824,528	(19,827,614)	168,780,284	299,951,678
Total liabilities and fund balance	137,568,781	(3,052,045)	897,245	(11,409,236)	26,915,057	(11,282,250)	(15,355,165)	28,807,902	(2,235,629)	19,107,683	(17,572,253)	177,615,011	329,805,101

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Capital Projects Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance by Account
Year ended June 30, 2008

	City-wide Housing	Bayview Hunters Point	India Basin	Rincon Point South Beach	Western Addition	Yerba Buena Center	Hunters Point Shipyard	Mission North	Mission Bay South	Transbay	Golden Gateway/So. of Market/ Fed. Office Bldg.	General Redevelopment	Elimination of Intrafund Transfers	Total
Revenues:														
Property tax increment	—	3,110,454	561,812	17,690,881	12,477,740	30,226,905	—	11,667,514	4,609,109	964,133	21,250,694	—	—	102,559,242
Property sales	374,367	444,486	—	—	4,020,346	—	—	—	—	—	—	—	—	4,839,199
Rental/lease income	2,349,477	—	—	566,078	193,389	9,490,849	—	—	—	—	—	163,516	—	12,965,509
Investment income	4,976,773	639,026	20,360	680,277	802,867	2,367,822	21,904	758,747	48,799	412,152	1,306,551	897,493	—	12,932,771
Grant revenue	8,338,702	—	38,749	—	—	—	—	—	—	—	—	—	—	8,377,451
Developer contributions	—	—	—	100,000	—	—	5,471,273	—	—	—	—	—	—	5,571,273
Other income	762,939	—	—	69,663	650	200,000	69,595	—	39,947	4,566,197	—	632,504	—	6,341,495
Total revenues	17,002,238	4,193,966	620,921	19,106,899	17,497,192	42,285,576	5,562,772	12,426,261	4,697,855	5,942,482	22,557,245	1,693,513	—	153,586,940
Expenditures:														
Current:														
Urban redevelopment and housing	64,810,209	3,094,659	305,467	3,818,228	9,542,903	18,098,832	7,007,786	22,001,023	6,992,434	646,265	8,955,215	922,939	—	146,195,960
Debt service:	—	114,218	4,933	1,886,302	38,947	469,057	—	354,794	—	154,638	670,103	—	—	3,692,992
Bond issuance costs	64,810,209	3,208,877	310,400	5,704,530	9,581,850	18,567,889	7,007,786	22,355,817	6,992,434	800,903	9,625,318	922,939	—	149,888,952
Total expenditures	(47,807,951)	985,089	310,521	13,402,369	7,915,342	23,717,687	(1,445,014)	(9,929,556)	(2,294,579)	5,141,579	12,931,927	770,574	—	3,697,988
Excess (deficiency) of revenues over (under) expenditures														
Other financing sources (uses):														
Other financing sources	—	463,000	—	—	—	—	—	—	—	—	—	—	—	463,000
Transfer of bond proceeds	—	5,075,000	625,000	88,145,000	4,935,000	25,495,000	—	14,225,000	—	6,200,000	67,700,000	—	—	212,400,000
Transfer of premium on tax allocation bonds	—	27,213	23,459	687,269	185,236	367,282	—	—	—	—	2,242,164	—	—	3,532,623
Transfer of discount on tax allocation bonds	—	(77,199)	—	(1,239,347)	—	(278,802)	—	(252,448)	—	(110,030)	(141,353)	—	—	(2,099,179)
Transfers in	78,188,000	300,000	—	—	—	(278,856)	—	5,288,856	—	450,000	—	514,914	(78,938,000)	5,803,770
Transfers out	—	(2,167,710)	(1,092,151)	(96,366,452)	(13,509,917)	(39,416,113)	—	(26,366,254)	—	(1,479,431)	(76,232,068)	—	78,938,000	(177,692,096)
Total other financing sources (uses)	78,188,000	(3,620,304)	(443,692)	(8,773,530)	(8,389,681)	(13,832,633)	—	(7,104,846)	(2,294,579)	5,060,539	(6,431,257)	514,914	—	42,408,118
Net change in fund balance	30,380,049	4,605,393	(133,171)	4,628,839	(474,339)	9,885,054	(1,445,014)	(17,034,402)	(2,294,579)	10,202,118	6,500,670	1,285,488	—	46,106,106
Fund balance, beginning of year	101,983,658	(8,174,448)	1,030,416	(16,039,875)	25,683,380	(30,378,197)	(14,869,538)	45,262,304	(441,050)	8,622,410	(26,328,284)	167,494,796	—	253,845,572
Fund balance, end of year	\$ 132,363,707	\$ (3,569,055)	\$ 897,245	\$ (11,411,036)	\$ 25,209,041	\$ (20,493,143)	\$ (16,314,552)	\$ 28,227,902	\$ (2,735,629)	\$ 18,824,528	\$ (19,827,614)	\$ 168,780,284	\$ —	\$ 299,951,678

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Debt Service Fund
Combining Schedule of Accounts
June 30, 2008

	Golden Gateway/South of Market	Bayview Hunters Point	India Basin	Rincon Point South Beach	Western Addition	Yerba Buena Center	Mission Bay North	Transbay	Total
Assets									
Capital lease receivables	\$ —	—	—	—	—	165,258,607	—	—	165,258,607
Investments with trustees – restricted	1,026,914	1,635,895	382,962	28,392,605	2,754,077	52,237,904	33,657,039	1,551,521	121,638,917
Total assets	<u>\$ 1,026,914</u>	<u>1,635,895</u>	<u>382,962</u>	<u>28,392,605</u>	<u>2,754,077</u>	<u>217,496,511</u>	<u>33,657,039</u>	<u>1,551,521</u>	<u>286,897,524</u>
Liabilities and Fund Balance									
Due to primary government	\$ —	—	—	—	—	331,621	—	—	331,621
Deferred revenue	—	—	—	—	—	165,258,607	—	—	165,258,607
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>165,590,228</u>	<u>—</u>	<u>—</u>	<u>165,590,228</u>
Fund balance – reserved for debt service	1,026,914	1,635,895	382,962	28,392,605	2,754,077	51,906,283	33,657,039	1,551,521	121,307,296
Total liabilities and fund balance	<u>\$ 1,026,914</u>	<u>1,635,895</u>	<u>382,962</u>	<u>28,392,605</u>	<u>2,754,077</u>	<u>217,496,511</u>	<u>33,657,039</u>	<u>1,551,521</u>	<u>286,897,524</u>

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Debt Service Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance by Account
Year ended June 30, 2008

	Golden Gateway/South of Market	Bayview Hunters Point	India Basin	Rincon Point South Beach	Western Addition	Yerba Buena Center	Mission Bay North	Transbay	Elimination of Intrafund Transfers	Total
Revenues:										
Rental/lease income	—	—	—	—	—	18,468,193	—	—	—	18,468,193
Investment income	737,593	44,221	25,350	688,567	295,157	1,627,039	297,694	27,153	—	3,742,774
Hotel tax	—	—	—	—	—	5,392,742	—	—	—	5,392,742
Total revenues	737,593	44,221	25,350	688,567	295,157	25,487,974	297,694	27,153	—	27,603,709
Expenditures:										
Debt service:										
Principal retirement	7,600,149	337,594	151,505	3,636,447	7,494,485	16,646,317	640,000	—	—	36,506,497
Payments to refunding bonds escrow agent	6,732,279	81,709	70,439	2,063,580	556,186	1,102,792	—	—	—	10,606,985
Interest and finance charges	5,775,728	322,986	342,516	4,968,294	3,132,499	24,485,663	2,789,449	81,063	—	41,898,198
Total expenditures	20,108,156	742,289	564,460	10,668,321	11,183,170	42,234,772	3,429,449	81,063	—	89,011,680
Excess of expenditures over revenues	(19,370,563)	(698,068)	(539,110)	(9,979,754)	(10,888,013)	(16,746,798)	(3,131,755)	(53,910)	—	(61,407,971)
Other financing sources (uses):										
Tax allocation bonds issued	7,965,000	4,350,000	—	69,835,000	—	15,710,000	14,225,000	6,200,000	—	118,285,000
Refunding bonds issued	59,735,000	725,000	625,000	18,310,000	4,935,000	9,785,000	—	—	—	94,115,000
Premium on tax allocation bonds	2,242,164	27,213	23,459	687,269	185,236	367,282	—	—	—	3,532,623
Discount on tax allocation bonds	(141,353)	(77,199)	—	(1,239,347)	—	(278,802)	(252,448)	(110,030)	—	(2,099,179)
Transfer of bond proceeds	(67,700,000)	(5,075,000)	(625,000)	(88,145,000)	(4,935,000)	(25,495,000)	(14,225,000)	(6,200,000)	—	(212,400,000)
Transfer of premium on tax allocation bonds	(2,242,164)	(27,213)	(23,459)	(687,269)	(185,236)	(367,282)	—	—	—	(3,532,623)
Transfer of discount on tax allocation bonds	141,353	77,199	—	1,239,347	—	278,802	252,448	110,030	—	2,099,179
Payment to refunding bonds escrow agent	(55,538,650)	(680,606)	(610,562)	(16,663,946)	(4,851,165)	(9,244,358)	—	—	—	(87,589,287)
Transfers in	46,282,560	2,708,353	1,552,591	42,172,102	18,077,222	49,752,947	18,232,639	1,662,996	(2,393,724)	178,047,686
Transfers out	(1,563,716)	(93,749)	(53,743)	(1,459,780)	(625,740)	(4,067,671)	(631,120)	(57,565)	2,393,724	(6,159,360)
Total other financing sources (uses)	(10,819,806)	1,933,998	888,286	24,048,376	12,600,317	36,440,918	17,601,519	1,605,431	—	84,299,039
Net change in fund balance	(30,190,369)	1,235,930	349,176	14,068,622	1,712,304	19,694,120	14,469,764	1,551,521	—	22,891,068
Fund balance, beginning of year	31,217,283	399,965	33,786	14,323,983	1,041,773	32,212,163	19,187,275	—	—	98,416,228
Fund balance, end of year	1,026,914	1,635,895	382,962	28,392,605	2,754,077	51,906,283	33,657,039	1,551,521	—	121,307,296

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Proprietary Fund
Combining Schedule of Revenues and Expenses by Account
Year ended June 30, 2008

	South Beach Harbor operations	South Beach Harbor bond proceeds activity	Total
Operating revenues:			
Rent (net of bad debt expense of \$33,067)	\$ 3,154,793	—	3,154,793
Other	63,598	—	63,598
Total operating revenues	3,218,391	—	3,218,391
Operating expenses:			
Personnel	825,681	—	825,681
Rent	446,270	—	446,270
Insurance	123,604	—	123,604
Light, heat and power	289,868	—	289,868
Materials and supplies	26,552	—	26,552
Repairs & maintenance	202,146	—	202,146
Depreciation and amortization	461,919	—	461,919
General and administrative	63,573	—	63,573
Other	3,669	—	3,669
Total operating expenses	2,443,282	—	2,443,282
Operating income	775,109	—	775,109
Nonoperating revenues (expenses):			
Investment earnings	105,042	31,805	136,847
Interest expense	(477,095)	(239,684)	(716,779)
Net nonoperating expenses	(372,053)	(207,879)	(579,932)
Change in net assets	\$ 403,056	(207,879)	195,177

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Agency Fund
Combining Schedule of Fiduciary Net Assets by Account
June 30, 2008

	Bayview Hunters Point	India Basin	Rincon Point South Beach	Western Addition	Mission Bay North	Yerba Buena Center	General Redevelopment	Total
Assets								
Deposits and investments	\$ 212,169	21,920	116,912	380,443	6,000	142,796	487,910	1,368,150
Notes and mortgage receivable	—	—	—	—	—	—	445,569	445,569
Investment with trustees – restricted	—	—	—	—	—	39,114	—	39,114
Total assets	<u>\$ 212,169</u>	<u>21,920</u>	<u>116,912</u>	<u>380,443</u>	<u>6,000</u>	<u>181,910</u>	<u>933,479</u>	<u>1,852,833</u>
Liabilities								
Due to the City and County of San Francisco	\$ —	—	—	—	—	39,114	445,569	484,683
Due to Community Facility District Developers' performance deposits	212,169	21,920	116,912	380,443	6,000	142,796	487,910	880,240
Total liabilities	<u>\$ 212,169</u>	<u>21,920</u>	<u>116,912</u>	<u>380,443</u>	<u>6,000</u>	<u>181,910</u>	<u>933,479</u>	<u>1,852,833</u>

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

Department/Program	Federal Catalog No.	Federal expenditures
U.S. Department of Housing and Urban Development:		
Community Development Block Grants, Entitlement Grant	14.218	\$ 344,941
Housing Opportunities for Persons with AIDS Grant	14.241	8,722,914
Total expenditures of federal awards		<u>\$ 9,067,855</u>

See notes to schedule of expenditures of federal awards.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

(1) Basis of Accounting – Federal Financial Assistance Programs

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting which is described in note 1(c) of the accompanying basic financial statements.

(2) Housing Opportunities for Persons with AIDS Grant

The objective of the Housing Opportunities for Persons with AIDS (HOPWA) Grant is to provide states and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with acquired immunodeficiency syndrome (AIDS) or related diseases, and their families. The program authorized entitlement grants and competitive awarded grants for housing assistance and services.

(3) Community Development Block Grant

The objective of the Community Development Block Grant (CDBG) is the development of viable urban communities, decent housing and a suitable living environment, and expansion of economic opportunities. The economic opportunities are expanded through achieving one or more of the three broad national objectives: (1) benefiting low- and moderate-income persons; (2) aiding in the prevention or elimination of slums or blight; and (3) meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community wherein other financial resources are not available to meet such needs.

During the year ended June 30, 2008, the Agency received no direct CDBG funds. Program expenditures totaled \$344,941 and represent expenditures of program income.

(4) Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule have been reconciled to the accompanying basic financial statements and the amounts reported in the related federal financial reports.

(5) Subrecipients

Program expenditures of \$8,452,206 for the Housing Opportunities for Persons with AIDS Grant (CFDA #14.241) were provided to subrecipients.



WILLIAMS, ADLEY & COMPANY, LLP
Certified Public Accountants / Management Consultants

**Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

The Honorable Agency Commissioners
Redevelopment Agency of the
City and County of San Francisco:

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Redevelopment Agency of the City and County of San Francisco (the Agency), a component unit of the City and County of San Francisco, California, as of and for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 08-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.



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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, the results of our tests did disclose an instance of noncompliance that is required to be reported under the *Guidelines for Compliance Audits of California Redevelopment Agencies* which is described in the accompanying schedule of state compliance findings as item RDA 08-01.

The Agency's responses to the findings identified in our audit are included in the accompanying schedules of findings and questioned costs, and state compliance findings. We did not audit the Agency's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Agency Commission, management, federal awarding agencies, and the State Controller and is not intended to be and should not be used by anyone other than these specified parties.

Williams, Adley & Company, LLP

San Francisco, California
December 26, 2008



WILLIAMS, ADLEY & COMPANY, LLP
Certified Public Accountants / Management Consultants

**Report on Compliance with Requirements
Applicable to Each Major Program and on Internal
Control over Compliance in Accordance with OMB Circular A-133**

The Honorable Agency Commissioners
Redevelopment Agency of the
City and County of San Francisco:

Compliance

We have audited the compliance of the Redevelopment Agency of the City and County of San Francisco (the Agency), a component unit of the City and County of San Francisco, California, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. The Agency's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

As described in Finding No. 08-02 in the accompanying schedule of findings and questioned costs, the Agency did not comply with requirements regarding cash management that are applicable to its HOPWA program. Compliance with such requirements is necessary, in our opinion, for the Agency to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Agency complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.



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Management Consultants

Internal Control over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirements of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Agency's response to the finding identified in our audit is included in the accompanying schedule of findings and questioned costs. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Agency Commission, management, federal awarding agencies, and the State Controller, and is not intended to be and should not be used by anyone other than these specified parties.

Williams, Adley & Company, LLP

San Francisco, California

December 26, 2008

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

(1) Summary of Auditors' Results

- (a) The type of report issued on the basic financial statements: Unqualified opinion
- (b) Significant deficiency in internal control disclosed by the audit of the basic financial statements:
Yes

Material weaknesses: No
- (c) Noncompliance which is material to the basic financial statements: No
- (d) Significant deficiency in internal control over major programs: None reported

Material weaknesses: No
- (e) The type of report issued on compliance for major programs: Qualified opinion
- (f) Audit findings which are required to be reported under Section 510(a) of OMB Circular A-133:
Yes
- (g) Major programs:

<u>CFDA#</u>	<u>Name of Federal Program</u>
14.241	Housing Opportunities for Persons with AIDS Grant

- (h) Dollar threshold used to distinguish between Types A and B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: Yes

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

Finding No. 08-01 – Untimely Reconciliations

Condition: Key account reconciliations were not performed in a timely manner.

Criteria: A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Effect: A significant number of client adjustments were required during the audit process.

Cause: A transition of key personnel resulted in many of the reconciliations not being performed in a timely manner.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Recommendation: We recommend that the Agency ensure that key reconciliations are performed in a timely manner.

Management Response: While the Agency has addressed past issues in the finance section related to accounting procedures and staff turnover, in FY 2007-8, a key staff in finance retired. Due to this turnover and the hiring and training of new employees, it took most of FY 2007-8 to become current on account reconciliations.

We are confident that with our new staff person now fully trained along with some improved reporting from our Investment Management System, these delays will not reoccur.

(3) Findings and Questioned Costs Related to Federal Awards:

Finding No. 08-02 – HOPWA (CFDA 14.241)

Condition: We tested twelve disbursements to sub-recipients, noting that four were not made in a timely manner. Funds were received from the Department of Housing and Urban Development on August 1, 2007, but not disbursed until August 16, 2007 for one sub-recipient and September 6, 2007 for the other three sub-recipients.

Criteria: In accordance with OMB Circular A-102, Paragraph 2.a, the Agency must implement and follow methods and procedure for transferring funds to minimize the time elapsing between the transfer of funds to the Agency and the Agency's use of those funds. The Agency's policy is to transfer funds to sub-recipients within 5 business days of receipt.

Effect: The Agency did not minimize the time between receipt of funds and disbursement to sub-recipients.

Cause: Cash management procedures were not consistently followed.

Recommendation: We recommend that the Agency review its procedures for disbursing funds to sub-recipients. Supervisory review and deadline monitoring should occur to ensure that established procedures are followed.

Management Response: The employee responsible for initiating payments retired during 2008. A new employee has been assigned the responsibility for initiating HOPWA payments. The new employee has received proper training and guidance to ensure timely payments in the future.

**REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF SAN FRANCISCO**

Schedule of State Compliance Findings

Year ended June 30, 2008

Findings Relating to the Financial Statements Reported in Accordance with the *Guidelines for Compliance Audits of California Redevelopment Agencies*:

Finding No. RDA 08-01: State Redevelopment Agency Compliance Requirements – Five Year Implementation Plans (Timely Adoption of Five Year Implementation Plans)

Condition: During the performance of the state compliance testwork with regards to “Five Year Implementation Plans”, we noted that the implementation plan for the Hunters Point Shipyard Redevelopment Project Area for fiscal years 2003 – 2007, which appears to have had a five-year anniversary date of January 2008, was not adopted as of June 30, 2008.

Criteria: Pursuant to California Health and Safety Code, Section 33490 and 33413(b), the Agency is required to adopt an implementation plan for each project area every five years, which outlines the goals and objectives of the Agency and an annual housing program with respect to the project area.

Recommendation: We recommend the Agency maintain a comprehensive list of all active implementation plans, which summarizes all relevant provisions of the plans including the initial adoption dates and anniversary dates. We further recommend the Agency to strengthen controls over the renewal of implementation plans to ensure that the appropriate steps are taken in a timely manner to ensure that the plans are adopted within the required timeframe.

Management Response: The Agency has experienced significant unforeseeable challenges in the development of the Hunters’ Point Shipyard Project Area (HPSY). While the Development and Disposition Agreement (the Agreement) was originated in 2003, we have had four additional amendments and are currently renegotiating a fifth amendment to the Agreement. The Fifth Amendment is necessary to reflect the current market conditions and need for increased density. In addition to the various amendments, the project area has faced ongoing challenges to incorporate a 49er’s Stadium as well as the continuing delays of environmental remediation which has also affected the transfer of land between the Navy and the Agency. Those unforeseeable events coupled with turnover in project management staff, hindered our ability to complete the HPSY 5 year Implementation Plan by its due date of January 2008. Notwithstanding, a final draft has been approved by the Citizen Advisory Committee in early November and will be forwarded to the Commission for final approval. We anticipate that it will be completed no later than December 2008.

APPENDIX B

FISCAL CONSULTANT REPORT

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**FISCAL CONSULTANT REPORT
FOR THE
CITY AND COUNTY OF SAN FRANCISCO REDEVELOPMENT
FINANCING AUTHORITY
2009 SERIES A (TAXABLE) AND SERIES B (TAX EXEMPT)
TAX ALLOCATION REVENUE BONDS
(SAN FRANCISCO REDEVELOPMENT PROJECTS)**

AUGUST 21, 2009

Table of Contents

INTRODUCTION	1
THE ALLOCATION OF TAX INCREMENT REVENUE TO THE AGENCY	2
HOUSING SET-ASIDE	3
THE REDEVELOPMENT PLANS	4
<i>Tax Increment Caps</i>	10
<i>Passthrough Payments</i>	11
<i>Senior Obligations</i>	12
LEGISLATION AND COURT ACTIONS	13
<i>AB1290</i>	13
<i>ERAF Legislation</i>	13
<i>Santa Ana Section 33676 Decision</i>	14
<i>Orange County Reassessment Decision</i>	15
TAX RATES	15
ASSESSMENT APPEALS	15
PROPERTY FORECLOSURES	20
HISTORIC AND CURRENT ASSESSED VALUATION AND TAX INCREMENT	21
TEN LARGEST ASSESSEES	31
TAX INCREMENT PROJECTION	35
LIMITATIONS OF REPORT	38

INTRODUCTION

In preparation for the issuance of the City and County of San Francisco Redevelopment Financing Authority 2009 Series A (Taxable) (the “Series A Bonds”) and Series B (Tax Exempt) (the “Series B Bonds”) Tax Allocation Revenue Bonds (and collectively, “the Bonds”) the Redevelopment Agency of the City and County of San Francisco (the Agency) has retained Urban Analytics as fiscal consultant (the Consultant) to evaluate available tax revenue for the Agency’s redevelopment project areas and provide a Fiscal Consultant Report (the Report).

The redevelopment project areas included in this report are: Bayview Hunters Point Redevelopment Project Area – Project Area B (“Bayview Hunters Point Area B”); Mission Bay North Project Area (“Mission Bay North”); Mission Bay South Project Area (“Mission Bay South”); Rincon Point-South Beach Redevelopment Project Area (“Rincon Point-South Beach”); South of Market Redevelopment Project Area (“South of Market”); Transbay Redevelopment Project Area (“Transbay”); Western Addition Redevelopment Project Area A-2 (“Western Addition A-2”); and Yerba Buena Center Approved Redevelopment Project Area D-1 (“Yerba Buena Center”) (collectively, the Project Areas).

The project areas subject to the Series A Bonds are: Bayview Hunters Point Area B; Mission Bay North; Mission Bay South; Rincon Point-South Beach; Transbay; Western Addition Area A-2; and Yerba Buena Center.

The project areas subject to the Series B Bonds are: Bayview Hunters Point Area B; South of Market; Transbay; and Yerba Buena Center.

Each of the project areas subject to the Bonds, together with other project areas, may also provide, on a subordinate basis, tax revenues to replenish the reserve accounts in certain other project areas through a cross-collateralization mechanism established by the Agency. The additional cross-collateralized project areas are: Embarcadero-Lower Market (Golden Gateway) Redevelopment Project Area (“Golden Gateway”); Hunters Point Redevelopment Project Area (“Hunters Point”); India Basin Redevelopment Project Area (“India Basin”); and the Merged Embarcadero-Lower Market (Golden Gateway) Redevelopment Project Area/South of Market Redevelopment Project Area/Federal Office Building Redevelopment Project Area (“Merged Golden Gateway/South of Market/FOB”); and together with the Project Areas the “Reserve Account Cross-Collateralization Project Areas”. Information regarding these additional project areas is included in tabular form in the Appendix to this report.

This Fiscal Consultant Report is based in part on assessed valuation information provided by the City and County of San Francisco (the City), on the City’s assessment and apportionment practices, on base year assessed valuation for the Project Areas as reported by the City, and on information regarding pass-through agreements and redevelopment plan terms provided by Agency staff.

The Report provides a review of various matters affecting the Agency’s receipt of tax increment in the Project Areas. Certain of the Project Areas (Rincon Point-South Beach, South of Market and Yerba Buena Center) include areas added to the original project area by amendment. The City Controller, using different base year assessments, tabulates and reports tax increment from each of the Project Areas and constituent sub-areas separately.

The Report also presents projections of tax increment available to the Agency over the life of the Project Area. This projection incorporates the Agency's obligations toward the housing fund and other taxing jurisdictions and projects assessed valuation at a two percent growth rate.

THE ALLOCATION OF TAX INCREMENT REVENUE TO THE AGENCY

Under California redevelopment law, the City allocates to the Agency that portion of locally assessed secured and unsecured property tax revenue and state-assessed utility revenue collected within the Project Areas above each sub-area's base year assessed valuation required to pay its annual obligations. The City also apportions to the Agency a share of state-assessed unitary revenue as well as revenue from supplemental assessments.

Tax revenue deriving from the base year assessed valuation is distributed to all other taxing jurisdictions within the tax rate areas comprising the Project Area. The distribution of the base year tax revenue is accomplished using the same property tax apportionment factors used to allocate property tax revenue in non-redevelopment tax rate areas. In the Yerba Buena Center Project Area sub-area known as the Emporium Site Area, revenue deriving from a fixed two percent increase in the base year valuation is also distributed to other taxing jurisdictions.

Tax revenue derived from assessed valuation in the Project Areas in excess of the base year assessed valuation is allocated to the Agency. The Controller determines the amount of valuation in excess of the base year at the beginning of the fiscal year and distributes the resultant revenue in several installments during the year. This allocation of tax increment to the Agency ("Allocable Tax Revenue") is the maximum that the Agency may receive in a fiscal year. It is the Agency's practice to claim sufficient tax increment revenues to cover annual debt service, passthrough payments, project costs and other Agency obligations in its annual Statement of Indebtedness. These required revenues may be less than or equal to Allocable Tax Revenue in any given year. The Controller distributes to the Agency the amount claimed in the Statement of Indebtedness.

The Agency is allocated 50% of its revenue in December and 45% in April, with the remainder paid in June. Unitary roll revenue and revenue from supplemental assessments are paid at various times during the year.

It is the Controller's practice not to apply any prior-year tax refunds paid to property owners in the Project Areas against the Agency's tax revenue. Consequently, tax refunds for successful appeals of prior-year assessed valuations currently do not affect the Agency.

Unitary roll revenue is derived from utility properties including pipelines and other properties that are assessed on a countywide basis as a unit. Property taxes on these unitary assessments are distributed to jurisdictions in the county using an allocation formula similar to the regular apportionment mechanism. The Agency received \$271,934 in unitary revenue in all project areas in 2008-09.

The State Board of Equalization separately assesses non-unitary utility properties by their location within each county. Non-unitary properties assessed by the State Board in all of the Agency's project areas are valued at \$167 million in 2009-10. Non-unitary valuation includes \$0.1 million in Golden Gateway, \$5.3 million in India Basin, \$1.6 million in Hunters Point, \$8.9 million in Rincon Point-South Beach, \$137 million in Yerba Buena Center, \$10.3 million in Western Addition A-2 and \$3.1 million in Bayview Hunters Point.

The City utilizes a device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code) to distribute secured property tax revenue to all jurisdictions, including the Agency, without regard to delinquencies. This mechanism allows the City to maintain a reserve fund to cover delinquencies and allocate revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Consequently, the Agency is not affected by delinquent tax payments. However, the Board of Supervisors may discontinue the Teeter Plan prior to the commencement of any fiscal year. There can be no assurance that the Teeter Plan will remain in effect throughout the life of the Bonds. The overall delinquency rate, including tax payments made in December 2008 and April 2009, for all secured properties in the Project Areas is 4.3% as of May 1, 2009. The delinquency rate for all properties in the Reserve Account Cross-Collateralization Project Areas is 3.8% as of May 1, 2009.

The City does not charge the Agency with an administration fee to recover property tax administration costs from the Agency as it is permitted to do under Revenue and Taxation Code, Section 95.3. The City could elect to change this practice in the future.

Tax increment calculations made in this Report use revenue from the secured, unsecured and utility rolls. Supplemental roll revenues are considered when calculating cumulative tax increment caps but are not otherwise included in tax increment calculations used in the Report.

HOUSING SET-ASIDE

California redevelopment law requires that agencies maintain a low-moderate income housing fund, depositing into the fund at least 20% of gross tax increment revenues annually. The Agency maintains such a fund; all projections and calculations used in this report assume that the Agency will continue to deposit at least the required amounts in the fund. Although percentages vary by project area, it has been Agency practice to deposit approximately 50% of gross tax increment from all Project Areas into the low-moderate income housing fund, following Agency Board policy.

The Agency has amended the Rincon Point-South Beach Project Area under Health and Safety Code Section 33333.8 to permit it to collect tax increment beyond the limits included in the plan in order that it may meet its housing obligations under redevelopment law before terminating the project area. This plan amendment allows the Agency to collect tax increment for low-moderate income housing purposes beyond the maximum amount of \$230 million contained in the plan and applicable to the original sub-area, and repay debt established for that purpose beyond the January 5, 2031 limit in the plan for the original sub-area. The Giants Ballpark sub-area, added in 1997, is also subject to statutory plan limits that may be exceeded for the purposes specified in the Section 33333.8 amendment.

The Agency has also amended the Western Addition Redevelopment Project Area A-2 under Sections 33333.7 and Section 33333.8 so that it might meet the Agency's overall obligation to replace housing units demolished prior to the enactment of the replacement housing obligations prior to terminating the project area. This plan amendment allows the Agency to issue debt beyond the last date to incur debt contained in the plan, January 1, 2009, for the specific housing-related purposes identified in Sections 33333.7 and 33333.8. Adoption of this amendment triggered certain obligations to school districts, as discussed under "Senior Obligations" below.

Under Section 33333.7 (e), the Agency director is required to annually make several certifications with regard to the Agency's housing program prior to incurring indebtedness. The Agency expects to make the required certifications prior to issuance of the bonds.

THE REDEVELOPMENT PLANS

The Project Areas subject to the Bonds are comprised of eight redevelopment project areas established through separate redevelopment plans. Three of these areas – Rincon Point-South Beach, Yerba Buena Center and South of Market – have sub-areas added by amendment. Key information pertaining to the plan limits for each Project Area (and any sub-areas) is shown in Table 1. Additional information regarding land usage is shown in Table 2 (A through H) for the Project Areas.

The Agency cannot receive tax revenue to repay debt beyond the limits set in the redevelopment plans, except in those areas amended under Sections 33333.7 and 33333.8. These limits vary by project area and, within the Yerba Buena Center and South of Market project areas, by sub-area. These limits are described below.

Bayview Hunters Point Area B The Bayview Hunters Point Area B Project Area was adopted by Ordinance 113-06 on June 1, 2006 as an amendment to the Hunters Point Redevelopment Plan. Bayview Hunters Point Area B is exclusive of the existing Project Area A portion of the Hunters Point Redevelopment Project Area. Bayview Hunters Point Area B is subject to the statutory requirements of redevelopment law governing project areas adopted after January 1, 1994. These requirements include a time limit on debt issuance of June 1, 2036 for indebtedness necessary to meet the Agency's low and moderate income housing requirements (June 1, 2026 for non-housing indebtedness); a time limit on the last date to repay indebtedness of June 1, 2051; and a limit on the amount of bonded indebtedness outstanding at any one time of \$400 million. The Agency reports that it has \$4.2 million in tax allocation debt outstanding in this project area as of January 1, 2009.

Mission Bay North The Mission Bay North Project Area, adopted by Ordinance 327-98 on October 26, 1998, encompasses an area centered on King Street between Third and Seventh Streets. The redevelopment plan for the Mission Bay North Project Area includes a limit of October 26, 2028 on the issuance of debt necessary to meet the Agency's low and moderate income housing requirements and October 26, 2018 on the issuance of debt for other purposes. The last date to repay indebtedness under the plan is October 26, 2043. The plan does not contain a limit on the tax increment that may be collected in the project area. The amount of indebtedness that may be outstanding at any one time is \$190 million; the Agency reports that \$66.6 million in tax allocation debt was outstanding in the project area as of January 1, 2009.

Mission Bay South The Mission Bay South Project Area, located east of Interstate 280 and adjacent to the Mission Bay North Project Area, was adopted on November 2, 1998. The redevelopment plan includes a limit of November 2, 2028 on the issuance of debt necessary to meet the Agency's low and moderate income housing requirements and November 2, 2018 on the issuance of debt for other purposes. The last date to repay indebtedness under the plan is November 2, 2043. The plan does not contain a limit on the tax increment that may be collected in the project area. The amount of indebtedness that may be outstanding at any one time is \$450 million and no debt is currently outstanding. The Agency has issued no tax allocation debt in the project area.

Rincon Point-South Beach The Rincon Point-South Beach Project Area, adopted January 5, 1981 by Ordinance 14-81, includes two areas along the waterfront south of the Bay Bridge. The South Beach portion of the project area includes the Giants ballpark. The redevelopment plan for the project area was amended in 2007 under Sections 33333.8 and 33333.6(e)(4)(B), eliminating, suspending or extending the temporal and financial limits in the redevelopment plan to enable the Agency to meet its low and moderate income housing requirements. The last date to incur debt is January 5, 2021; the Agency may collect tax revenue from the project area and repay indebtedness until its housing obligations are fulfilled. The Agency reports that \$158.4 million in tax allocation debt was outstanding in the project area as of January 1, 2009.

Transbay The Transbay Redevelopment Project Area includes the area around the Transbay Terminal roughly bounded by Mission Street, Main Street, Folsom Street and Second Street, with a portion extending to Harrison Street. The project area was adopted on June 21, 2005. The redevelopment plan limits include a last date to incur housing-related debt of June 21, 2035 and, for non-housing related debt, of June 21, 2025. The last date to repay indebtedness is June 21, 2050. The redevelopment plan includes a limit of \$800 million in outstanding indebtedness; the Agency reports \$6 million in outstanding tax allocation debt in the project area as of January 1, 2009.

Western Addition A-2 The Western Addition Redevelopment Project Area A-2 was established October 13, 1964. The Agency amended the plan in 2008 under Sections 33333.7 and 33333.8 to extend the time limit on the incurrence of indebtedness and on the repayment of debt solely for the purpose of meeting the Agency's housing obligations. In the event that the Agency has not fulfilled its housing obligations by January 1, 2014, both the debt incurrence and the debt repayment limits may be suspended until it does so. The plan, as amended, does not include a limit on the amount of tax revenue that can be collected, nor does it contain a limit on the amount of bonds outstanding. Under Section 33333.7, school entities are entitled to receive their full share of tax revenue in project areas amended under the Section. It is assumed that the school entities will begin to receive their full share of revenue during 2009-10. The Agency reports that \$72.6 million in tax allocation debt was outstanding in the project area as of January 1, 2009.

Yerba Buena Center The redevelopment plan for the Yerba Buena Center Redevelopment Project Area D-1 was adopted on April 25, 1966 and encompasses the area around the Convention Center. An amendment to the plan on October 13, 2000 added the Emporium Site area to the project area, now the location of a shopping center on Market Street. The two sub-areas have separate limits under the plan. The original sub-area has a last date to incur debt of January 1, 2010 and a last date to repay indebtedness of January 1, 2020, following a one-year extension of the plans under Ordinance 1-05 per SB1045 due to the Agency's 2003-04 ERAF contribution. The original sub-area includes a tax increment limit of \$600 million; the Agency reports that approximately \$106.3 million of that amount is available as of July 1, 2008 after deducting all tax increment received by that date and all outstanding debt obligations. The tax increment cap in the original sub-area may be reached prior to the last date to receive tax revenue under assessed valuation growth rates of four percent and higher. The original sub-area has no limit on the amount of bonds that can be outstanding at one time.

With respect to the Yerba Buena Center project area's Emporium Site sub-area, the last date to incur debt for housing purposes is October 13, 2030 and for purposes other than housing, October 13, 2020. The last date to repay indebtedness is October 13, 2045 in this sub-area. The Emporium Site sub-area has a limit on outstanding indebtedness of \$110 million. The redevelopment plan for this sub-area also specifies that tax revenue deriving

from a fixed 2% growth rate applied to the sub-area's base year assessed valuation is distributed to taxing entities and not to the Agency. The Agency reports that \$179.5 million in tax allocation debt was outstanding in the project area as of January 1, 2009.

South of Market The South of Market Redevelopment Project Area includes two sub-areas. The original sub-area is roughly bounded by Fifth and Seventh Streets between Harrison Street and Mission Street. The Western Expansion sub-area includes the blocks bounded by Harrison Street, Seventh Street, Folsom Street and Columbia Square. The original sub-area was adopted June 11, 1990, and has a last date to incur and repay debt of, respectively, June 11, 2020 and June 11, 2030.

The original sub-area has a limit on the amount of tax increment that can be collected of \$200 million; the Agency reports that that approximately \$119.7 million of that amount is available as of July 1, 2008 after deducting all tax increment received by that date and accounting for all outstanding debt obligations. The tax increment cap in the original sub-area may be reached prior to the last date to receive tax revenue under assessed valuation growth rates of four percent and higher. The South of Market Redevelopment Project Area has an aggregate \$80 million limit on the amount of bonds that can be outstanding at one time. The Agency reports that approximately \$8.4 million is currently outstanding as of January 1, 2009.

The plan for both the Original sub-area and the Western Expansion sub-area remains effective until June 11, 2020; the plan allows the Agency to issue and repay debt beyond this date and provides that the plan will continue in effect in order to repay debt.

The Western Expansion sub-area of the South of Market project area was adopted on December 16, 2005. The last date to incur indebtedness is December 16, 2025 and the last date to repay indebtedness is December 16, 2035. The sub-area has no limit on the amount of tax increment that may be collected.

Table 1
Project Areas and Constituent Sub-Areas

Subject to Bond Series	Date of Adoption	Ordinance Number	Debt Incurrence	Plan Duration	Last Date to Repay Indebtedness	Revenue Limits (\$ 000)		
						Tax Increment Limit	Approximate Amount Remaining ⁽⁶⁾	Limit on Bonds Outstanding
Bayview Hunters Point Area B	A, B	113-06	06/01/36 ⁽⁵⁾	06/01/36	06/01/51	None	N/A	400,000
Mission Bay North	A	327-98	10/26/28 ⁽⁵⁾	10/26/28	10/26/43	None	N/A	190,000
Mission Bay South	A	335-98	11/02/28 ⁽⁵⁾	11/02/28	11/02/43	None	N/A	450,000
Rincon Point-South Beach ⁽¹⁾	A	14-81	01/05/21	01/05/21	No Limit	None	N/A	None
Transbay	A, B	124-05	06/21/35 ⁽⁵⁾	06/21/35	06/21/50	None	N/A	800,000
Western Addition A2 ⁽²⁾	A	273-64	No Limit	No Limit	No Limit	None	N/A	None
Yerba Buena Center: ⁽³⁾								
<i>Original Area</i>	A, B	98-66	01/01/10	01/01/10	01/01/20	600,000	106,328	None
<i>Emporium Site Area</i>	A, B	236-00	10/13/30 ⁽⁵⁾	10/13/30	10/13/45	None	N/A	110,000
South of Market: ⁽⁴⁾								
<i>Original Area</i>	B	234-90	06/11/20	06/11/20	06/11/30	200,000	119,950	80,000
<i>Western Expansion Area</i>	B	276-05	12/16/25	06/11/20	12/16/35	None	N/A	

(1) The redevelopment plan of Rincon Point-South Beach was amended on May 18, 2007, pursuant to Sections 33333.8 and 33333.6(e)(4)(B) of the Redevelopment Law to extend the time limit for the receipt of tax increment revenue to repay indebtedness as well as to suspend the limits on the amount of debt that can be outstanding at any one time from the issuance of tax increment bonds and on the receipt of tax increment for the exclusive purpose of financing low and moderate income housing.

(2) Western Addition A2 Project Area was amended on December 19, 2008 under Sections 33333.7 and 33333.8 to extend the time limit on the establishment of indebtedness until January 1, 2014 and on the repayment of debt until January 1, 2044. In the event that the Agency's affordable housing obligation is not fulfilled by January 1, 2014, the time limit on both the incurrence and the repayment of debt will be suspended until that obligation is met.

(3) Yerba Buena Center's plan duration and debt repayment period extended by one year with respect to the Original Area, pursuant to Section 33333.6(e)(2)(C) of the Redevelopment Law. Under higher growth rates the Original Area tax increment cap may be reached prior to the last date to repay indebtedness.

(4) South of Market Original Area tax increment limit was raised to \$200 million pursuant to amendment of its Plan adopted December 6, 2005; this limit is not applicable to the Western Expansion Area. The maximum amount of bonded indebtedness that can be outstanding at any one time, \$80,000,000, is applicable to the Plan as a whole. The provisions of the Plan, other than the ability to issue and repay debt, terminate June 11, 2020. Under higher growth rates the Original Area tax increment cap may be reached prior to the last date to repay indebtedness.

(5) The Agency may not incur debt for purposes other than financing low and moderate income housing ten years prior to this date.

(6) Amount remaining consists of the total tax increment under the Plan revenue limit less the sum of (i) tax increment received to date and (ii) debt service to be paid under existing loan agreements. Figures are as of July 1, 2008.

Source: The Agency

Table 2A
Land Use By Project Area, 2009-10
Bayview Hunters Point Area B

Land Use	Secured Assessed Valuation	Pct of Total Valuation	Number of Parcels	Pct Of Total Parcels
Commercial	80,724,113	5.67%	198	5.81%
Industrial	671,290,165	47.15%	557	16.33%
<i>Residential</i>				
Single-Family	362,997,290	25.50%	1,489	43.67%
Other Residential	157,092,629	11.03%	505	14.81%
Vacant	107,178,917	7.53%	474	13.90%
Other	44,379,565	3.12%	187	5.48%
Total	1,423,662,679	100.00%	3,410	100.00%

Table 2B
Land Use By Project Area, 2009-10
Mission Bay North

Land Use	Secured Assessed Valuation	Pct of Total Valuation	Number of Parcels	Pct Of Total Parcels
Commercial	92,482,966	8.27%	31	3.08%
<i>Residential</i>				
Condominiums	697,536,447	62.36%	916	90.87%
Apartment Bldgs	293,065,019	26.20%	7	0.69%
Vacant	29,477,857	2.64%	17	1.69%
Other	6,025,397	0.54%	37	3.67%
Total	1,118,587,686	100.00%	1,008	100.00%

Table 2C
Land Use By Project Area, 2009-10
Mission Bay South

Land Use	Secured Assessed Valuation	Pct of Total Valuation	Number of Parcels	Pct Of Total Parcels
Commercial	469,224,805	72.96%	40	19.42%
Industrial	4,096,262	0.64%	6	2.91%
<i>Residential</i>				
Condominium	45,874,448	7.13%	60	29.13%
Apartment/Townhouse	32,139,364	5.00%	39	18.93%
Vacant	91,751,911	14.27%	33	16.02%
Other	44,899	0.01%	28	13.59%
Total	643,131,689	100.00%	206	100.00%

Table 2D
Land Use By Project Area, 2009-10
Rincon Point-South Beach

Land Use	Secured Assessed Valuation	Pct of Total Valuation	Number of Parcels	Pct Of Total Parcels
Commercial	409,229,352	25.14%	13	1.39%
Industrial	1,548,056	0.10%	1	0.11%
<i>Residential</i>				
Condominiums	829,424,109	50.95%	840	89.84%
Apartment Bldgs	373,832,392	22.97%	6	0.64%
Vacant	0	0.00%	12	1.28%
Other	13,784,729	0.85%	63	6.74%
Total	1,627,818,638	100.00%	935	100.00%

Table 2E
Land Use By Project Area, 2009-10
South of Market

Land Use	Secured Assessed Valuation	Pct of Total Valuation	Number of Parcels	Pct Of Total Parcels
Commercial	104,966,498	20.69%	96	12.58%
Industrial	101,360,326	19.98%	135	17.69%
<i>Residential</i>				
Condominiums	183,087,172	36.09%	361	47.31%
Apartment Bldgs	100,116,505	19.73%	120	15.73%
Vacant	10,902,093	2.15%	36	4.72%
Other	6,874,985	1.36%	15	1.97%
Total	507,307,579	100.00%	763	100.00%

Table 2F
Land Use By Project Area, 2009-10
Transbay

Land Use	Secured Assessed Valuation	Pct of Total Valuation	Number of Parcels	Pct Of Total Parcels
Commercial	1,578,948,232	93.37%	35	19.02%
Industrial	29,311,864	1.73%	31	16.85%
<i>Residential</i>				
Condominiums	47,454,147	2.81%	79	42.93%
Apartment Bldgs	808,074	0.05%	1	0.54%
Vacant	33,654,504	1.99%	28	15.22%
Other	815,979	0.05%	10	5.43%
Total	1,690,992,800	100.00%	184	100.00%

Table 2G
Land Use By Project Area, 2009-10
Western Addition A-2

Land Use	Secured Assessed Valuation	Pct of Total Valuation	Number of Parcels	Pct Of Total Parcels
Commercial	490,863,016	26.30%	1,413	37.55%
Industrial	1,761,792	0.09%	1	0.03%
<i>Residential</i>				
Condominiums	742,158,233	39.76%	1,865	49.56%
Apartments/Other	548,031,007	29.36%	382	10.15%
Vacant	6,429,878	0.34%	41	1.09%
Other	77,269,085	4.14%	61	1.62%
Total	1,866,513,011	100.00%	3,763	100.00%

Table 2H
Land Use By Project Area, 2009-10
Yerba Buena Center

Land Use	Secured Assessed Valuation	Pct of Total Valuation	Number of Parcels	Pct Of Total Parcels
Commercial	1,255,063,416	45.50%	41	6.07%
Industrial	18,680,319	0.68%	22	3.25%
<i>Residential</i>				
Condominiums	828,449,251		559	82.69%
Apartment Bldgs	312,890,072	11.34%	8	1.18%
Vacant	863,096	0.03%	12	1.78%
Other	342,349,404	12.41%	34	5.03%
Total	2,758,295,558	100.00%	676	100.00%

Note: Data as of January 1, 2009 for the 2009-10 roll year.
Source: San Francisco County Assessor; Urban Analytics

Tax Increment Caps

Of the areas and sub-areas that comprise the Project Areas, four were established prior to the statutory changes brought about by AB1290 in 1994. Each of these pre-1994 project areas has or had a separate tax increment cap, a limitation on the amount of tax increment the Agency can receive from the project area during the redevelopment plan's duration (see Table 1). Two sub-areas – the South of Market Project Area's original area and the Yerba Buena Center Project Area's original area – remain in effect. The tax increment limits in the Rincon Point-South Beach Project Area and the Western Addition Project Area A-2 have been removed through plan amendments under Sections 33333.7 and 33333.8.

The remaining tax increment caps were incorporated into the projections used in preparing this report. As part of its budget submittal, the Agency annually reports the amount of tax increment remaining under tax increment caps, after deducting the amount of tax

increment received under the cap and after deducting all future debt service payments for existing indebtedness. The resulting amount of tax increment remaining is shown in Table 1, as of July 1, 2008. Annual tax increment is added to this figure to obtain a cumulative total of tax increment collected throughout the life of each redevelopment plan. Under a two percent growth rate, neither of the tax increment caps are expected to be reached prior to the last date to receive tax increment contained in the redevelopment plans. However, both sub-areas may reach their caps prior to the last date to receive tax increment under sustained growth rates of four percent and higher.

Passthrough Payments

In 1994, all new redevelopment plans - and all existing plans amending certain fiscal terms or adding territory - became subject to a statutorily-defined set of pass-through requirements and plan limitations generally known as AB1290 requirements. This legislation replaced a system of negotiated pass-through agreements with a specific pass-through formula applied to all taxing jurisdictions.

Under the AB1290 mechanism, pass-through payments are made to all jurisdictions receiving a portion of the basic one percent levy, except jurisdictions having pre-existing pass-through agreements. The pass-through payments are made in three periods, or tiers, each beginning in a different year - years one, eleven, and thirty-one - and extending through the plan's remaining duration. The payments received by each jurisdiction are based on a specified percentage of the growth in assessed valuation over a base (the assessed valuation in the year prior to the beginning of a period), multiplied by the property tax apportionment factor for the jurisdiction. The City is entitled to passthrough payments from the first tier only.

The initial statutory payments derive only from increases in assessed valuation over the base year. For payments under tiers two and three, payments derive from future base levels of assessed valuation. The payments are limited to fixed percentages of those increases (25% of tier one increases, 21% of tier two increases and 14% of tier three increases). The Agency continues to receive its full share of tax revenue from assessed valuation above the original project area base year assessed valuations (with certain exceptions, noted below) and below the AB1290 base levels. It also receives its share of the remaining 75% of tier one increases, 79% of tier two increases and 86% of tier three increases.

Six of the project areas or sub-areas were adopted after December 31, 1993 and have been subject to the statutory passthrough payments since the date of adoption. In the Rincon Point-South Beach project area, statutory passthrough payments were triggered in the 1994-95 fiscal year when the original plan limit on incurring debt, January 1, 1996, was changed. In the Western Addition Project Area A-2, an amendment to change the original plan limit on incurring debt from October 13, 1994 triggered commencement of statutory passthrough payments from a base set in the 1994-95 fiscal year.

The redevelopment plan for the original sub-area of the Yerba Buena Center Project Area contained a last date to incur debt of January 1, 2004; this limit was removed by an amendment to the plan, which caused statutory passthrough payments to begin from a 2003-04 base. In the original sub-area of the South of Market Project Area, an amendment to change the plan effectiveness date from June 11, 2000 triggered the beginning of statutory passthrough payments in that sub-area with the 1999-00 fiscal year as a base.

There are eight taxing entities within the Project Areas. Four of these are entities of the City and County of San Francisco: the General Fund, the Children's Fund, the Library Fund, and the Open Space Fund. The remaining four taxing entities are: the San Francisco Community College District, the San Francisco Unified School District, the Bay Area Air Quality Management District, and the Bay Area Rapid Transit District. The proportion of passthrough payments received by each of these taxing entities is shown in Table 3.

Table 3
Passthrough Shares By Taxing Entity

Taxing Entity	Passthrough Share
General Fund	0.75914861
Children's Fund	0.04017684
Library Fund	0.03348070
Open Space	0.03348070
S.F. Community College District	0.01934410
S.F. Unified School District	0.10310525
Bay Area Air Quality Board	0.00279281
BART	0.00847099
Total	1.00000000

Source: The Agency

Under redevelopment law, the Agency is permitted to subordinate its statutory passthrough payments to the payment of debt service after notification of the taxing entities of its intention to do so, and after demonstrating to those entities that it has sufficient tax increment to meet its passthrough obligation after debt service payments. After a 45-day period, and in the absence of any disapproval by a taxing entity based on substantial evidence that the Agency will not be able to pay its passthrough obligation and the debt service payments, the subordination request is deemed approved. The Agency notified the taxing entities of its intent to subordinate the statutory passthrough payments to debt service on the Bonds on April 17, 2009.

Senior Obligations

The Agency has a senior obligation related to a \$23,900,000 Variable Rate Demand Refunding Bonds, 1986 Issue A (Refunding Bonds) bonds issued in the South Beach Harbor area, a marina within the South Beach portion of Rincon Point-South Beach. The bonds mature December 1, 2016. Approximately \$6.3 million in principal remains outstanding. This obligation is accounted for in the tables accompanying this Report by excluding from the Rincon Point-South Beach assessed valuation that portion of assessed valuation attributable to certain property, primarily boats, within the South Beach Harbor Marina. For 2008-09, those excluded properties had a total assessed valuation of approximately \$32 million. It is expected that tax revenue from these excluded properties will be allocated to Project Area tax increment once the South Beach Harbor Bonds are fully paid.

Section 33333.7, under which the redevelopment plan for Western Addition A-2 was amended, requires that school entities receive the amount of revenue they would otherwise receive in the absence of redevelopment. As the plan amendment removed the January 1, 2009 plan limitation on the issuance of debt this payment requirement is assumed to go into effect in the 2008-09 fiscal year. The two school entities subject to this requirement – the San Francisco Unified School District and the San Francisco Community College

District – receive approximately 12.24% of tax increment revenue in the Western Addition Redevelopment Project Area A-2. The revenue amount deriving from this percentage, less the amount paid to these taxing entities through statutory passthrough payments, is deducted from tax increment revenue prior to determining revenue available for new debt service. Three additional project areas – Golden Gateway Project Area, Hunters Point Project Area and India Basin Project Area – which are in the Reserve Account Cross-Collateralization Project Areas are also subject to the requirements of Section 33333.7.

As discussed further below (“Santa Ana Section 33676 Decision”), a portion of the allocable tax revenue in the South of Market Original Area may be payable as a senior obligation to the San Francisco Unified School District and the San Francisco Community College District under Health and Safety Code Section 33676 as it existed when that project area was formed in 1990. This amount, approximately \$54,179 in 2009-10, would be paid directly to the school districts prior to the distribution of tax increment to the Agency, in the event the Agency claims the full amount of allocable tax revenues. As a general practice the Agency does not claim the full amount of allocable tax revenues in any given year, and the school districts receive the 33676 revenue through the normal property tax allocation process. As Table 6E and Table 8 present the full allocable amount of tax increment, the Section 33676 obligation is deducted from gross tax increment in those tables.

LEGISLATION AND COURT ACTIONS

AB 1290

In 1994, all new redevelopment plans - and all existing plans amending certain fiscal terms or adding territory - became subject to a new set of pass-through requirements and plan limitations generally known as AB1290 requirements. Among the most significant changes was the replacement of a system of negotiated pass-through agreements with a specific pass-through formula applied to all taxing jurisdictions. The law also required existing plans to conform to certain time limits. The Agency brought its existing redevelopment plans into conformance with AB1290 through Ordinance 750, adopted November 29, 1994.

All of the Project Areas are subject to AB1290 pass-through payments, as described above.

ERAF Legislation

AB1389, effective with the 2008-09 fiscal year, required all agencies to 1) make a payment to the Educational Revenue Augmentation Fund (ERAF) fund for 2008-09 by May 10, 2009; 2) to have obtained the concurrence of the county auditor with the amount of passthrough payments for the 2003-04 through 2007-08 years as set forth in a report of the county auditor submitted on or before February 1, 2009; and 3) annually, by February 1, obtain the concurrence of the county auditor with the amount of current-year passthrough payments beginning with 2008-09.

With respect to the passthrough payment requirements, redevelopment agencies failing to obtain concurrence of their county auditor are subject to significant penalties, including a prohibition on the issuance of new debt. The Agency has obtained the concurrence of the Controller with the amounts of passthrough payments for the 2003-04 through 2007-08 period and is not subject to penalties. The report of passthrough payments for 2008-09 is required to be filed with the Controller by October 1, 2009.

A Superior Court decision (*CRA vs. Genest*) on April 30, 2009 found the 2008-09 payment to the ERAF fund to be unconstitutional and invalidated the Health and Safety code section requiring the payment. The state's Department of Finance filed notice of its intent to appeal the decision, while announcing that no effort would be made to stay the court's decision allowing agencies to withhold their May 10 ERAF payment. Consequently, the Agency is currently not required to make a payment to ERAF in the 2008-09 fiscal year. Recent state budget legislation (AB26) requires redevelopment agencies to make a contribution to the Supplemental Educational Revenue Augmentation Fund (SERAF) for the 2009-10 and 2010-11 fiscal years. The Agency estimates that its SERAF obligation will be \$28.7 million in 2009-10 and \$6.0 million in 2010-11, and anticipates meeting this obligation through a combination of tax increment revenues from 2009-10 and 2010-11, available monies on deposit in Agency funds and proceeds from the Series A Bonds. Additionally, the Agency could, in the future, access the bond market to fund the current or any future tax shifts.

SB1045, adopted in 2003, required redevelopment agencies to make an ERAF payment for the 2003-04 year, and permitted agencies that did so to extend by one year the time limit contained in the redevelopment plan for the incurrence and repayment of debt. The Agency adopted Ordinance 1-05 on January 8, 2005, extending the time limits in the redevelopment plan from the Yerba Buena Center Project Area by one year in accordance with SB1045.

Legislation passed in 2004 (SB1096) permits redevelopment agencies to extend their ability to collect tax increment by one year for each required ERAF payment made in 2004-05 and 2005-06. The extensions apply only to plans with existing limits on the effectiveness of the plan that are less than 20 years from the last day of the fiscal year in which the ERAF payment is made. The Agency has not elected to extend any of the plans under SB1096.

Under Sections 33683 and 33689, the Agency may deduct its ERAF payments from the amount of tax increment received and applied against the tax increment limits contained in the redevelopment plans.

Santa Ana Section 33676 Decision

For plans adopted between January 1, 1985 and December 31, 1993, all affected taxing entities could elect to receive a payment equal to the increase in tax increment revenue attributable to inflationary adjustments under Proposition 13. Under a 1993 Attorney General's opinion these payments are not considered tax increment and, where they occur, are deducted from redevelopment agency revenue prior to apportionment to the agency. The payments, established under language previously included in Section 33676, are sometimes referred to as 2% or 33676 payments and are generally distributed directly to taxing entities by the county controller.

A 2002 court decision in Santa Ana regarding statutory payments made to taxing entities under the pre-1994 Section 33676 found that school districts and community college districts that had failed to elect to receive payments under that section were entitled to collect them. The Original Area portion of the South of Market Redevelopment Project Area is the only project area established by the Agency between January 1, 1985 and December 31, 1993. As the annual tax allocation to the Agency is less than the allocable amount of tax increment, it is the Agency's understanding that the school districts receive their share of the inflation-adjusted portion of the base year through the regular tax allocation process. Should the Agency receive the full amount of allocable tax increment, it is possible that the

San Francisco Unified School District and the San Francisco Community College District would be entitled to their share of the 2% growth. For 2009-10 this amount is estimated to be \$54,179.

Orange County Reassessment Decision

A court case regarding the proper method of reassessing properties once they received a temporary reduction in valuation (a Proposition 8 adjustment) was resolved on appeal in favor of the County of Orange. In that case, the assessor was found to have properly returned a property to its statutory base valuation adjusted for inflation once the Proposition 8 adjustment terminated. The assessment practice that was validated by the court is one used in San Francisco and most other counties in the state.

TAX RATES

The tax rate applicable to redevelopment incremental assessed valuation includes the basic one percent levy. In addition, redevelopment agencies receive tax revenue from debt service override levies except those that are imposed to repay indebtedness approved by voters on or after January 1, 1989.

The City and County of San Francisco imposes a pre-1989 secured tax levy of 1.004% for 2009-10 in all tax rate areas comprising the Project Areas. That levy accrues to the Agency and is applied to the full tax roll. For purposes of projecting tax increment revenue through the life of the Project Areas, the pre-1989 levy is assumed to diminish to zero over the next ten years. The unsecured tax levy for 2009-10 is the secured tax levy for the prior year, 1.006%.

The Agency has no power to levy a property tax itself, has no control over the override levy, and may not receive tax revenue from any future levy for voter-approved indebtedness.

ASSESSMENT APPEALS

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

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

While Assessors in other counties have, on occasion, used Proposition 8 criteria to apply blanket reductions in valuation to classes of properties affected by particular negative economic conditions, the San Francisco county assessor's office has not yet done so. However, in a press release dated March 30, 2009 the Assessor noted that a review is currently underway to determine whether certain areas of the city warrant automatic reductions; a similar survey conducted last year concluded that automated reductions were

not warranted. The assessor's office has also invited residential property owners to request an informal review of their 2009-10 valuations, should they believe the current market value of their property is below the current assessed value. Requests for review are being accepted through August 28, 2009.

Property owners may also appeal the Proposition 13 base assessment of a property. Although less frequently filed, such appeals, if successful, can permanently reduce the enrolled valuation of a property and consequently affect the Agency's annual revenue. The annual filing period for all appeals extends from July 2 to September 15.

Appeal filings for the past five years are shown in Table 4A through F for each project area for the secured roll (no filings were reported for Bayview Hunters Point Area B). The tables compare the county's valuation with the applicant's opinion of the value of a property, and show the resulting valuation for resolved appeals. Appeals are considered resolved when they are withdrawn by the applicant, denied a hearing by the board of assessment appeals, granted a hearing but denied an adjustment in valuation, or granted an adjustment in valuation.

Appeals have been filed by several of the largest property owners in the Project Areas, with the exception of Bayview Hunters Point Area B. In Mission Bay North, Beacon Parking has seven pending appeals with \$46 million in disputed valuation and Avalon Bay Communities has two resolved appeals for prior years, one withdrawn with no change in the 2005-06 valuation and a second resolved with a \$3.4 million reduction in 2004-05 valuation.

In Mission Bay South, Tishman Speyer has pending appeals on the 550 Terry Francois Blvd property for 2008-09 and 2007-08, with disputed valuation of \$74 million in 2008-09 and \$71 million in 2007-08; the property was recently reported as being up for sale together with other properties held by the owner. Alexandria Real Estate, ML Mission Bay and Focil-MB have each appealed valuations in prior years; all were resolved with no change in valuation.

Under the Agency's development agreements for Mission Bay North and Mission Bay South, property owners other than condominium owners are required to make additional payments in the event that ad valorem tax revenues on the property are reduced for any reason other than a reduction in the debt service levy caused by the maturing of the underlying debt. Such additional payments are to equal the amount of the reduction in property tax up to the amount required to meet debt service on outstanding bonds.

Large property owners with appeal filings in Rincon Point-South Beach include the Gap, with resolved appeals for 2007-08, 2006-07, 2005-06 and 2004-05 resulting in no change in value; Glenborough, with a pending appeal for 2008-09 with \$4.6 million in dispute and resolved appeals in 2006-07 (no valuation change), 2005-06 (\$4.6 million decrease in valuation) and 2004-05 (\$6.2 million decrease in valuation); Rincon Center Commercial with a pending appeal for 2008-09 for the full \$305 million valuation of the property and resolved appeals for 2005-06 and 2004-05 resulting in reductions of \$4.9 million and \$27.4 million, respectively; and Rincon EV Realty, with a pending appeal for 2008-09 with \$15 million in disputed valuation and resolved appeals in 2005-06 and 2004-05 with reduced valuations of \$1.6 million and \$9.2 million.

Two owners in South of Market – Hearst Corporation and 1045 Mission LP – have filed appeals in 2006-07, 2005-06 and 2004-05; all were resolved with no change in valuation. In Western Addition Area A2, there are pending appeals for the California Pacific Medical

Center property in 2008-09, 2007-08 and 2006-07 with disputed valuations of, respectively, \$72 million, \$26 million and \$22 million; appeals filed by United Bank in 2006-07 and 2005-06 were resolved with no change in valuation while an appeal filed in 2004-05 was resolved with a \$3.3 decrease in valuation.

Several large owners in Yerba Buena Center have filed appeals, with all but two having been resolved. A pending 2008-09 appeal by SF Museum Tower with \$13 million in disputed valuation follows a resolved 2007-08 appeal by the same owner with no change in valuation and a 2006-07 appeal that resulted in a \$21 million reduction in valuation. A pending 2008-09 appeal by Starwood San Francisco involves \$17.7 million in disputed valuation, while resolved appeals in 2007-08, 2006-07, 2005-06 and 2004-05 resulted in, respectively, a reduction of \$5.2 million, no reduction, a \$7.2 million reduction and a \$19 million reduction. Several other owners have resolved appeals for prior years, with some resulting in valuation reductions. In all of these cases, the successful reductions in valuation for prior years were temporary reductions under Proposition 8 that resulted in refunds of property taxes for the successfully appealed year; the appeals did not result in lowered valuations in subsequent years.

An indicator of the potential exposure of Agency tax increment revenue to appeals – were the Controller's office either to change its policy of deducting appeal-related tax refunds solely from taxing entities and not from the redevelopment agency or were the Assessor to extend Proposition 8 reductions on to future rolls for properties granted prior-year reductions – may be seen by applying the overall retention rate for all years in a project area to the amount of valuation in dispute in pending appeals for the project area. Applying the overall retention rate to the currently-pending disputed valuation in each project area results in a potential valuation reduction across all project areas of \$8.7 million, or approximately \$87,000 in tax revenue.

Table 4A
Assessment Appeals
Mission Bay North

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2008-09	Resolved	18	15,368,063	11,788,746	15,368,063	100.00%
2008-09	Pending	12	69,935,167	22,258,000	0	-
2007-08	Resolved	2	1,744,812	1,452,462	1,744,812	100.00%
2007-08	Pending	0	-	-	-	-
2006-07	Resolved	15	76,604,847	23,058,000	76,604,847	100.00%
2006-07	Pending	1	815,000	543,000	0	-
2005-06	Resolved	1	95,807,153	70,000,000	95,807,153	100.00%
2005-06	Pending	0	-	-	-	-
2004-05	Resolved	0	-	-	-	-
2004-05	Pending	0	-	-	-	-
All Years	Resolved	36	189,524,875	106,299,208	189,524,875	100.00%
All Years	Pending	13	70,750,167	22,801,000	0	-

Potential exposure to reductions in valuation from all pending appeals **:

0

Table 4B
Assessment Appeals
Mission Bay South

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2008-09	Resolved	0	-	-	-	-
2008-09	Pending	2	153,337,653	73,804,000	0	-
2007-08	Resolved	2	28,050,000	14,025,000	28,050,000	100.00%
2007-08	Pending	1	142,800,000	71,400,000	0	-
2006-07	Resolved	24	107,649,897	34,955,000	107,649,897	100.00%
2006-07	Pending	0	-	-	-	-
2005-06	Resolved	0	-	-	-	-
2005-06	Pending	0	-	-	-	-
2004-05	Resolved	1	44,374,012	20,500,000	44,374,012	100.00%
2004-05	Pending	0	-	-	-	-
All Years	Resolved	27	180,073,909	69,480,000	180,073,909	100.00%
All Years	Pending	3	296,137,653	145,204,000	0	-

Potential exposure to reductions in valuation from all pending appeals **: 0

Table 4C
Assessment Appeals
Rincon Point-South Beach

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2008-09	Resolved	16	20,652,622	15,859,758	20,652,622	100.00%
2008-09	Pending	7	45,247,080	38,280,000	0	-
2007-08	Resolved	10	236,693,787	102,555,922	236,693,787	100.00%
2007-08	Pending	0	-	-	-	-
2006-07	Resolved	17	422,360,563	230,782,013	422,360,563	100.00%
2006-07	Pending	0	-	-	-	-
2005-06	Resolved	8	222,055,112	122,580,000	217,462,473	97.93%
2005-06	Pending	0	-	-	-	-
2004-05	Resolved	22	250,587,523	178,539,020	244,410,033	97.53%
2004-05	Pending	0	-	-	-	-
All Years	Resolved	73	1,152,349,607	650,316,713	1,141,579,478	99.07%
All Years	Pending	7	45,247,080	38,280,000	0	-

Potential exposure to reductions in valuation from all pending appeals **: 64,794

Table 4D
Assessment Appeals
South of Market

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2008-09	Resolved	2	1,226,590	1,080,000	1,226,590	100.00%
2008-09	Pending	2	3,929,368	2,671,000	0	-
2007-08	Resolved	1	527,340	505,000	527,340	100.00%
2007-08	Pending	0	-	-	-	-
2006-07	Resolved	7	39,132,578	27,965,000	39,132,578	100.00%
2006-07	Pending	0	-	-	-	-
2005-06	Resolved	8	38,343,242	26,965,000	38,343,242	100.00%
2005-06	Pending	0	-	-	-	-
2004-05	Resolved	12	39,688,597	28,949,950	39,688,597	100.00%
2004-05	Pending	0	-	-	-	-
All Years	Resolved	30	118,918,347	85,464,950	118,918,347	100.00%
All Years	Pending	2	3,929,368	2,671,000	0	-

Potential exposure to reductions in valuation from all pending appeals **: 0

Table 4E
Assessment Appeals
Western Addition Area A2

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2008-09	Resolved	10	6,738,916	5,869,000	6,685,682	99.21%
2008-09	Pending	4	108,474,471	35,570,000	0	-
2007-08	Resolved	5	5,888,724	4,528,000	5,888,724	100.00%
2007-08	Pending	2	99,753,550	72,500,000	0	-
2006-07	Resolved	6	27,484,619	22,099,000	27,455,859	99.90%
2006-07	Pending	0	-	-	-	-
2005-06	Resolved	9	36,014,182	26,885,195	36,014,182	100.00%
2005-06	Pending	0	-	-	-	-
2004-05	Resolved	15	40,269,437	30,721,000	36,807,165	91.40%
2004-05	Pending	0	-	-	-	-
All Years	Resolved	45	116,395,878	90,102,195	112,851,612	96.95%
All Years	Pending	6	208,228,021	108,070,000	0	-

Potential exposure to reductions in valuation from all pending appeals **: 2,053,239

Table 4F
Assessment Appeals
Yerba Buena Center

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2008-09	Resolved	8	52,784,288	29,056,983	52,768,420	99.97%
2008-09	Pending	6	397,177,601	265,679,922	0	-
2007-08	Resolved	3	252,972,190	197,106,422	247,784,940	97.95%
2007-08	Pending	0	-	-	-	-
2006-07	Resolved	15	684,302,984	417,133,905	662,898,963	96.87%
2006-07	Pending	0	-	-	-	-
2005-06	Resolved	14	703,554,202	351,619,695	670,696,182	95.33%
2005-06	Pending	0	-	-	-	-
2004-05	Resolved	22	293,300,830	152,194,937	253,952,696	86.58%
2004-05	Pending	0	-	-	-	-
All Years	Resolved	62	1,986,914,494	1,147,111,942	1,888,101,201	95.03%
All Years	Pending	6	397,177,601	265,679,922	0	-

Potential exposure to reductions in valuation from all pending appeals **: 6,535,435

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

** Estimated based on the difference between county valuation and the applicant's opinion of value for pending appeals across all years, multiplied by the inverse of the retention rate.

Data obtained from the San Francisco County Assessment Appeals Board as of 3/25/2009

Source: San Francisco County Assessment Appeals Board; Urban Analytics

PROPERTY FORECLOSURES

A number of properties in the Project Areas have been subject to foreclosure action by lenders. Foreclosure actions include properties for which a notice of default has been filed after the owner defaults on a loan payment; properties for which a notice of sale has been filed setting the time and place for a public auction of the property following a notice of default, and properties which were sold at auction following a notice of sale. The owner of a property in the first two stages may cure the underlying default and stop the foreclosure proceeding, preventing the property from being sold at auction. Properties removed from the foreclosure process in this manner are not separately identified in the data.

Foreclosures primarily affect assessed valuations at the point at which the property is sold to a third party, with the sale price determining the property's new assessed value. Properties put up for auction may remain unsold, in which case the lender takes ownership. Such bank-owned properties are generally put back on the market, with the new assessed value of the property determined at the time of final sale. As available foreclosure data does not track properties through to the point of sale to third parties, the actual impact on assessed valuation cannot be reasonably determined.

While a comprehensive analysis of trends in foreclosures in the Project Areas is not available, a review of foreclosures reported for properties in the Project Areas over the past six months identifies a number of properties that have been in one of the three stages of foreclosure. As shown in Table 5, 171 properties in six of the Project Areas were subject to some foreclosure action in the past six months (no properties in Mission Bay South or Transbay were identified as subject to foreclosure actions during that period). These properties represent 1.6% of the properties in these six areas, and the 130 million in assessed valuation for these properties represents 1.3% of the assessed valuation in the six areas.

The properties subject to foreclosure action in the Bayview Hunters Point Area B Project area were primarily single-family and duplex homes while in Mission Bay North, Rincon Point-South Beach, South of Market, Western Addition Area A-2 and Yerba Buena Center Project Areas foreclosures were predominantly for condominium properties. An office building in the Yerba Buena Center Project Area with a valuation of \$14 million and an industrial property with an assessed valuation of \$5 million were also subject to foreclosure actions in the past six months.

Table 5
Properties in Foreclosure,
San Francisco Redevelopment Agency Project Areas
(January to June 2009)

Project Area	Properties in Foreclosure		As Percentage of All Properties	
	# of Properties	AV of Properties	Pct of Properties	Pct of Total AV
Bayview Hunters Point Area B	118	72,419,944	3.5%	4.8%
Mission Bay North	15	10,686,585	1.5%	0.9%
Rincon Point-South Beach	10	9,109,428	1.1%	0.5%
South Of Market - Original Area	10	6,432,469	1.3%	1.3%
Western Addition Area A-2	11	5,447,526	0.3%	0.3%
Yerba Buena Center - Original Area	7	25,903,730	1.0%	0.8%
Total	171	129,999,682	1.6%	1.3%

Note: Includes properties for which a Notice of Default or a Notice of Sale was filed, or which were sold at auction, between 12/29/2008 and 7/1/2009. AV figure are for 2008-09.

HISTORIC AND CURRENT ASSESSED VALUATION AND TAX INCREMENT

Based on assessment roll data provided by the offices of the San Francisco Assessor, San Francisco Controller, and State Board of Equalization, the total assessed valuation for 2009-10 in the Project Areas, after deducting all exemptions except the homeowner's exemption which is reimbursed by the state, is \$1.6 billion in Bayview Hunters Point Area B, \$1.1 billion in Mission Bay North, \$777 million in Mission Bay South, \$1.9 billion in Rincon Point-South Beach, \$519 million in South of Market, \$1.9 billion in Transbay Terminal, \$1.9 billion in Western Addition A-2, and \$3.5 billion in Yerba Buena Center (see Table 6A through H). With the exception of Mission Bay North, which saw a decrease of 3%, these valuations represent gains over 2008-09 valuations ranging from 2% in Western Addition A-2 to 49% in Mission Bay South.

The secured roll accounted for 88% of the total valuation in the Project Areas in 2009-10, with the unsecured roll comprising 11%. The non-unitary utility roll, at \$160 million in assessed valuation, accounted for one percent of the total (the unitary utility roll is based on countywide assessments and is not reported by project area).

2009-10 valuation gains of \$255 million in Mission Bay South were attributable to several new developments, including 500 Terry Francois Boulevard (a gain of \$57 million over 2008-09), and the transfer of two properties previously owned by Catellus to the UC Regents for development of the UCSF hospital facility, resulting in a gain of \$39 million in AV. Property owned by UC Regents is not normally subject to taxation and the assessed valuation of these two parcels may be reduced or eliminated in the event that they receive exemptions. Mission Bay South also received a new unsecured valuation of \$93 million from property owned by the biotechnology firm Fibrogen Inc. at 409 Illinois Street, a building owned by X-4 Dolphin LLC.

The following tables present historic and current valuation and tax revenue for each of the constituent project areas. For each area, gross tax increment is calculated by applying a tax rate to the incremental assessed valuation. In all areas except Mission Bay North and Mission Bay South the AB1290 passthrough payment is deducted in years prior to 2006-07 (2007-08 for Transbay, as no bonds were issued in that project area prior to that year) to arrive at an amount of allocable tax increment revenue. In the Mission Bay North and Mission Bay South project areas, the 80% devoted to funding non-housing activities is deducted from gross tax increment revenue to arrive at allocable tax increment revenue.

Table 6A
Property Taxable Values and Allocable Tax Revenues (x 1,000)
San Francisco Redevelopment Agency
Bayview Hunters Point Area B

Assessed Values (1):	2005-06 (2)	2006-07	2007-08	2008-09	2009-10
Existing Properties:					
Real Property					
SBE Rolls	1,009,527	1,113,738	1,274,365	1,370,292	1,423,663
	2,993	N/A	763	3,678	3,056
Total Secured Assessed Value	1,012,520	1,113,738	1,275,128	1,373,970	1,426,719
Unsecured Assessed Value	146,241	151,886	138,456	125,926	185,692
Total Assessed Value	1,158,761	1,265,624	1,413,584	1,499,896	1,612,411
Base Year Values:					
Secured	1,018,987	1,018,987	1,018,987	1,018,987	1,018,987
Unsecured	146,241	146,241	146,241	146,241	146,241
Increase Over Base Year Values:					
Secured	(6,467)	94,751	256,141	354,983	407,732
Unsecured	-	5,645	(7,785)	(20,315)	39,451
Tax Rates:					
Secured Tax Rate					
Unsecured Tax Rate	0.010210	0.010160	0.010120	0.010060	0.010040
Tax Increment Revenue (3):	0.010260	0.010210	0.010160	0.010120	0.010060
Secured Property	(66)	963	2,592	3,571	4,094
Unsecured Property	-	58	(79)	(206)	397
Gross Tax Increment Revenue	(66)	1,020	2,513	3,366	4,491
Less AB1290 Passthrough Obligation (4)	-	-	-	-	-
Allocable Tax Revenues	(66)	1,020	2,513	3,366	4,491

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Base Year.

(3) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(4) No amount deducted to compute Allocable Tax Revenues, since AB1290 payments for this Project Area have been subordinated to the Loan Agreement and to Parity Prior Loan Agreements for this Project Area.

Source: City and County of San Francisco; Urban Analytics.

Table 6B
 Property Taxable Values and Allocable Tax Revenues (x 1,000)
 San Francisco Redevelopment Agency
 Mission Bay North

Assessed Values (1):	2005-06	2006-07	2007-08	2008-09	2009-10
Existing Properties:					
Real Property	512,447	702,645	1,003,891	1,146,543	1,118,588
SBE Rolls	-	-	-	-	-
Total Secured Assessed Value	512,447	702,645	1,003,891	1,146,543	1,118,588
Unsecured Assessed Value	3,674	9,733	11,075	18,121	12,130
Total Assessed Value	516,121	712,378	1,014,966	1,164,664	1,130,718
Base Year Values:					
Secured	27,756	25,586	25,586	25,586	25,586
Unsecured	818	818	818	818	818
Increase Over Base Year Values:					
Secured	484,691	677,059	978,305	1,120,957	1,093,002
Unsecured	2,856	8,915	10,257	17,303	11,312
Tax Rates:					
Secured Tax Rate	0.010210	0.010160	0.010120	0.010060	0.010040
Unsecured Tax Rate	0.010260	0.010210	0.010160	0.010120	0.010060
Tax Increment Revenue (2):					
Secured Property	4,949	6,879	9,900	11,277	10,974
Unsecured Property	29	91	104	175	114
Gross Tax Increment Revenue	4,978	6,970	10,005	11,452	11,088
Less 80% Devoted to Non-Housing (3)	3,982	5,576	8,004	9,162	8,870
Allocable Tax Revenues	996	1,394	2,001	2,290	2,218

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(3) Non-housing revenues are used for redevelopment purposes in the project area, including as pledged revenues in a separate bond issuance.

Source: City and County of San Francisco; Urban Analytics.

Table 6C
Property Taxable Values and Allocable Tax Revenues (x 1,000)
San Francisco Redevelopment Agency
Mission Bay South

Assessed Values (1):	2005-06	2006-07	2007-08	2008-09	2009-10
Existing Properties:					
Real Property	157,969	180,998	443,177	485,046	643,132
SBE Rolls	-	-	-	-	-
Total Secured Assessed Value	157,969	180,998	443,177	485,046	643,132
Unsecured Assessed Value (2)	-	-	399	36,198	133,641
Total Assessed Value	157,969	180,998	443,577	521,244	776,773
Base Year Values:					
Secured	85,054	85,054	85,054	85,054	85,054
Unsecured	12,628	12,628	12,628	12,628	12,628
Increase Over Base Year Values:					
Secured	72,915	95,944	358,124	399,992	558,078
Unsecured	(12,628)	(12,628)	(12,229)	23,569	121,013
Tax Rates:					
Secured Tax Rate	0.010210	0.010160	0.010120	0.010060	0.010040
Unsecured Tax Rate	0.010260	0.010210	0.010160	0.010120	0.010060
Tax Increment Revenue (3):					
Secured Property	744	975	3,624	4,024	5,603
Unsecured Property	(130)	(129)	(124)	239	1,217
Gross Tax Increment Revenue	615	846	3,500	4,262	6,820
Less 80% Devoted to Non-Housing (4)	492	677	2,800	3,410	5,456
Allocable Tax Revenues	123	169	700	852	1,364

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) The amount of unsecured assessed valuation for 2004-05 through 2006-07 is not separately available.

(3) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(4) Non-housing revenues are used for redevelopment purposes in the project area, including as pledged revenues in a separate bond issuance.

Source: City and County of San Francisco; Urban Analytics.

Table 6D
Property Taxable Values and Allocable Tax Revenues (x 1,000)
San Francisco Redevelopment Agency
Rincon Point-South Beach

Assessed Values (1):	2005-06	2006-07	2007-08	2008-09	2009-10
Existing Properties:					
Real Property	1,328,794	1,475,560	1,520,365	1,539,380	1,627,819
SBE Rolls	8,760	8,505	8,724	8,532	8,947
Total Secured Assessed Value	1,337,554	1,484,065	1,529,089	1,547,913	1,636,766
Unsecured Assessed Value	371,733	243,649	248,337	251,935	252,646
Total Assessed Value	1,709,287	1,727,714	1,777,426	1,799,848	1,889,412
Base Year Values:					
Secured	11,572	11,572	11,572	11,572	11,572
Unsecured	6,521	6,521	6,521	6,521	6,521
Increase Over Base Year Values:					
Secured	1,325,982	1,472,493	1,517,517	1,536,341	1,625,194
Unsecured	365,212	237,128	241,816	245,414	246,125
Tax Rates:					
Secured Tax Rate	0.010210	0.010160	0.010120	0.010060	0.010040
Unsecured Tax Rate	0.010260	0.010210	0.010160	0.010120	0.010060
Tax Increment Revenue (2):					
Secured Property	13,538	14,961	15,357	15,456	16,317
Unsecured Property	3,747	2,421	2,457	2,484	2,476
Gross Tax Increment Revenue	17,285	17,382	17,814	17,939	18,793
Less AB1290 Passthrough Obligation (3)	2,879	-	-	-	-
Allocable Tax Revenues	14,406	17,382	17,814	17,939	18,793

- (1) Assessed valuations shown are "full cash value" and exclude homeowner subventions. Assessed valuations exclude the valuations of certain property in the South Beach Harbor marina from which Tax Revenues pledged to the payment of the South Beach Harbor Bonds are generated.
- (2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.
- (3) No amount deducted to compute Allocable Tax Revenues after 2005-06, since future AB1290 payments for this Project Area have been subordinated to the Loan Agreement and to Parity Prior Loan Agreements.

Source: City and County of San Francisco; Urban Analytics.

Table 6E
Property Taxable Values and Allocable Tax Revenues (x 1,000)
San Francisco Redevelopment Agency
South of Market

Assessed Values (1):	2005-06	2006-07	2007-08	2008-09 (2)	2009-10
Existing Properties:					
Real Property	362,526	394,887	418,593	466,662	507,308
SBE Rolls	-	-	-	-	-
Total Secured Assessed Value	362,526	394,887	418,593	466,662	507,308
Unsecured Assessed Value	15,536	9,076	13,931	31,732	11,279
Total Assessed Value	378,062	403,963	432,524	498,395	518,586
Base Year Values:					
Secured	91,050	91,050	91,050	100,173	100,173
Unsecured	17,535	17,535	17,535	17,773	17,773
Increase Over Base Year Values:					
Secured	271,476	303,837	327,543	366,490	407,135
Unsecured	(1,999)	(8,459)	(3,604)	13,959	(6,494)
Tax Rates:					
Secured Tax Rate	0.010210	0.010160	0.010120	0.010060	0.010040
Unsecured Tax Rate	0.010260	0.010210	0.010160	0.010120	0.010060
Tax Increment Revenue (3):					
Secured Property	2,772	3,087	3,315	3,687	4,088
Unsecured Property	(21)	(86)	(37)	141	(65)
Gross Tax Increment Revenue	2,751	3,001	3,278	3,828	4,022
Less 33676 (2%) Obligation to Schools (4)	42	45	48	51	54
Less AB1290 Passthrough Obligation (5)	424	-	-	-	-
Allocable Tax Revenues	2,286	2,956	3,230	3,777	3,968

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Base Year for South of Market Redevelopment Project Area - 2007 Annex. Base Year and Current Year assessed valuations include valuation from the 2007 Annex starting in 2008-09.

(3) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(4) Portion of revenue potentially allocable to school districts under former H&SC Section 33676 and Santa Ana decision.

(5) No amount deducted to compute Allocable Tax Revenues after 2005-06, since future AB1290 payments for this Project Area have been subordinated to the Loan Agreement and to Parity Prior Loan Agreements.

Source: City and County of San Francisco; Urban Analytics.

Table 6F
 Property Taxable Values and Allocable Tax Revenues (x 1,000)
 San Francisco Redevelopment Agency
 Transbay Terminal

	2005-06	2006-07	2007-08	2008-09	2009-10
Assessed Values (1):					
Existing Properties:					
Real Property	904,362	934,843	956,352	1,557,303	1,690,993
SBE Rolls	-	-	-	-	-
Total Secured Assessed Value	904,362	934,843	956,352	1,557,303	1,690,993
Unsecured Assessed Value	131,820	66,892	59,403	136,692	202,375
Total Assessed Value	1,036,182	1,001,735	1,015,755	1,693,995	1,893,367
Base Year Values:					
Secured	770,731	770,731	770,731	770,731	770,731
Unsecured	110,122	110,122	110,122	110,122	110,122
Increase Over Base Year Values:					
Secured	133,631	164,112	185,621	786,572	920,262
Unsecured	21,698	(43,230)	(50,719)	26,570	92,253
Tax Rates:					
Secured Tax Rate	0.010210	0.010160	0.010120	0.010060	0.010040
Unsecured Tax Rate	0.010260	0.010210	0.010160	0.010120	0.010060
Tax Increment Revenue (3):					
Secured Property	1,364	1,667	1,878	7,913	9,239
Unsecured Property	223	(441)	(515)	269	928
Gross Tax Increment Revenue	1,587	1,226	1,363	8,182	10,167
Less AB1290 Passthrough Obligation (4)	317	245	-	-	-
Allocable Tax Revenues	1,270	981	1,363	8,182	10,167

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Base Year.

(3) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(4) No amount deducted to compute Allocable Tax Revenues after 2006-07, since future AB1290 payments for this Project Area have been subordinated to the Loan Agreement and to Parity Prior Loan Agreements.

Source: City and County of San Francisco; Urban Analytics.

Table 6G
Property Taxable Values and Allocable Tax Revenues (x 1,000)
San Francisco Redevelopment Agency
Western Addition A-2

Assessed Values (1):	2005-06	2006-07	2007-08	2008-09	2009-10
Existing Properties:					
Real Property					
SBE Rolls	1,376,641	1,533,343	1,740,006	1,830,985	1,866,513
	10,133	9,837	10,091	9,870	10,349
Total Secured Assessed Value	1,386,774	1,543,180	1,750,097	1,840,855	1,876,862
Unsecured Assessed Value	48,478	50,828	43,242	37,696	43,584
Total Assessed Value	1,435,252	1,594,008	1,793,339	1,878,551	1,920,446
Base Year Values:					
Secured	46,390	46,390	46,390	46,390	46,390
Unsecured	14,850	14,850	14,850	14,850	14,850
Increase Over Base Year Values:					
Secured	1,340,384	1,496,790	1,703,707	1,794,465	1,830,472
Unsecured	33,628	35,978	28,392	22,846	28,734
Tax Rates:					
Secured Tax Rate	0.010210	0.010160	0.010120	0.010060	0.010040
Unsecured Tax Rate	0.010260	0.010210	0.010160	0.010120	0.010060
Tax Increment Revenue (2):					
Secured Property	13,685	15,207	17,242	18,052	18,378
Unsecured Property	345	367	288	231	289
Gross Tax Increment Revenue	14,030	15,575	17,530	18,284	18,667
Less School District Allocation (3)	-	-	-	1,876	1,905
Less AB1290 Passthrough Obligation (4)	1,270	-	-	-	-
Allocable Tax Revenues	12,760	15,575	17,530	16,407	16,762

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(3) Beginning January 1, 2009 school districts are entitled to their full tax apportionment as required under Section 33333.7

(4) No amount deducted to compute Allocable Tax Revenues after 2005-06, since future AB1290 payments for this Project Area have been subordinated to the Loan Agreement and to Parity Prior Loan Agreements.

Source: City and County of San Francisco; Urban Analytics.

Table 6H
Property Taxable Values and Allocable Tax Revenues (x 1,000)
San Francisco Redevelopment Agency
Yerba Buena Center

	2005-06	2006-07 (6)	2007-08	2008-09	2009-10
Assessed Values (1):					
Existing Properties:					
Real Property	1,609,495	2,129,146	2,391,818	2,491,917	2,758,296
SBE Rolls	134,530	130,602	133,971	131,030	137,398
Total Secured Assessed Value	1,744,025	2,259,748	2,525,789	2,622,947	2,895,694
Unsecured Assessed Value	574,371	575,048	594,721	621,938	587,171
Total Assessed Value	2,318,396	2,834,796	3,120,510	3,244,886	3,482,865
Base Year Values:					
Secured (2)	45,019	122,850	124,788	126,385	128,012
Unsecured	7,637	8,216	8,227	8,239	8,251
Increase Over Base Year Values:					
Secured	1,699,006	2,136,898	2,401,001	2,496,562	2,767,682
Unsecured	566,734	566,832	586,494	613,699	578,920
Tax Rates:					
Secured Tax Rate	0.010210	0.010160	0.010120	0.010060	0.010040
Unsecured Tax Rate	0.010260	0.010210	0.010160	0.010120	0.010060
Tax Increment Revenue (3):					
Secured Property	17,347	21,711	24,298	25,115	27,788
Unsecured Property	5,815	5,787	5,959	6,211	5,824
Gross Tax Increment Revenue	23,162	27,498	30,257	31,326	33,611
Less AB1290 Passthrough Obligation (3)	1,031	-	-	-	-
Allocable Tax Revenues (4)	22,131	27,498	30,257	31,326	33,611

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Secured Base-Year Value increases each year pursuant to the Yerba Buena Center Redevelopment Project Area's Redevelopment Plan. Such Secured Base-Year Value will increase by at most two percent (2%) per annum on the base year assessed value of the Westfield multi-use commercial development in the Emporium Site Area added to the Yerba Buena Center Redevelopment Project Area pursuant to a plan amendment dated August 3, 2000. The Emporium Site Area has a base year assessed value of \$69,111,621, which was the assessed value in 2000-01.

(3) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(4) No amount deducted to compute Allocable Tax Revenues after 2005-06, since future AB1290 payments

for this Project Area have been subordinated to the Loan Agreement and to Parity Prior Loan Agreements.

(5) Assessed values and base year values commencing with fiscal year 2006-07 include values related to the Emporium Site Area, the first year tax increment was collected from that portion of the Project Area.

Source: City and County of San Francisco; Urban Analytics.

TEN LARGEST ASSESSEES

The ten largest assesseees in each constituent project area are shown in Table 7A through H for 2009-10. The tables include the assessed valuations for each of the top ten property owners, the valuations for all other owners, and the total valuations for each area (valuations exclude homeowner's exemptions). The percentage of total valuation accounted for by each owner is calculated by dividing the owner's valuation into the total valuation for the Project Area. An additional calculation showing the ten largest property owners as a percentage of incremental assessed valuation is also included.

Ownership concentration in the top ten largest assesseees ranges from 18% in Bayview Hunters Point Area B to 95% in Mission Bay South.

Table 7A
Ten Largest Property Owners By Valuation, 2009-10
San Francisco Redevelopment Agency
Bayview Hunters Point Area B

Property Owner	Assessed Value	Pct of Total Assessed Value	Land Use
200 Paul LLC	102,831,053	6.38%	Industrial
S F Distribution Center LLC	37,885,125	2.35%	Industrial
Hearst Corporation	35,413,545	2.20%	Industrial
SF Third St Equity Partners	19,767,600	1.23%	Vacant Land
Twenty-Six Sac Self-Storage	19,413,745	1.20%	Self-Storage
Jamestown Equity Partners	19,213,066	1.19%	Vacant Land
WCOT Extra Space West Two	14,626,541	0.91%	Industrial
Legallet Properties LLC	13,189,198	0.82%	Industrial Warehouse
JMDH Real Estate Of SF LLC	12,286,377	0.76%	Industrial
400 Paul Wave Exchg LLC	11,701,305	0.73%	Industrial
Total, Ten Largest:	286,327,555	17.76%	
All Other	1,326,083,212	82.24%	
Total for the Area:	1,612,410,767	100.00%	
<i>Ten Largest as Pct of Incremental AV:</i>		64.03%	

Table 7B
Ten Largest Property Owners By Valuation, 2009-10
San Francisco Redevelopment Agency
Mission Bay North

Property Owner	Assessed Value	Pct of Total Assessed Value	Land Use
MVP I (301 King St)	132,999,834	11.76%	Apartments/Retail
Avalon Bay (150 Berry/200 King St)	130,396,869	11.53%	Apartments/Retail
Beacon LP *	67,885,460	6.00%	Parking/Retail
United Dominion Realty Lp	55,779,374	4.93%	Apartment Bldg
Deerfield King Street Llc	7,000,370	0.62%	Condominium
Safeway Stores (Leased Retail)	7,590,291	0.67%	Supermarket (Leased)
Stockbridge San Francisco (200 King)	5,773,719	0.51%	Office/condominiums
Private Owner	3,108,070	0.27%	Condominium
BOSA Development	2,842,464	0.25%	Retail/Condominiums
Mission Bay Affordable Housing	2,822,466	0.25%	Apartment Bldg
Total, Ten Largest:	416,198,917	36.81%	
All Other	714,519,023	63.19%	
Total for the Area:	1,130,717,940	100.00%	
<i>Ten Largest as Pct of Incremental AV:</i>		37.69%	
* Owner has appealed 2008-09 valuation.			

Table 7C
Ten Largest Property Owners By Valuation, 2009-10
San Francisco Redevelopment Agency
Mission Bay South

Property Owner	Assessed Value	Pct of Total Assessed Value	Land Use
Alexandria Real Estate, SF	152,742,825	19.66%	Office and Vacant Land
550 Terry Francois Blvd LLC *	148,569,120	19.13%	Commercial Office
Fibrogen Inc. (409 Illinois Street)	93,002,447	11.97%	Unsecured Property
SP4 Mission Bay LP	88,445,588	11.39%	Commercial Office
Bosa Development	86,908,252	11.19%	Condominiums
UC Regents	49,526,723	6.38%	Commercial - Vacant Land
Focil-MB LLC	36,329,403	4.68%	Residential - Vacant Land
Old Navy/The Gap (550 Terry Francois Blvd)	34,969,369	4.50%	Leased Offices
X-4 Dolphin LLC (Shorenstein)	33,958,656	4.37%	Commercial - Vacant Land
J David Gladstone Institutes	11,319,249	1.46%	Institutional
Total, Ten Largest:	735,771,632	94.72%	
All Other	41,001,537	5.28%	
Total for the Area:	776,773,169	100.00%	
<i>Ten Largest as Pct of Incremental AV:</i>		108.35%	
* Owner has appealed 2008-09 valuation.			

Table 7D
Ten Largest Property Owners By Valuation, 2009-10
San Francisco Redevelopment Agency
Rincon Point-South Beach

Property Owner	Assessed Value	Pct of Total Assessed Value	Land Use
China Basin Ballpark Company	223,125,000	11.81%	Sports Facility
Gap Inc	208,534,825	11.04%	Office
Rincon Center *	153,875,158	8.14%	Office/Retail
Rincon EV Realty *	148,762,321	7.87%	Apartments
Bayside Village Associates	125,548,319	6.64%	Apartments
South Beach Marina	99,521,752	5.27%	Apartments
Glenborough San Francisco *	38,927,114	2.06%	Office
Unknown Owner (Located on APN 25-3716-024)	15,578,161	0.82%	Unsecured Property
Private Individual	8,164,630	0.43%	Condominium
Private Individual	3,409,660	0.18%	Condominium
Total, Ten Largest:	1,025,446,940	54.27%	
All Other	863,964,840	45.73%	
Total for the Area:	1,889,411,780	100.00%	

Ten Largest as Pct of Incremental AV:

54.80%

* Owner has appealed 2008-09 valuation. . 2009-10 valuation for Rincon Center is approximately \$3 million below that of 2008-09.

Table 7E
Ten Largest Property Owners By Valuation, 2009-10
San Francisco Redevelopment Agency
South of Market

Property Owner	Assessed Value	Pct of Total Assessed Value	Land Use
1045 Mission L P *	31,150,315	6.01%	Commercial/Residential
AZ-SF Hotels LLC	20,995,857	4.05%	Motel
260 Fifth Street LLC	9,103,500	1.76%	Industrial
Private Individual	6,404,152	1.23%	Apartment
Hearst Corporation *	5,810,227	1.12%	Industrial/Vacant
32-40 6Th Street LLC	5,242,343	1.01%	Hotel
Sixth Street Baldwin House LLC	5,202,000	1.00%	Hotel
Private Individual	5,097,960	0.98%	Hotel
TD Folsom LLC	4,350,951	0.84%	Industrial
Russ Street Lofts LLC	4,162,408	0.80%	Live/work condominium
Total, Ten Largest:	97,519,713	18.80%	
All Other	421,066,505	81.20%	
Total for the Area:	518,586,218	100.00%	
<i>Ten Largest as Pct of Incremental AV:</i>		24.34%	

* Owner has appealed 2008-09 valuation.

Table 7F
Ten Largest Property Owners By Valuation, 2009-10
San Francisco Redevelopment Agency
Transbay Terminal

Property Owner	Assessed Value	Pct of Total Assessed Value	Land Use
Mission Street Dev. LLC (301 Mission St)	444,252,625	23.46%	Commercial/Office
405 Howard LLC	247,236,270	13.06%	Commercial/Office
GLL Fremont Street Partners (199 Fremont)	155,482,704	8.21%	Commercial/Office
Resnick In San Francisco LLC (215 Fremont)	149,823,762	7.91%	Commercial/Office
TST Mission Street LLC (555 Mission)	143,358,431	7.57%	Commercial/Office
Equity Office Properties (201 Mission St)	127,141,559	6.72%	Commercial/Office
Utah State Retirement Inv. (500 Howard)	96,344,559	5.09%	Commercial/Office
Owner Unknown (Located on APN 25-3720-008)	84,307,905	4.45%	Unsecured Property
W2007 HWD Realty LLC (301 Howard)	74,941,837	3.96%	Commercial/Office
535 Mission Street Property LLC	31,212,000	1.65%	Vacant Land
Total, Ten Largest:	1,554,101,652	82.08%	
All Other	339,265,732	17.92%	
Total for the Area:	1,893,367,384	100.00%	
<i>Ten Largest as Pct of Incremental AV:</i>		153.49%	

Table 7G
Ten Largest Property Owners By Valuation, 2009-10
San Francisco Redevelopment Agency
Western Addition A-2

Property Owner	Assessed Value	Pct of Total Assessed Value	Land Use
Fillmore Center	244,145,593	12.71%	Apartments
California Pacific Med Ctr (1101 Van Ness, 1255 Post) *	95,284,776	4.96%	Hotel and Office
1550 Sutter Associates (Assisted Living)	28,164,842	1.47%	Assisted Living
United Bank (721 Van Ness)	25,643,152	1.34%	Commercial
Wealth Prop Inc (1388 Sutter)	21,776,078	1.13%	Commercial/Office
Daniel Burnham Court LLC	20,248,577	1.05%	Office and Retail
WCPI (1489 Webster)	19,962,621	1.04%	Apartment/Retail
Opera Plaza	18,594,562	0.97%	Office and Retail
San Francisco Care Center	17,504,162	0.91%	Retail
Young Broadcasting of SF	16,771,496	0.87%	Assisted Living
Total, Ten Largest:	508,095,859	26.46%	
All Other	1,412,349,983	73.54%	
Total for the Area:	1,920,445,842	100.00%	
<i>Ten Largest as Pct of Incremental AV:</i>		27.33%	

* Owner has appealed 2008-09 valuation. 2009-10 valuation is approximately \$7 million below that of 2008-09.

Table 7H
Ten Largest Property Owners By Valuation, 2009-10
San Francisco Redevelopment Agency
Yerba Buena Center

Property Owner	Assessed Value	Pct of Total Assessed Value	Land Use
Emporium Mall LLC	448,695,739	12.88%	Commercial-Retail
Marriott Hotel *	380,346,331	10.92%	Hotel
W2005 Argent Hotel Realty LLC **	180,334,440	5.18%	Hotel
Tishman Speyer (St Francis Place)	177,175,902	5.09%	Office/Retail
Starwood San Francisco (W Hotel) **	153,453,270	4.41%	Hotel
Third & Mission Assoc	135,544,800	3.89%	Apartment Bldg
Hawthorne Plaza Assocs LLC	130,110,767	3.74%	Office
Yerba Buena Entertainment Ctr (Metreon) *	120,109,368	3.45%	Commercial-Retail
S F Museum Tower (St. Regis Hotel) **	107,751,068	3.09%	Hotel
Contemporary Jewish Museum	95,039,008	2.73%	Museum
Total, Ten Largest:	1,928,560,693	55.37%	
All Other	1,554,304,081	44.63%	
Total for the Area:	3,482,864,774	100.00%	

Ten Largest as Pct of Incremental AV: 57.63%

* Unsecured properties not separately identified by assessor. Unsecured AV is 500,455,699 for the two properties.
Individual AV estimated using prior-year share.

** Owner has appealed 2008-09 valuation.

Source: County Assessor; Urban Analytics.

TAX INCREMENT PROJECTION

Allocable tax increment is projected over the duration of the plans in the Project Areas, as shown in Table 8. As described previously under “The Allocation of Tax Increment Revenue to the Agency”, the Agency does not claim all allocable tax revenue in any given year; rather, it claims sufficient revenue to meet debt service payments, passthrough obligations and project and administrative expenses. The projection uses a growth rate of 2% for secured land and improvements and holds secured personal property and unsecured valuations constant. The secured tax rate used in the analysis is the one percent levy plus the levy for pre-1989 debt, decreasing to zero by 2012-13. The unsecured tax rate is the prior-year secured rate.

Under higher rates of growth, it is possible that the tax increment caps for the Original Area of the South of Market project area and the Original Area of the Yerba Buena Center project area may be reached prior to the respective plan limits on last date to receive tax increment.

Table 8
Projections of Allocable Tax Revenues

Fiscal Year	Bayview Hunters Point Area B	Mission Bay North (1)	Mission Bay South (1)	Rincon Point- South Beach
2009/10	4,490,498	2,217,507	1,364,099	18,792,966
2010/11	4,769,079	2,259,341	1,387,504	19,092,808
2011/12	5,052,854	2,301,966	1,411,509	19,399,942
2012/13	5,341,651	2,345,381	1,435,962	19,712,832
2013/14	5,642,560	2,392,760	1,462,498	20,055,043
2014/15	5,950,024	2,441,117	1,489,893	20,407,445
2015/16	6,263,637	2,490,442	1,517,837	20,766,896
2016/17	6,583,523	2,540,753	1,546,339	21,133,535
2017/18	6,909,806	2,592,070	1,575,412	21,507,507
2018/19	7,242,614	2,644,414	1,605,066	21,888,959
2019/20	7,582,079	2,697,804	1,635,313	22,278,039
2020/21	7,928,334	2,752,263	1,666,165	22,674,901
2021/22	8,281,513	2,807,810	1,697,634	23,079,701
2022/23	8,641,756	2,864,468	1,729,732	23,492,596
2023/24	9,009,204	2,922,260	1,762,472	23,913,750
2024/25	9,384,000	2,981,207	1,795,867	24,343,326
2025/26	9,766,293	3,041,334	1,829,930	24,781,494
2026/27	10,156,231	3,102,663	1,864,675	25,228,425
2027/28	10,553,969	3,165,218	1,900,114	25,684,295
2028/29	10,959,661	3,229,025	1,936,262	26,149,282
2029/30	11,373,467	3,294,108	1,973,133	26,623,569
2030/31	11,795,549	3,360,492	2,010,741	27,107,342
2031/32	12,226,072	3,428,204	2,049,101	27,600,791
2032/33	12,665,206	3,497,270	2,088,229	28,104,108
2033/34	13,113,123	3,567,718	2,128,139	28,617,491
2034/35	13,569,998	3,639,575	2,168,848	29,141,143
2035/36	14,036,011	3,712,868	2,210,371	29,675,267
2036/37	14,511,344	3,787,628	2,252,724	30,220,074
2037/38	14,996,183	3,863,883	2,295,924	30,775,776
2038/39	15,490,720	3,941,663	2,339,988	31,342,593
2039/40	15,995,147	4,020,998	2,384,933	31,920,747
2040/41	16,509,662	4,101,920	2,430,778	32,510,463
2041/42	17,034,468	4,184,461	2,477,539	33,111,974
2042/43	17,569,770	4,268,653	2,525,235	33,725,515
2043/44	18,115,778	-	-	34,351,326
2044/45	18,672,706	-	-	-
2045/46	19,240,773	-	-	-
2046/47	19,820,201	-	-	-
2047/48	20,411,218	-	-	-
2048/49	21,014,055	-	-	-
2049/50	21,628,949	-	-	-
2050/51	22,256,140	-	-	-
2051/52	-	-	-	-
2052/53	-	-	-	-
Total	512,555,823	106,459,244	63,949,964	899,211,920

Table 8 (continued)
Projections of Allocable Tax Revenues

Fiscal Year	South of Market (2)	Transbay	Western Addition A2 (3)	Yerba Buena Center (4)
2009/10	3,968,121	10,167,486	16,761,910	33,611,461
2010/11	4,061,005	10,492,461	17,083,838	34,123,938
2011/12	4,155,536	10,823,923	17,411,897	34,649,986
2012/13	4,251,886	11,161,364	17,746,028	35,185,925
2013/14	4,355,782	11,519,024	18,110,154	35,771,916
2014/15	4,461,765	11,885,090	18,481,905	36,377,500
2015/16	4,569,868	12,258,479	18,861,091	36,995,195
2016/17	4,680,134	12,639,335	19,247,861	37,625,244
2017/18	4,792,604	13,027,808	19,642,366	38,267,894
2018/19	4,907,324	13,424,051	20,044,761	38,923,397
2019/20	5,024,339	13,828,218	20,455,204	22,865,772
2020/21	5,143,693	14,240,469	20,873,856	5,721,824
2021/22	5,265,435	14,660,965	21,300,881	5,832,859
2022/23	5,389,612	15,089,870	21,736,447	5,946,114
2023/24	5,516,272	15,527,354	22,180,724	6,061,634
2024/25	5,645,465	15,973,588	22,633,886	6,179,465
2025/26	5,777,243	16,428,746	23,102,983	6,299,652
2026/27	5,911,655	16,893,008	23,581,461	6,422,243
2027/28	6,048,756	17,366,554	24,069,509	6,547,285
2028/29	6,188,599	17,849,572	24,567,318	6,674,829
2029/30	6,331,239	18,342,250	25,075,083	6,804,923
2030/31	76,923	18,844,781	25,593,004	6,937,620
2031/32	80,146	19,357,363	26,121,282	7,072,970
2032/33	83,433	19,880,197	26,660,127	7,211,027
2033/34	86,786	20,413,487	27,209,748	7,351,846
2034/35	90,206	20,957,443	27,770,362	7,495,481
2035/36	-	21,512,279	28,342,188	7,641,988
2036/37	-	22,078,211	28,925,450	7,791,426
2037/38	-	22,655,462	29,520,378	7,943,852
2038/39	-	23,244,257	30,127,205	8,099,327
2039/40	-	23,844,829	30,746,167	8,257,912
2040/41	-	24,457,412	31,377,510	8,419,668
2041/42	-	25,082,247	32,021,478	8,584,659
2042/43	-	25,719,578	32,678,327	8,752,950
2043/44	-	26,369,656	33,348,312	8,924,607
2044/45	-	27,032,736	-	9,099,697
2045/46	-	27,709,077	-	-
2046/47	-	28,398,945	-	-
2047/48	-	29,102,610	-	-
2048/49	-	29,820,349	-	-
2049/50	-	30,552,442	-	-
2050/51	-	-	-	-
2051/52	-	-	-	-
2052/53	-	-	-	-
Total	106,863,829	780,632,975	843,410,699	566,474,083

Note: Allocable tax revenues are projected using a growth rate of 2% for real property and a debt service levy decreasing to zero by 2012-13.

(1) Allocable revenues are net of the 80% portion applied to non-housing.

(2) South of Market Original Area terminates 6/11/2030. Tax increment from the Western Expansion Area continues to 12/16/2035. The Original Area is subject to a tax increment cap that may be reached prior to the plan limit. Allocable revenues in the Original Area are net of Section 33676 payments.

(3) Allocable revenues are net of the payment to school districts required under CRL 33333.7.

(4) Yerba Buena Center Original Area terminates in 1/1/2020. Tax increment from the Emporium Site Area continues to 10/13/2045. The Original Area is subject to a tax increment cap that may be reached prior to the plan limit.

LIMITATIONS OF REPORT

The calculation of assessed valuations and tax increment shown in this Report are based on information believed to be complete, current and reliable at the time of this Report. Projections of tax increment are based on reasonable assumptions and may not reflect actual future revenue received by the Agency. Information regarding the practices and methods used by the City in assessing and allocating property tax revenue has been obtained from City staff and analysis of County records, while information concerning the Project Areas, their constituent redevelopment plans, their amendments and the pass-through agreements has been obtained through discussions with Agency staff and through review of the plan documents made available to the Consultant.

While the Consultant has made reasonable efforts to verify the accuracy of the figures and information presented in this Report and presumes that the information relied upon is correct, the Consultant makes no warranty as to its accuracy.

APPENDIX A

**INFORMATION REGARDING
ADDITIONAL PROJECT AREAS SUBJECT
TO RESERVE ACCOUNT
CROSS-COLLATERALIZATION**

Table A - 1
Property Taxable Values and Allocable Tax Revenues (x 1,000)
San Francisco Redevelopment Agency
Golden Gateway

	2005-06 (2)	2006-07	2007-08	2008-09	2009-10
Assessed Values (1):					
Existing Properties:					
Real Property	1,812,087	1,853,994	1,896,187	1,933,401	1,954,977
SBE Rolls	-	-	131	131	131
Total Secured Assessed Value	1,812,087	1,853,994	1,896,318	1,933,532	1,955,108
Unsecured Assessed Value	232,284	224,724	243,395	330,304	375,236
Total Assessed Value	2,044,371	2,078,718	2,139,713	2,263,836	2,330,343
Base Year Values:					
Secured	18,824	18,824	18,824	18,824	18,824
Unsecured	2,348	2,348	2,348	2,348	2,348
Increase Over Base Year Values:					
Secured	1,793,263	1,835,170	1,877,494	1,914,708	1,936,284
Unsecured	229,936	222,376	241,047	327,956	372,888
Tax Rates:					
Secured Tax Rate	0.010210	0.010160	0.010120	0.010060	0.010040
Unsecured Tax Rate	0.010260	0.010210	0.010160	0.010120	0.010060
Tax Increment Revenue (2):					
Secured Property	18,309	18,645	19,000	19,262	19,440
Unsecured Property	2,359	2,270	2,449	3,319	3,751
Gross Tax Increment Revenue	20,668	20,916	21,449	22,581	23,192
Less School District Allocation (3)	3,058	2,477	2,650	2,383	2,429
Less AB1290 Passthrough Obligation (4)	-	-	-	-	-
Allocable Tax Revenues	17,610	18,439	18,799	20,198	20,763

- (1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.
(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.
(3) Required pursuant to Section 33333.7.
(4) No amount deducted to compute Allocable Tax Increment Revenue after 2004-05, since AB1290 payments for this Project Area have been subordinated to the Loan Agreement and to Parity Prior Loan Agreements for this Project Area.

Source: City and County of San Francisco; Urban Analytics.

Table A - 2
Property Taxable Values and Allocable Tax Revenues (x 1,000)
San Francisco Redevelopment Agency
Hunters Point

	2005-06	2006-07	2007-08	2008-09	2009-10
Assessed Values (1):					
Existing Properties:					
Real Property	109,481	125,149	133,605	127,502	111,537
SBE Rolls	1,549	1,503	1,549	1,508	1,582
Total Secured Assessed Value	111,030	126,652	135,154	129,010	113,119
Unsecured Assessed Value	-	15	15	80	89
Total Assessed Value	111,030	126,667	135,169	129,090	113,208
Base Year Values:					
Secured	2,847	2,847	2,847	2,847	2,847
Unsecured	-	-	-	-	-
Increase Over Base Year Values:					
Secured	108,183	123,805	132,307	126,163	110,272
Unsecured	-	15	15	80	89
Tax Rates:					
Secured Tax Rate	0.010210	0.010160	0.010120	0.010060	0.010040
Unsecured Tax Rate	0.010260	0.010210	0.010160	0.010120	0.010060
Tax Increment Revenue (2):					
Secured Property	1,105	1,258	1,339	1,269	1,107
Unsecured Property	-	0	0	1	1
Gross Tax Increment Revenue	1,105	1,258	1,339	1,270	1,108
Less School District Allocation (3)	241	294	315	145	129
Less AB1290 Passthrough Obligation (4)	-	-	-	-	-
Allocable Tax Revenues	864	964	1,024	1,125	979

- (1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.
(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.
(3) Required pursuant to Section 33333.7.
(4) No amount deducted to compute Allocable Tax Increment Revenue after 2004-05, since AB1290 payments for this Project Area have been subordinated to the Loan Agreement and to Parity Prior Loan Agreements for this Project Area.

Source: City and County of San Francisco; Urban Analytics.

Table A - 3
Property Taxable Values and Allocable Tax Revenues (x 1,000)
San Francisco Redevelopment Agency
India Basin

Assessed Values (1):	2005-06 (2)	2006-07	2007-08	2008-09	2009--10
Existing Properties:					
Real Property					
SBE Rolls	91,630	97,581	95,033	93,394	95,302
	5,239	5,086	5,217	5,103	5,351
Total Secured Assessed Value	96,869	102,667	100,250	98,496	100,653
Unsecured Assessed Value	8,742	15,972	16,628	21,892	20,083
Total Assessed Value	105,611	118,639	116,878	120,389	120,735
Base Year Values:					
Secured	12,575	12,575	12,575	12,575	12,575
Unsecured	1,116	1,116	1,116	1,116	1,116
Increase Over Base Year Values:					
Secured	84,294	90,092	87,675	85,921	88,078
Unsecured	7,626	14,856	15,512	20,776	18,967
Tax Rates:					
Secured Tax Rate					
Unsecured Tax Rate					
Tax Increment Revenue (2):					
Secured Property	861	915	887	864	884
Unsecured Property	78	152	158	210	191
Gross Tax Increment Revenue	939	1,067	1,045	1,075	1,075
Less School District Allocation (3)	190	235	222	122	121
Less AB1290 Passthrough Obligation (4)	-	-	-	-	-
Allocable Tax Revenues	749	832	823	953	954

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(3) Required pursuant to Section 33333.7.

(4) No amount deducted to compute Allocable Tax Increment Revenue after 2004-05, since AB1290 payments for this Project Area have been subordinated to the Loan Agreement and to Parity Prior Loan Agreements for this Project Area.

Source: City and County of San Francisco; Urban Analytics.

Table A - 4
 Property Taxable Values and Allocable Tax Revenues (x 1,000)
 San Francisco Redevelopment Agency
 Merged Golden Gateway/ South of Market/FOB

	2005-06 (2)	2006-07	2007-08	2008-09 (2)	2009-10
Assessed Values (1):					
Existing Properties:					
Real Property	2,174,613	2,248,881	2,314,781	2,400,064	2,462,285
SBE Rolls	-	-	131	131	131
Total Secured Assessed Value	2,174,613	2,248,881	2,314,912	2,400,194	2,462,415
Unsecured Assessed Value	247,839	233,800	257,332	362,042	386,520
Total Assessed Value	2,422,452	2,482,681	2,572,244	2,762,236	2,848,935
Base Year Values:					
Secured	114,680	114,680	114,680	123,803	123,803
Unsecured	19,883	19,883	19,883	20,121	20,121
Increase Over Base Year Values:					
Secured	2,059,933	2,134,201	2,200,232	2,276,391	2,338,612
Unsecured	227,956	213,917	237,449	341,921	366,399
Tax Rates:					
Secured Tax Rate	0.010210	0.010160	0.010120	0.010060	0.010040
Unsecured Tax Rate	0.010260	0.010210	0.010160	0.010120	0.010060
Tax Increment Revenue (3):					
Secured Property	21,032	21,683	22,266	22,900	23,480
Unsecured Property	2,339	2,184	2,412	3,460	3,686
Gross Tax Increment Revenue	23,371	23,868	24,679	26,361	27,166
Less School District Allocation (4)	3,100	2,522	2,698	2,434	2,483
Less AB1290 Passthrough Obligation (5)	414	-	-	-	-
Allocable Tax Revenues	19,857	21,346	21,981	23,927	24,683

(1) Assessed valuations shown are "full cash value" and exclude homeowner subventions.

(2) Base Year and Current Year assessed valuations for the South of Market Western Expansion Area included starting in 2008-09.

(3) Revenue numbers equal the tax rate times the increase over base year value and do not necessarily equal amounts collected.

(4) Required pursuant to Section 33333.7 as to the Embarcadero-Lower Market (Golden Gateway) Project Area only.

(5) No amount deducted to compute Allocable Tax Increment Revenue after 2004-05, since AB1290 payments for this Project Area have been subordinated to the Loan Agreement and to Parity Prior Loan Agreements for this Project Area.

Source: City and County of San Francisco; Urban Analytics.

Table A - 5
Ten Largest Property Owners By Valuation, 2009-10
San Francisco Redevelopment Agency
Golden Gateway

Property Owner	Assessed Value	Pct of Total Assessed Value	Land Use
Boston Properties (1, 2 & 3 Embarcadero Center)	945,153,558	40.56%	Office and Retail
Four and Five Embarcadero Center	569,940,127	24.46%	Office and Retail
PPF Off One Maritime Plaza LP	125,211,603	5.37%	Office and Retail
Arden Realty LP	88,899,764	3.81%	Office and Residential
Golden Gateway Center	74,535,347	3.20%	Residential and Commercial
Four Embarcadero Center Venture	3,652,212	0.16%	Commercial-Vacant
Private Owner (Condominium)	2,597,834	0.11%	Condominium
Private Owner (Condominium)	2,281,596	0.10%	Condominium
Private Owner (Condominium)	2,042,820	0.09%	Condominium
Private Owner (Condominium)	2,016,294	0.09%	Condominium
Total, Ten Largest:	1,816,331,155	77.94%	
All Other	514,012,103	22.06%	
Total for the Area:	2,330,343,258	100.00%	
<i>Ten Largest as Pct of Incremental AV:</i>		78.66%	
Source: County Assessor; Urban Analytics			

Table A - 6
Ten Largest Property Owners By Valuation, 2009-10
San Francisco Redevelopment Agency
Hunters Point

Property Owner	Assessed Value	Pct of Total Assessed Value	Land Use
Northridge Cooperative Homes	30,811,374	27.22%	Residential Coop
Unity Homes Inc	1,749,895	1.55%	Residential Coop
Private Owner	1,347,756	1.19%	Single-Family Residence
Private Owner	949,871	0.84%	Single-Family Residence
Private Owner	795,906	0.70%	Single-Family Residence
Private Owner	743,000	0.66%	Single-Family Residence
Ridgeview Terrace Affordable Hsng	722,726	0.64%	Apartment Bldgs
Private Owner	656,714	0.58%	Single-Family Residence
Private Owner	653,069	0.58%	Single-Family Residence
Private Owner	611,570	0.54%	Single-Family Residence
Total, Ten Largest:	39,041,881	34.49%	
All Other	74,165,837	65.51%	
Total for the Area:	113,207,718	100.00%	
<i>Ten Largest as Pct of Incremental AV:</i>		35.38%	
Source: County Assessor; Urban Analytics			

Table A - 7
Ten Largest Property Owners By Valuation, 2009-10
San Francisco Redevelopment Agency
India Basin

Property Owner	Assessed Value	Pct of Total Assessed Value	Land Use
Mission-Taylor Properties	8,116,026	6.72%	Industrial
White Cap Constr Supply Inc	7,252,294	6.01%	Industrial
Plant Construction Company	6,569,019	5.44%	Industrial
Olson Carl E & Linda	6,208,066	5.14%	Industrial
3rd & Evans Street LLC	6,199,994	5.14%	Industrial
Bayview Plaza LLC	5,486,752	4.54%	Retail
Private Owner	3,726,269	3.09%	Commercial
1 Newhall LLC	3,165,245	2.62%	Industrial
Private Owner	2,992,991	2.48%	Industrial
Private Owner	2,917,608	2.42%	Industrial
Total, Ten Largest:	52,634,264	43.59%	
All Other	68,101,215	56.41%	
Total for the Area:	120,735,479	100.00%	
<i>Ten Largest as Pct of Incremental AV:</i>		<i>49.17%</i>	

Source: County Assessor; Urban Analytics

Table A - 8
Ten Largest Property Owners By Valuation, 2009-10
San Francisco Redevelopment Agency
Merged Golden Gateway/South of Market/FOB

Property Owner	Assessed Value	Pct of Total Assessed Value	Land Use
Boston Properties (1, 2 & 3 Embarcadero Center)	945,153,558	33.18%	Office and Retail
Four and Five Embarcadero Center	569,940,127	20.01%	Office and Retail
PPF Off One Maritime Plaza LP	125,211,603	4.40%	Office and Retail
Arden Realty LP	88,899,764	3.12%	Office and Residential
Golden Gateway Center	74,535,347	2.62%	Residential and Commercial
1045 Mission L P	31,150,315	1.09%	Residential and Commercial
AZ-SF Hotels LLC	20,995,857	0.74%	Industrial and Vacant
260 Fifth Street LLC	9,103,500	0.32%	Hotel
Private Individual	6,404,152	0.22%	Hotel
Hearst Corporation The	5,810,227	0.20%	Retail Stores
Total, Ten Largest:	1,877,204,450	65.89%	
All Other	971,730,823	34.11%	
Total for the Area:	2,848,935,273	100.00%	
<i>Ten Largest as Pct of Incremental AV:</i>		<i>69.40%</i>	

Source: County Assessor; Urban Analytics

Table A - 9
Assessment Appeals
Golden Gateway

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2008-09	Resolved	4	6,587,435	5,209,000	6,587,435	100.00%
2008-09	Pending	8	414,890,192	308,508,000	0	-
2007-08	Resolved	6	90,156,264	83,787,410	90,156,264	100.00%
2007-08	Pending	0	0	0	0	-
2006-07	Resolved	5	828,326,892	670,100,000	821,459,316	99.17%
2006-07	Pending	0	0	0	0	-
2005-06	Resolved	10	1,502,356,461	1,302,127,021	1,480,309,817	98.53%
2005-06	Pending	0	0	0	0	-
2004-05	Resolved	10	1,488,414,792	1,255,880,988	1,428,077,268	95.95%
2004-05	Pending	0	0	0	0	-
All Years	Resolved	35	3,915,841,844	3,317,104,419	3,826,590,100	97.72%
All Years	Pending	8	414,890,192	308,508,000	0	-

Potential exposure to reductions in valuation from all pending appeals **:

2,425,514

Table A - 10
Assessment Appeals
Hunters Point

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2008-09	Resolved	2	1,341,300	955,000	1,341,300	1.00%
2008-09	Pending	0	0	0	0	-
2007-08	Resolved	1	765,000	550,000	765,000	1.00%
2007-08	Pending	0	0	0	0	-
2006-07	Resolved	0	0	0	0	-
2006-07	Pending	0	0	0	0	-
2005-06	Resolved	0	0	0	0	-
2005-06	Pending	0	0	0	0	-
2004-05	Resolved	0	0	0	0	-
2004-05	Pending	0	0	0	0	-
All Years	Resolved	3	2,106,300	1,505,000	2,106,300	1.00%
All Years	Pending	0	0	0	0	-

Potential exposure to reductions in valuation from all pending appeals **:

0

Table A - 11
Assessment Appeals
India Basin

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2008-09	Resolved	1	6,086,340	4,260,438	6,086,340	100.00%
2008-09	Pending	1	7,110,093	4,000,000	0	-
2007-08	Resolved	0	0	0	0	-
2007-08	Pending	0	0	0	0	-
2006-07	Resolved	3	13,215,666	7,460,000	13,215,666	100.00%
2006-07	Pending	0	0	0	0	-
2005-06	Resolved	0	0	0	0	-
2005-06	Pending	0	0	0	0	-
2004-05	Resolved	0	0	0	0	-
2004-05	Pending	0	0	0	0	-
All Years	Resolved	5	19,302,006	11,720,438	19,302,006	100.00%
All Years	Pending	1	7,110,093	4,000,000	0	-

Potential exposure to reductions in valuation from all pending appeals **: 0

Table A - 12
Assessment Appeals
Merged Golden Gateway/South of Market/FOB

Roll Year	Status	Number of Appeals	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate *
2008-09	Resolved	6	7,814,025	6,289,000	7,814,025	100.00%
2008-09	Pending	10	418,819,560	311,179,000	0	-
2007-08	Resolved	7	90,683,604	84,292,410	90,683,604	100.00%
2007-08	Pending	-	-	-	-	-
2006-07	Resolved	12	867,459,470	698,065,000	860,591,894	99.21%
2006-07	Pending	-	-	-	-	-
2005-06	Resolved	18	1,540,699,703	1,329,092,021	1,518,653,059	98.57%
2005-06	Pending	-	-	-	-	-
2004-05	Resolved	22	1,528,103,389	1,284,830,938	1,467,765,865	96.05%
2004-05	Pending	0	0	0	0	-
All Years	Resolved	65	4,034,760,191	3,402,569,369	3,945,508,447	97.79%
All Years	Pending	10	418,819,560	311,179,000	0	-

Potential exposure to reductions in valuation from all pending appeals **: \$2,378,856

Table A - 13
Projections of Allocable Tax Increment

Fiscal Year	Golden Gateway	Hunters Point	India Basin	Merged Area (1)
2009/10	20,762,730	978,522	953,631	24,682,849
2010/11	21,093,907	997,643	970,841	25,106,910
2011/12	21,433,514	1,017,118	988,484	25,541,048
2012/13	21,779,486	1,036,953	1,006,455	25,983,370
2013/14	22,157,119	1,058,565	1,025,906	26,464,899
2014/15	22,546,755	1,080,610	1,045,972	26,960,518
2015/16	22,944,184	1,103,097	1,066,439	27,466,050
2016/17	23,349,561	1,126,219	1,087,316	27,981,693
2017/18	23,763,046	1,150,147	1,108,611	28,507,648
2018/19	24,184,800	1,174,554	1,130,331	29,044,122
2019/20	24,614,990	1,199,449	1,152,485	29,591,327
2020/21	25,053,783	1,224,842	1,175,083	30,149,474
2021/22	25,501,352	1,250,742	1,198,133	30,718,785
2022/23	25,957,873	1,277,161	1,221,643	31,299,483
2023/24	26,423,524	1,304,108	1,245,624	31,891,794
2024/25	26,898,488	1,331,594	1,270,085	32,495,951
2025/26	27,390,153	1,359,630	1,295,034	33,119,394
2026/27	27,891,651	1,388,227	1,320,483	33,755,304
2027/28	28,403,179	1,417,395	1,346,441	34,403,933
2028/29	28,924,937	1,447,147	1,372,917	35,065,534
2029/30	29,457,131	1,477,945	1,400,325	35,740,368
2030/31	29,999,968	1,509,359	1,428,281	36,028,889
2031/32	30,553,663	1,541,401	1,456,796	36,585,807
2032/33	31,118,431	1,574,084	1,485,881	37,153,862
2033/34	31,694,494	1,607,420	1,515,549	37,733,278
2034/35	32,282,079	1,641,424	1,545,809	38,324,283
2035/36	32,881,416	1,676,107	1,576,675	38,933,414
2036/37	33,492,739	1,711,485	1,608,157	39,544,737
2037/38	34,116,289	1,747,569	1,640,270	40,168,287
2038/39	34,752,309	1,784,376	1,673,025	40,804,307
2039/40	35,401,050	1,821,918	1,706,435	41,453,048
2040/41	36,062,766	1,860,212	1,740,513	42,114,764
2041/42	36,737,717	1,899,271	1,775,273	42,789,715
2042/43	37,426,166	1,939,111	1,810,727	43,476,166
2043/44	38,128,384	1,979,748	1,846,891	44,174,384
2044/45	-	-	-	-
2045/46	-	-	-	-
2046/47	-	-	-	-
2047/48	-	-	-	-
2048/49	-	-	-	-
2049/50	-	-	-	-
2050/51	-	-	-	-
2051/52	-	-	-	-
2052/53	-	-	-	-
Total	995,179,633	49,695,151	47,192,521	1,100,459,411

Note: Allocable tax revenues are projected using a growth rate of 2% for real property and a debt service levy decreasing to zero by 2012-13. Allocable tax revenues in Golden Gateway, Hunters Point, India Basin and the Golden Gateway portion of the Merged Area are net of the payment to school districts required under CRL 33333.7.

(1) The South of Market Original Area portion of the Merged Area terminates 6/11/2030. Tax increment from the South of Market Western Expansion Area continues to 12/16/2035. The South of Market Original Area is subject to a tax increment cap that may be reached prior to the plan limit.

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of selected provisions of the 2009 Series A Indenture, the 2009 Series A Loan Agreements, the 2009 Series B Indenture and the 2009 Series B Loan Agreements. This summary is not intended to be definitive, and reference is made to the full text of such documents for the complete terms thereof.

The summary of the 2009 Series A Indenture and the 2009 Series B Indenture applies to each such Indenture, except where otherwise noted. The summary of the 2009 Series A Loan Agreements and the 2009 Series B Loan Agreements applies to each such Loan Agreement, except where otherwise noted.

DEFINITIONS

Capitalized terms used in this summary shall have the definitions given below. Capitalized terms used but not defined in this summary shall have the definitions previously given in the Official Statement.

"Act" means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

"Agency" means the Redevelopment Agency of the City and County of San Francisco, a public body corporate and politic organized under the laws of the State, and any successor thereto.

"Agreement" means that certain Joint Exercise of Powers Agreement, dated as of July 11, 1989, by and between the City and the Agency, together with any amendments thereof and supplements thereto.

"Allocable Tax Revenues" means:

(i) with respect to all of the Several Project Areas other than the Mission Bay North Project Area, the Mission Bay South Project Area and the Transbay Redevelopment Project Area, all taxes annually allocable without regard to the Plan Limit following the Closing Date to the Agency with respect to the Project Area pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the Loan and any Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund, and also excluding all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law

unless such payments are subordinated to payments due under the Loan Agreement pursuant to Section 33607.5(e) of the Redevelopment Law.

(ii) with respect to the Mission Bay North Project Area and the Mission Bay South Project Area, an amount equal to 20% of all taxes annually allocable without regard to the Plan Limit following the Closing Date, to the Agency with respect to the Mission Bay North Project Area pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan.

(iii) with respect to the Transbay Redevelopment Project Area, all taxes annually allocable without regard to the Plan Limit following the Closing Date to the Agency with respect to the Transbay Redevelopment Project Area pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the Loan and any Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to such Project Area; but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund, and also excluding (i) all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law unless such payments are subordinated to payments due under the Loan Agreement pursuant to Section 33607.5(e) of the Redevelopment Law and (ii) amounts required to be paid to the Transbay Joint Powers Authority in accordance with Section 5.7 of the Redevelopment Plan.

"Authority" means the City and County of San Francisco Redevelopment Financing Authority, a joint powers authority duly organized and existing under the Agreement and the laws of the State, including the Act.

"Board" means the Board of Directors of the Authority.

"Bond Law" means Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State.

"Bond Year" means each twelve (12) month period extending from August 2 in one calendar year to August 1 of the succeeding calendar year, both dates inclusive; provided that the first Bond Year with respect to the Bonds shall commence on the Closing Date and end on August 1, 2010.

"Bonds" means the 2009 Series A Bonds and the 2009 Series B Bonds, as the context requires.

"Business Day" means any day, other than a Saturday or Sunday or a day on which commercial banks in New York, New York, or any other city or cities where the Trust Office of the Trustee is located are required or authorized by law to close or a day on which the Federal Reserve System is closed.

"Certificate of the Agency" means a certificate in writing signed by the Executive Director, Deputy Executive Director, Finance and Administration or Secretary of the Agency or by any other officer of the Agency duly authorized by the Agency for that purpose.

"Certificate of the Authority" means a certificate in writing signed by the Executive Director, Treasurer or Secretary of the Authority, or by any other officer of the Authority duly authorized by the Board for that purpose.

"City" or "City and County" means the City and County of San Francisco, a chartered city and municipal corporation organized and existing under the Constitution and laws of the State.

"Closing Date" means the date of original issuance of the 2009 Series A Bonds and the 2009 Series B Bonds, as applicable.

"Costs of Issuance" means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds and the application of the proceeds of the Loans pursuant to the Loan Agreements, compensation, fees and expenses (including, but not limited to fees and expenses for legal counsel) of the Authority, the Agency and the Trustee, compensation to any financial consultants or underwriters, legal fees and expenses and recording costs, rating agency fees, bond insurance premiums, costs of preparation and reproduction of documents and costs of printing.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to the applicable Indenture.

"Debt Service" means, during any period of computation, the amount obtained for such period by totaling the following amounts:

- (a) The principal amount of all Outstanding Bonds, coming due and payable by their terms in such period; and
- (b) The interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if the Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Bonds no longer Outstanding.

"Defeasance Obligations" means

- (a) Cash;
- (b) Federal Securities;
- (c) Interest and principal strips of Federal Securities that have been stripped by the United States Treasury, CATS, TIGRS, and other similar obligations.
- (d) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;

(e) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody's rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and

(f) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to the Indenture.

"Depository System Participant" means any participant in the Depository's book-entry system.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" means any of the events described as such in the applicable Indenture or Loan Agreement, as the context requires.

"Fair Market Value" means, with respect to the 2009 Series B Bonds, the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

"Federal Securities" means direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of

America must be pledged to any such direct obligation or guarantee, including interest strips of the Resolution Funding Corporation for which separation of principal and interest is made by a Federal Reserve Bank in book-entry form.

"Fiscal Year" means any twelve (12) month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve (12) month period selected and designated by the Authority as its official fiscal year period.

"Indenture" means the 2009 Series A Indenture or the 2009 Series B Indenture, as the context requires, as such documents are originally executed or as they may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions thereof.

"Independent Certified Public Accountant" or "Independent Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the Authority or the Agency, and who, or each of whom:

(a) is in fact independent and not under domination of the Authority, the City or the Agency;

(b) does not have any substantial interest, direct or indirect, in the Authority, the City or the Agency; and

(c) is not connected with the Authority, the City or the Agency as an officer or employee of the Authority, the City or the Agency but who may be regularly retained to make annual or other audits of the books of or reports to the Authority, the City or the Agency.

"Independent Financial Consultant" means any financial consultant or fiscal consultant or firm of such consultants appointed and paid by the Agency, and who, or each of whom:

(a) is in fact independent and not under domination of the Authority, the City or the Agency;

(b) does not have any substantial interest, direct or indirect, in the Authority, the City or the Agency; and

(c) is not connected with the Authority, the City or the Agency as an officer or employee of the Authority, the City or the Agency but who may be regularly retained by the Authority, the City or the Agency.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Agency, and who, or each of whom:

(a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under the domination of the Agency;

(c) does not have any substantial interest, direct or indirect, with the Agency, other than as original purchaser of the Bonds or any Parity Debt; and

(d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Interest Account" means the account by that name established and held by the Trustee pursuant to the applicable Indenture

"Interest Payment Date" means February 1 and August 1 in each year, beginning February 1, 2010, and continuing thereafter so long as any Bonds remain Outstanding.

"Investment Earnings" means all interest earned and any gains and losses on the investment of moneys in any fund or account created by the applicable Loan Agreement.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Tax Code), obligation, annuity or investment-type property, excluding, however, obligations the interest on which is excludable from gross income for federal income tax purposes under Section 103 of the Tax Code.

"Loan Agreement" shall mean a 2009 Series A Loan Agreement or a 2009 Series B Loan Agreement, as applicable.

"Loan" means a loan made by the Authority to the Agency under and pursuant to either one of the 2009 Series A Loan Agreements or the 2009 Series B Loan Agreements.

"Loan Fund" means the fund by that name established and held by the Trustee pursuant to the applicable Indenture.

"Low and Moderate Income Housing Fund" means the fund of the Agency by that name established pursuant to Section 33334.3 of the Redevelopment Law.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest amount for the current or any future Bond Year payable on the applicable Loan or any Parity Debt in such Bond Year. For purposes of such calculation, variable rate Parity Debt shall be deemed to bear interest at the maximum rate permitted by the Parity Debt Instrument pursuant to which such Parity Debt is issued. For purposes of such calculation, there shall be excluded payments with respect to the applicable Loan or any Parity Debt to the extent that amounts due with respect to the applicable Loan or such Parity Debt are prepaid or otherwise discharged in accordance with the applicable Loan Agreement or the relevant Parity Debt Instrument or to the extent the proceeds thereof are then deposited in an escrow fund from which amounts may not be released to the Agency unless the amount of Allocable Tax Revenues for the most recent Fiscal Year (as evidenced in a written document from an appropriate official of the City and County), at least equals one hundred twenty-five percent (125%) of the amount of Maximum Annual Debt Service which would result if any such moneys on deposit in such escrow fund were to be released and deposited in the applicable Redevelopment Fund or the Low and Moderate Income Housing Fund.

"Nominee" means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to the applicable Indenture.

"Nonpurpose Investment" means any Investment Property which is acquired with the Proceeds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Note" shall mean a 2009 Series A Note or a 2009 Series B Note, as applicable.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the applicable Indenture relating to disqualified Bonds) all Bonds theretofore executed, issued and delivered by the Authority under the applicable Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of the provisions of the applicable Indenture relating to the discharge thereof; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to the applicable Indenture or any Supplemental Indenture.

"Owner" or "Bond Owner," when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any other indebtedness of the Agency relating to the applicable Project Area meeting the requirements of the applicable Loan Agreement.

"Parity Debt Instrument" means any resolution, indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt.

"Participant" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as a securities depository.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided that the Trustee shall have no duty to determine the legality of any investments) but only, with respect to the 2009 Series B Bonds, to the extent the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of Ginnie Mae (formerly known as the Government National Mortgage Association); (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority

bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of Sallie Mae (formerly known as the Student Loan Marketing Association); (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services);

(e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above or by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates), but only to the extent that the amount being invested in such certificates of deposit, savings accounts, deposit accounts or money market deposits are fully insured by FDIC, including BIF and SAIF;

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements with an entity rated "Aa" or better by Moodys' and "AA" or better by S&P, or unconditionally guaranteed by an entity rated "Aa" or better by Moodys' and "AA" or better by S&P;

(h) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P;

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's, and "A-1+" by S&P; and

(k) The Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the

State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

"Person" means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Plan Limit" means the limitation contained in a Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.2 of the Redevelopment Law.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the applicable Indenture.

"Prior Bonds" shall mean the following bonds issued by the Authority: \$22,299,217.46 initial aggregate principal amount of 1989 Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$22,995,819.10 initial aggregate amount of 1990 Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$24,913,005.40 initial aggregate principal amount of 1991 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$57,934,118.50 initial aggregate principal amount of 1993 Series B Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects); \$25,700,000 initial aggregate principal amount of 1993 Series C Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$20,123,128.45 initial aggregate principal amount of 1994 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$9,875,000 initial aggregate principal amount of 1994 Series B Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$11,920,000 initial aggregate principal amount of 1995 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$12,585,000 initial aggregate principal amount of 1996 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$28,375,000 initial aggregate principal amount of 1996 Series B Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$11,825,000 initial aggregate principal amount of 1996 Series C Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$16,575,000 initial aggregate principal amount of 1997 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$21,711,654.60 initial aggregate principal amount of 1998 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$7,625,000 initial aggregate principal amount of 1998 Series B Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$12,915,026.40 initial aggregate principal amount of 1998 Series C Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects); and \$21,034,002 initial aggregate principal amount of 1998 Series D Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects); \$53,200,000 initial aggregate principal amount of 1999 Series A Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects); \$17,565,000 initial aggregate principal amount of 1999 Series B Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects); \$11,200,000 initial aggregate principal amount of 2000 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$6,990,000 initial aggregate principal amount of 2000 Series B Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$40,135,000 initial aggregate principal amount of 2001 Series A Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$78,025,000 initial aggregate principal amount of 2003 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$51,280,000 initial aggregate principal amount of 2003 Series B Tax Allocation Revenue Bonds

(San Francisco Redevelopment Projects); \$15,130,000 initial aggregate principal amount of 2003 Series C Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$82,960,000 initial aggregate principal amount of 2004 Series A Tax Allocation Refunding and Capital Improvement Revenue Bonds (San Francisco Redevelopment Projects); \$4,435,000 initial aggregate principal amount of 2004 Series B Taxable Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects); \$7,790,000 initial aggregate principal amount of 2004 Series C Tax Allocation Revenue Bonds (Rincon Point-South Beach Redevelopment Project); \$45,865,000 initial aggregate principal amount of 2004 Series D Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$20,350,000 initial aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2005 Series A Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects); \$8,090,000 initial aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2005 Series B Taxable Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects); \$43,940,000 initial aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2005 Series C Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$50,731,330.80 initial aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2006 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); \$118,285,000 initial aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2007 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); and \$94,115,000 initial aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2007 Series B Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects).

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding use by a governmental unit and use by any person as a member of the general public.

"Proceeds" means the face amount of the Bonds plus accrued interest and original issue premium, if any, less original issue discount, if any, and includes other amounts which will be held under the Indenture and the applicable Loan Agreements.

"Project Area" means one of the Several Project Areas.

"Proportionate Share" means the proportion of the proceeds of the Bonds allocable to each Loan, as set forth in the applicable Loan Agreement.

"Qualified Credit Instrument" means any of the following:

(a) A surety bond or insurance policy issued to the Trustee by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Bonds (a "municipal bond insurer") if the claims paying ability of the issuer thereof at the time of issuance of such surety bond or insurance policy shall be rated "AAA" and "Aaa" by Standard and Poor's Ratings Services and Moody's Investors Service, respectively;

(b) A surety bond or insurance policy issued to the Trustee by an entity other than a municipal bond insurer if the claims paying ability of the issuer thereof at the time of issuance of such surety bond or insurance policy shall be rated "Aa" and "AA" or better by Moody's Investors Service and Standard and Poor's Ratings Services; or

(c) An unconditional irrevocable letter of credit issued to the Trustee by a bank, if the issuer thereof at the time of issuance of such irrevocable letter of credit is rated at least "AA-" by Standard and Poor's Ratings Services and "Aa3" by Moody's Investors Service.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month (whether or not such day is a Business Day) immediately preceding such Interest Payment Date.

"Redevelopment Fund" means the redevelopment fund established under the applicable Loan Agreement.

"Redevelopment Law" means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

"Redevelopment Plan" means the redevelopment plan, as amended, for each of the project areas relating to the applicable Loan, as set forth in the definition of "Loan Agreement," above.

"Redevelopment Project" means the undertaking of the Agency pursuant to the Redevelopment Plan and the Redevelopment Law for the redevelopment of the Project Area.

"Registration Books" means the records maintained by the Trustee pursuant to the applicable Indenture for the registration and transfer of ownership of the Bonds.

"Report" means a document in writing signed by an Independent Redevelopment Consultant and including:

(a) a statement that the person or firm making or giving such Report has read the pertinent provisions of the Loan Agreement to which such Report relates;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"Representation Letter" means the Representation letter to the Authority relating to the Depository's book-entry only system.

"Request of the Agency" means a request in writing signed by the Executive Director, Deputy Executive Director, Finance and Administration, or Secretary of the Agency or by any other officer of the Agency duly authorized by the Agency for that purpose.

"Request of the Authority" means a request in writing signed by the Executive Director, Treasurer or Secretary of the Authority (or the written designate of either) or by any other officer of the Authority duly authorized by the Board for that purpose.

"Reserve Account" means the accounts of the same name established and held under each Loan Agreement by the Trustee.

"Reserve Requirement" means with respect to the applicable Loan or any Parity Debt, as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of such Loan or Parity Debt, as applicable, or, if the original issue discount exceeds 2% of such original principal amount, then ten percent (10%) of the original principal amount of, less original issue discount on, such Loan or Parity Debt, (ii) Maximum Annual Debt Service with respect to such Loan or Parity Debt, as applicable, or (iii) 125% of average annual debt service on such Loan or Parity Debt, as applicable; provided that (a) for purposes of such calculation, proceeds of the Loan or Parity Debt which are held in an escrow fund described in the definition of Maximum Annual Debt Service shall not be included as part of the Loan or Parity Debt until such time as moneys are released from such escrow fund, (b) such calculation shall be made by the Agency and (c) the Agency may meet all of a portion of the Reserve Requirement by depositing a Qualified Credit Instrument meeting the requirements of the applicable Loan Agreement. For purposes of calculating Maximum Annual Debt Service with respect to determining the Reserve Requirement, variable rate Parity Debt shall be deemed to bear a fixed interest rate of 9.2% per annum.

"Responsible Officer" means any vice president, assistant vice president or trust officer of the Trustee assigned to administer its duties hereunder.

"Revenue Fund" means the fund by that name established pursuant to the applicable Indenture.

"Revenues" means (a) all amounts payable by the Agency to the Authority pursuant to the 2009 Series A Loan Agreements and the 2009 Series A Notes or the 2009 Series B Loan Agreements and the 2009 Series B Notes, as applicable, other than (i) administrative fees and expenses and indemnity against claims payable to the Authority and the Trustee and, (ii) in the case of the 2009 Series B Bonds, amounts payable to the United States of America pursuant to the rebate provisions of the 2009 Series B Loan Agreements; (b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the applicable Indenture; and (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the applicable Indenture.

"Securities Depository" means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

"Several Project Areas" means, with respect to the 2009 Series A Bonds and the 2009 Series A Loan Agreements, collectively, the Bayview Hunters Point Redevelopment Project Area - Project Area B, the Mission Bay North Project Area, the Mission Bay South Project Area, the Rincon Point – South Beach Redevelopment Project Area, the Transbay Redevelopment Project Area, the Western Addition Redevelopment Project Area A-2, and the Yerba Buena Center Approved Redevelopment Project Area D-1.

"Several Project Areas" means, with respect to the 2009 Series B Bonds and the 2009 Series B Loan Agreements, collectively, the Bayview Hunters Point Redevelopment Project Area - Project Area B, the South of Market Redevelopment Project Area, the Transbay

Redevelopment Project Area, and the Yerba Buena Center Approved Redevelopment Project Area D-1.

"Special Fund" means the fund of the same name established and held by the Agency pursuant to the applicable Loan Agreement.

"State" means the State of California.

"Subordinate Debt" means any loans, advances or indebtedness issued or incurred by the Agency pursuant to the applicable Loan Agreement, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues under the applicable Loan Agreement for the security of the Loan.

"Supplemental Indenture" means any indenture, agreement or other instrument hereafter duly executed by the Authority and the Trustee in accordance with the provisions of the applicable Indenture.

"Tax Code" means the Internal Revenue Code of 1986, as amended. Any reference to a provision of the Tax Code shall include the applicable Tax Regulations with respect to such provision.

"Tax Regulations" means temporary and permanent regulations promulgated under or with respect to Sections 103 and 141 through 150, inclusive, of the Tax Code.

"Tax Revenues" means:

(i) with respect to all of the Several Project Areas other than the Mission Bay North Project Area, the Mission Bay South Project Area and the Transbay Redevelopment Project Area, all taxes annually allocated within the Plan Limit and paid to the Agency with respect to the Project Area pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, , including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations (but excluding payments to the Agency with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code); and including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the Loan and any Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and Investment Earnings, and also excluding all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law unless such payments are subordinated to payments due under the Loan Agreement pursuant to Section 33607.5(e) of the Redevelopment Law.

(ii) with respect to the Mission Bay North Project Area and the Mission Bay South Project Area, all taxes annually allocated within the Plan Limit and paid to the

Agency with respect to the Project Area following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and other applicable State laws and as provided in the Redevelopment Plan, and required to be deposited in the Low and Moderate Income Housing Fund of the Agency, provided that such amount shall never be less than 20% of the taxes allocated and paid to the Agency under the Redevelopment Plan.

(iii) with respect to the Transbay Redevelopment Project Area, all taxes annually allocated within the Plan Limit and paid to the Agency with respect to the Transbay Redevelopment Project Area following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and other applicable State laws and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations (but excluding payments to the Agency with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code); and including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the Loan and any Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area, but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and Investment Earnings, and also excluding (i) all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law unless such payments are subordinated to payments due under the Loan Agreement pursuant to Section 33607.5(e) of the Redevelopment Law and (ii) amounts required to be paid to the Transbay Joint Powers Authority in accordance with Section 5.7 of the Redevelopment Plan.

"Trust Office" means the corporate trust office of the Trustee as specified in the Indenture.

"Trustee" means The Bank of New York Trust Company, N.A., in its capacity as trustee, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Indenture.

"2009 Series A Bonds" means the City and County of San Francisco Redevelopment Financing Authority 2009 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects), authorized by and at any time Outstanding pursuant to the Bond Law and the 2009 Series A Indenture.

"2009 Series A Indenture" means the Indenture dated as of October 15, 2009 between the Authority and the Trustee, pursuant to which the 2009 Series A Bonds are being issued.

"2009 Series A Loan Agreements" means, collectively, the following Loan Agreements relating to the 2009 Series A Bonds: (a) the Loan Agreement, dated as of September 1, 2009, by and among the Authority, the Trustee and the Agency relating to the loan in the par amount of \$5,980,000 to the Agency with respect to the Bayview Hunters Point Redevelopment Project Area - Project Area B; (b) the Loan Agreement, dated as of September 1, 2009, by and among

the Authority, the Trustee and the Agency relating to the loan in the par amount of \$2,920,000 to the Agency with respect to the Mission Bay North Project Area; (c) the Loan Agreement, dated as of September 1, 2009, by and among the Authority, the Trustee and the Agency relating to the loan in the par amount of \$4,680,000 to the Agency with respect to the Mission Bay South Project Area; (d) the Loan Agreement, dated as of September 1, 2009, by and among the Authority, the Trustee and the Agency relating to the loan in the par amount of \$29,680,000 to the Agency with respect to the Rincon Point - South Beach Redevelopment Project Area; (e) the Loan Agreement, dated as of September 1, 2009, by and among the Authority, the Trustee and the Agency relating to the loan in the par amount of \$1,340,000 to the Agency with respect to the Transbay Redevelopment Project Area; (f) the Loan Agreement, dated as of September 1, 2009, by and among the Authority, the Trustee and the Agency relating to the loan in the par amount of \$3,525,000 to the Agency with respect to the Western Addition Redevelopment Project Area A-2; and (g) the Loan Agreement, dated as of September 1, 2009, by and among the Authority, and the Trustee and the Agency relating to the loan in the par amount of \$26,875,000 to the Agency with respect to the Yerba Buena Center Approved Redevelopment Project Area D-1.

"2009 Series A Notes" means, collectively, the following Notes: (a) the Note, dated as of September 1, 2009, by the Agency for the benefit of the Authority and the Trustee in the initial principal amount of \$5,980,000 with respect to the Bayview Hunters Point Redevelopment Project Area - Project Area B; (b) the Note, dated as of September 1, 2009, by the Agency for the benefit of the Authority and the Trustee in the initial principal amount of \$2,920,000 with respect to the Mission Bay North Project Area; (c) the Note, dated as of September 1, 2009, by the Agency for the benefit of the Authority and the Trustee in the initial principal amount of \$4,680,000 with respect to the Mission Bay South Project Area; (d) the Note, dated as of September 1, 2009, by the Agency for the benefit of the Authority and the Trustee in the initial principal amount of \$29,680,000 with respect to the Rincon Point - South Beach Redevelopment Project Area; (e) the Note, dated as of September 1, 2009, by the Agency for the benefit of the Authority and the Trustee in the initial principal amount of \$1,340,000 with respect to the Transbay Redevelopment Project Area; (f) the Note, dated as of September 1, 2009, by the Agency for the benefit of the Authority and the Trustee in the initial principal amount of \$3,525,000 with respect to the Western Addition Redevelopment Project Area A-2; and (g) the Note, dated as of September 1, 2009, by the Agency for the benefit of the Authority and the Trustee in the initial principal amount of \$26,875,000 with respect to the Yerba Buena Center Approved Redevelopment Project Area D-1.

"2009 Series B Bonds" means the City and County of San Francisco Redevelopment Financing Authority 2009 Series B Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects), authorized by and at any time Outstanding pursuant to the Bond Law and the 2009 Series B Indenture.

"2009 Series B Indenture" means the Indenture dated as of October 15, 2009 between the Authority and the Trustee, pursuant to which the 2009 Series B Bonds are being issued.

"2009 Series B Loan Agreements" means, collectively, the following Loan Agreements: (a) the Loan Agreement, dated as of September 1, 2009, by and among the Authority, the Trustee and the Agency relating to the loan in the par amount of \$2,800,000 to the Agency with respect to the Bayview Hunters Point Redevelopment Project Area - Project Area B; (b) the Loan Agreement, dated as of September 1, 2009, by and among the Authority, the Trustee and the Agency relating to the loan in the par amount of \$2,905,000 to the Agency with respect to the South of Market Redevelopment Project Area; (c) the Loan Agreement, dated as of

September 1, 2009, by and among the Authority, the Trustee and the Agency relating to the loan in the par amount of \$2,330,000 to the Agency with respect to the Transbay Redevelopment Project Area; and (d) the Loan Agreement, dated as of September 1, 2009, by and among the Authority, and the Trustee and the Agency relating to the loan in the par amount of \$9,590,000 to the Agency with respect to the Yerba Buena Center Approved Redevelopment Project Area D-1.

"2009 Series B Notes" means, collectively, the following Notes: (a) the Note, dated as of September 1, 2009, by the Agency for the benefit of the Authority and the Trustee in the initial principal amount of \$2,800,000 with respect to the Bayview Hunters Point Redevelopment Project Area - Project Area B; (b) the Note, dated as of September 1, 2009, by the Agency for the benefit of the Authority and the Trustee in the initial principal amount of \$2,905,000 with respect to the South of Market Redevelopment Project Area; (c) the Note, dated as of September 1, 2009, by the Agency for the benefit of the Authority and the Trustee in the initial principal amount of \$2,330,000 with respect to the Transbay Redevelopment Project Area; and (d) the Note, dated as of September 1, 2009, by the Agency for the benefit of the Authority and the Trustee in the initial principal amount of \$9,590,000 with respect to the Yerba Buena Center Approved Redevelopment Project Area D-1.

SUMMARY OF 2009 SERIES A INDENTURE AND 2009 SERIES B INDENTURE

Establishment of Funds and Accounts; Flow of Funds

Loan Fund. The Trustee shall establish and maintain a separate fund to be known as the "Loan Fund" into which shall be deposited a portion of the proceeds of sale of the Bonds pursuant to the applicable Indenture. The Trustee shall disburse all amounts in the Loan Fund on the Closing Date pursuant to the provisions of the applicable Loan Agreements and thereupon shall close the Loan Fund.

Costs of Issuance Fund. Each Indenture establishes a fund to be held by the Trustee known as the "Costs of Issuance Fund" into which shall be transferred a portion of the proceeds of the Loans initially deposited in the Loan Fund pursuant to each of the applicable Loan Agreements. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of a Request of the Authority. On the date which is ninety (90) days following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund upon direction of the Authority to the Interest Account or to the Agency, to be deposited by the Agency pro rata, based on the Proportionate Shares of the respective Loans, in the Redevelopment Funds established pursuant to each of the applicable Loan Agreements. The Authority may at any time prior to the transfer by the Trustee to the Agency of the remaining funds in the Costs of Issuance Fund, file a Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Interest Account or the Agency for deposit to the applicable Redevelopment Funds all remaining amounts in the respective Proportionate Shares set forth in the applicable Loan Agreements, and the Trustee shall comply with such request.

Revenue Fund; Receipt, Deposit and Application of Revenues. All Revenues described in clause (a) of the definition thereof shall be promptly deposited by the Trustee upon receipt

thereof in a special fund designated as the "Revenue Fund" which, together with the Interest Account and the Principal Account therein, the Trustee shall establish, maintain and hold in trust under each Indenture.

Three (3) Business Days prior to each Interest Payment Date (or on or prior to such Interest Payment Date if the Trustee has determined it has sufficient amounts on deposit in the Revenue Fund to fully fund the Interest Account and Principal Account on such Interest Payment Date), the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Interest Account. Three (3) Business Days prior to each Interest Payment Date (or on or prior to such Interest Payment Date if the Trustee has determined it has sufficient amounts on deposit in the Revenue Fund to fully fund the Interest Account and Principal Account on such Interest Payment Date), the Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Bonds on the next succeeding Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity). All amounts on deposit in the Interest Account on the first day of any Bond Year, to the extent not required to pay any interest then having come due and payable on the Outstanding Bonds, shall be withdrawn therefrom by the Trustee and transferred to the Agency to be used for any lawful purposes of the Agency.

(b) Principal Account. Three (3) Business Days prior to each Interest Payment Date on which the principal shall be payable (or on or prior to such Interest Payment Date if the Trustee has determined it has sufficient amounts on deposit in the Revenue Fund to fully fund the Interest Account and Principal Account on such Interest Payment Date), the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal of the Bonds coming due and payable on such Interest Payment Date pursuant to the Indenture, or the redemption price of the Bonds (consisting of the principal amount thereof and any applicable redemption premiums) required to be redeemed on such Interest Payment Date pursuant to the Indenture. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal at maturity of the Bonds at the respective maturities thereof, or (ii) paying the principal of and premium (if any) on any Bonds upon the redemption thereof pursuant to the Indenture. All amounts on deposit in the Principal Account on the first day of any Bond Year, to the extent not required to pay the principal of any Outstanding Bonds then having come due and payable, shall be withdrawn therefrom and transferred to the Agency to be used for any lawful purposes of the Agency.

On the last day of each Bond Year, the Trustee shall withdraw any amounts remaining on deposit in the Revenue Fund and transfer such amounts to the Agency to be used for any lawful purposes of the Agency.

Investment of Funds

All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed in writing by either the Authority or the Agency. In the absence of any such directions from the Authority or the Agency, the Trustee shall invest any such moneys in certain Permitted Investments described in clause (d) of the definition thereof. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

Except as described under the caption "SUMMARY OF 2009 SERIES A LOAN AGREEMENTS AND 2009 SERIES B LOAN AGREEMENTS – Investment of Moneys; Valuation of Investments," all interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture shall be deposited in the fund or account from which such investment was made. For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds held by it under the Indenture as directed by either the Authority or the Agency. The Trustee may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment.

Covenants of the Authority

Punctual Payments. The Authority shall punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and the Indenture, but only out of Revenues and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchaser of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall be subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this provision shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Act, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues, the Loan Agreements, the Notes and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent

provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee, subject to the provisions of the Indenture, shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statement. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by the Trustee relating to the proceeds of the Bonds, the Revenues, the Loan Agreements, the Notes and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority and the Agency during regular business hours with reasonable prior notice.

No Additional Obligations. The Authority covenants that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of the Revenues in whole or in part.

Loan Agreements and Notes; Amendments Thereof. The Trustee, as assignee of the Authority's rights, subject to the provisions of the Indenture, shall promptly use reasonable efforts to collect all amounts due from the Agency pursuant to the Loan Agreements and the Notes and, subject to the provisions of the Indenture, shall enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations of the Agency thereunder.

The Authority, the Trustee and the Agency may at any time amend or modify any of the Loan Agreements and the Notes pursuant to the provisions thereof, (a) but only if the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of Bonds Outstanding to such amendment or modification, or (b) without the written consent of any of the Bond Owners, if such amendment or modification is for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Agency contained in the Loan Agreements or the Notes, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the Agency so long as such limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Loan Agreements or the Notes, or in any other respect whatsoever as the Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

(c) with respect to the 2009 Series B Loan Agreements only, to amend any provision thereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not materially adversely affect the exclusion from gross income of interest on any of the 2009 Series B Bonds under the Tax Code, in the opinion of counsel with recognized expertise in the area of tax-exempt financings.

The Authority shall notify each rating agency rating the Bonds at the time of such amendment or modification at least fifteen (15) days in advance of the effective date of such amendment or modification, by giving written notice with a copy of the proposed amendment or modification included.

Further Assurances. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in the Indenture.

The following tax covenants relate only to the 2009 Series B Bonds:

No Arbitrage. The Authority shall not take, nor permit nor suffer to be taken by the Trustee, the Agency or otherwise, any action with respect to the proceeds of the 2009 Series B Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the 2009 Series B Bonds to be "arbitrage bonds" within the meaning of section 148 of the Tax Code.

Rebate of Excess Investment Earnings to Federal Government. The Authority covenants to rebate excess investment earnings to the federal government in accordance with applicable requirements of section 148(f) of the Tax Code.

Private Activity Bond Limitation. The Authority shall assure that the proceeds of the 2009 Series B Bonds are not so used as to cause the 2009 Series B Bonds to satisfy the private business tests of section 141(b) of the Tax Code.

Private Loan Financing Limitation. With respect to the 2009 Series B Bonds only, the Authority shall assure that the proceeds of the 2009 Series B Bonds are not so used as to cause the 2009 Series B Bonds to satisfy the private loan financing test of section 141(c) of the Tax Code.

Federal Guarantee Prohibition. The Authority shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2009 Series B Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code.

Compliance with the Tax Code. The Authority covenants to take any and all action and to refrain from taking such action, which is necessary in order to comply with the Tax Code or amendments thereto in order to maintain the exclusion from federal gross income, pursuant to Section 103 of the Tax Code, of the interest on the 2009 Series B Bonds paid by the Authority and received by the Owners.

Amendment of Indenture

The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers reserved to or conferred upon the Authority so long as such limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided that under any circumstances such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

(c) with respect to the 2009 Series B Indenture only, to amend any provision of the 2009 Series B Indenture relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest on any of the 2009 Series B Bonds under the Tax Code, in the opinion of nationally recognized bond counsel.

Except as described above, the Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may only be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority of the Bonds Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal and interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of the Bonds Outstanding required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Events of Default and Remedies

Events of Default. The following events constitute Events of Default under the Indenture:

(a) Default by the Authority in the due and punctual payment of the principal amount or redemption premium (if any) of any Bond pursuant to the Indenture, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.

(b) Default by the Authority in the due and punctual payment of any installment of interest on any Bond pursuant to the Indenture.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding; provided that such default shall not constitute an Event of Default under the Indenture if the Authority shall commence to cure such default within said thirty (30) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time.

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

Remedies. Upon the occurrence of an Event of Default, the Trustee may, subject to certain provisions of the Indenture, pursue any available remedy at law or in equity to enforce the payment of the principal, interest and premium, if any, on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture.

If an Event of Default shall have occurred and be continuing, and if the Trustee has been indemnified as provided in the Indenture, the Trustee shall, upon the request of the Owners of at least 25% in aggregate principal amount of the Bonds Outstanding, be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy conferred upon or reserved to the Trustee or the Bond Owners by the terms of the Indenture is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or the Bond Owners under the Indenture or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the Indenture shall be applied by the Trustee in the following order, upon presentation of the several Bonds and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid;

First, to the payment of the fees, costs and expenses of the Trustee, including reasonable compensation to its agents, attorneys and counsel; and

Second, to the payment of the whole amount of principal of, and interest on, the Bonds then due and unpaid, with interest on overdue installments of principal and interest, to the extent permitted by law at the rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Bonds then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full,

(b) second, to the payment of principal of all installments of the Bonds then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full, and

(c) third, to the payment of interest on overdue installments of principal and interest, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Bonds Outstanding, it shall have full power, in the exercise of its discretion for the best interest of the Owners of the Bonds with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Bonds Outstanding under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is appointed (and the successive respective Owners of the Bonds issued under the Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Appointment of Receivers. Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

Non-Waiver. Nothing in the Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as provided in the Indenture, out of the Revenues and other moneys therein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or the provisions of the Indenture relating to default and remedies may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

Rights and Remedies of Bond Owners. No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds Outstanding shall have made a written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture; it being intended that no one or more Owners of Bonds shall have any right in any manner whatsoever, by its or their action, to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, held and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as provided in the Indenture or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding any provision of the Indenture.

Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners shall be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Discharge of Indenture

If the Authority shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

- (i) by paying or causing to be paid the principal of and interest and premium (if any) on, such Bonds, as and when the same become due and payable;
- (ii) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and the Loan Agreements, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums; or
- (iii) by irrevocably depositing with the Trustee or any other fiduciary, in trust in an escrow, non-callable Defeasance Obligations in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue

thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and the applicable Loan Agreements, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and any redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been mailed pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, at the Request of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in the Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under the Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid and all expenses and costs of the Trustee. Any funds thereafter held by the Trustee which are not required for said purposes, shall be paid over to the Authority.

SUMMARY OF 2009 SERIES A LOAN AGREEMENTS AND 2009 SERIES B LOAN AGREEMENTS

Terms of Loan; Payment of Principal and Interest

Pursuant to the Agreements, the Authority agrees to make the Loans to the Agency on the Closing Date. The principal of and interest on each Loan (and the related Note) is payable in installment payments to be made no later than January 20 and June 30 (or if the applicable January 20 or June 30 is not a Business Day, then on the next preceding Business Day) in each of the years and in the amounts, calculated at the rates per annum, corresponding to the principal and interest then coming due with respect to the Outstanding Bonds. Payments on the Loans are payable by the Agency to the Trustee, as assignee of the Authority under the Indenture, in immediately available funds. Payments made by the Agency with respect to a Loan shall also be deemed to be payments under the related Note.

Prepayment of Loans

The Loans are subject to optional prepayment in whole, or in part, on any date (subject to certain restrictions) on which the Bonds are subject to optional redemption, from any available source of funds of the Agency, at a prepayment price corresponding to the redemption price of the Bonds to be redeemed from such prepayments. In lieu of depositing cash with the Trustee for all or part of any Loan payment relating to any maturity of the Bonds, the Agency has the option to tender to the Trustee for cancellation any amount of Bonds of such maturity purchased by the Agency at public or private sale as and when and at such prices as the Agency may in its discretion determine.

Reserve Accounts

Each Loan Agreement establishes a separate Reserve Account to be held by the Trustee in trust for the benefit of the Authority and the Owners of the Bonds. The amount on deposit in any Reserve Account relating to any Loan shall be maintained at the related Reserve Requirement at all times so long as such Loan remains unpaid. If any such Reserve Account falls below the applicable Reserve Requirement, the Trustee is required to notify the Agency promptly. In the event that the Agency fails to deposit with the Trustee the full amount of principal and interest on any Loan on or before the third Business Day preceding any Interest Payment Date, as required under the applicable Loan Agreement, on such Interest Payment Date the Trustee will withdraw the amount of such deficiency from the related Reserve Account and transfer such amount to the Interest Account and the Principal Account, in such order. The Agency has reserved the right to deposit or substitute at any time one or more Qualified Credit Instruments in lieu of cash or any Qualified Credit Instrument then on deposit in or held by the applicable Reserve Account.

On or before the 10th day prior to each Interest Payment Date the Trustee shall ascertain the necessity for a draw upon the Reserve Account and, if necessary, shall provide such notices and take such actions as may be needed to assure that funds held in the Reserve Account will be available for application in accordance with the terms of the applicable Loan Agreement on or before such Interest Payment Date. In the event that the amount on deposit in a Reserve Account on the third Business Day preceding any Interest Payment Date (other than the final Interest Payment Date) exceeds the Reserve Requirement (including in any such calculation the then principal amount of any applicable Qualified Credit Instrument including any reinstatement of the principal thereof), the Trustee shall withdraw from such Reserve Account and transfer to the Interest Account held by the Trustee under the Indenture the amount of Investment Earnings and any other amounts on deposit in the Reserve Account which are in excess of the applicable Reserve Requirement. At the request of the Agency filed with the Trustee, all amounts then in a Reserve Account shall either (a) be credited, on the third Business Day preceding the final Interest Payment Date, to the deposit then required to be made by the Agency pursuant to the applicable Loan Agreement, or (b) transferred, on the final Interest Payment Date, to the Agency to be used for any lawful purpose relating to the applicable Project Area. Notwithstanding the foregoing, no amounts shall be withdrawn from the Reserve Account and transferred to the Agency during any period in which an Event of Default shall have occurred and be continuing under a Loan Agreement.

Amounts on deposit in the Reserve Account relating to a Loan and any related Qualified Credit Instrument are not pledged or available to make payments with respect to any obligations other than such Loan, except as otherwise expressly permitted under the applicable Loan Agreement.

Parity Debt

The Agency may issue or incur Parity Debt with respect to any Loan in such principal amount as shall be determined by the Agency. The Agency may issue and deliver any Parity Debt, subject to the following specific conditions which are made conditions precedent to the issuance and delivery of such Parity Debt issued under the applicable Loan Agreement:

- (a) No Event of Default shall have occurred and be continuing, and the Agency shall otherwise be in compliance with all covenants set forth in the applicable Loan Agreement.

(b) The Tax Revenues received or to be received for the then current Fiscal Year based on the most recent taxable valuation of property in the Project Area as evidenced in a written document from an appropriate official of the City and County, exclusive of State subventions and taxes levied to pay outstanding bonded indebtedness, shall be at least equal to 100 percent (100%) of Maximum Annual Debt Service on the Loan and Parity Debt which will be Outstanding immediately following the issuance of such Parity Debt and Allocable Tax Revenues for the then current Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the City and County shall be at least equal to 125 percent (125%) of Maximum Annual Debt Service on the Loan and Parity Debt which will be Outstanding immediately following the issuance of such Parity Debt.

(c) The Agency shall certify that the aggregate principal of and interest on the Loan, any Parity Debt (including the Parity Debt to be incurred) and Subordinate Debt coming due and payable will not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency with respect to the Project Area after the issuance of such Parity Debt.

(d) The Agency shall fund a reserve account relating to such Parity Debt in an amount equal to the Reserve Requirement.

(e) The Agency shall deliver to the Trustee a Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in (a) , (b), (c) and (d) above have been satisfied.

Subordinate Debt

The Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Agency. The Agency may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

(a) The Agency shall be in compliance with all covenants set forth in the applicable Loan Agreement and the proceedings for the issuance of any Parity Debt;

(b) If, and to the extent, such Subordinate Debt is payable from Tax Revenues, then the aggregate amount of principal of and interest to accrue on the Loan, any Parity Debt and all Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit following the issuance of such Subordinate Debt; and

(c) The Agency shall deliver to the Trustee a written certificate of the Agency certifying that the conditions precedent to the issuance of such Subordinate Debt described in (a) and (b) above have been satisfied.

Pledge and Deposit of Tax Revenues

Subject to the Agency's obligations with respect to its Variable Rate Demand Refunding Bonds, 1986 Issue A, with respect to the Rincon Point - South Beach Redevelopment Project Area, the Loan and Parity Debt with respect to any Project Area are equally secured by a pledge of and lien on all of the Tax Revenues with respect to such Project Area, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The payment obligations of the Agency pursuant to any Qualified Credit Instrument shall be secured for the benefit of the provider thereof by a pledge and lien on all of the Tax Revenues with respect to the related Project Area, which pledge and lien shall be subordinate to the pledge and lien securing the Loan and any Parity Debt. The Loan shall be additionally secured for the benefit of the Authority and the Owners of the Bonds by a first pledge of and lien upon all of the moneys in the Reserve Account. Subject to the Agency's obligations with respect to its Variable Rate Demand Refunding Bonds, 1986 Issue A, the Tax Revenues are hereby allocated in their entirety to the payment of the principal of and interest on the Loan and all Parity Debt. Except as provided below, except for the Tax Revenues and the Reserve Account, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or premium (if any) on any Loan.

If at any time the amount of tax increment revenues received by the Agency, together with indebtedness outstanding with respect to any Project Area (including the Loan, all Parity Debt and Subordinate Debt which has previously been issued and all Parity Debt and Subordinate Debt which may hereafter be issued), including the interest to be paid thereon, equals or exceeds 95% of the Plan Limit, the Agency shall, upon receipt of all Tax Revenues which are in excess of the amounts needed to pay debt service on all such indebtedness in the Bond Year in which they are received (the "Excess Tax Revenues"), deposit such Excess Tax Revenues in a special escrow account of the Agency to be established at such time, and shall use such Excess Tax Revenues only for the payment of debt service on the Loan, any Parity Debt or Subordinate Debt.

In order to determine whether, pursuant to the preceding paragraph, the Agency is required to deposit Excess Tax Revenues into a special escrow account, the Deputy Executive Director, Finance and Administration shall, on or about September 1 of each year, perform the calculation described in the preceding paragraph. The Agency shall, as soon as practicable thereafter, notify Moody's Investors Service and Standard & Pool's Ratings Services of the results of such calculation.

Each Loan Agreement establishes a Special Fund to be held by the Agency. The Agency shall deposit all of the Tax Revenues received in any Bond Year, including, as applicable, Tax Revenues that are first deposited in the Low and Moderate Income Housing Fund, ratably in the Special Fund and in any applicable Special Fund created by any Parity Debt Instrument promptly upon receipt thereof by the Agency, until such time (if any) during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee pursuant to the applicable provision of such Loan Agreement relating to payment amounts of such Bond Year; and (except as may be otherwise provided in any Parity Debt Instrument, and provided that the Agency is not in arrears with respect to any other amounts payable under such Loan Agreement) any Tax Revenues received during such Bond Year in excess of such amounts shall be released from the pledge and lien under the applicable Loan Agreement and may be used for any lawful purpose of the Agency. Prior to the payment in full of the principal of and interest and prepayment premium (if any) on the Loan and all Parity Debt and the payment in full of all other amounts payable under

the applicable Loan Agreement and under any Parity Debt Instrument, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as provided in such Loan Agreement and in any Parity Debt Instrument, and such moneys shall be used and applied as set forth in the applicable Loan Agreement and in any Parity Debt Instrument.

In the event that there are insufficient Tax Revenues to make all payments required into the Special Fund and into all applicable Special Funds created by Parity Debt Instruments, the Agency shall allocate Tax Revenues among the Special Fund and the applicable Special Funds created by Parity Debt Instruments on a proportionate basis based on the relative amount of Tax Revenues that would have been required to make all such deposits in full.

The Agency shall withdraw from the Special Fund and transfer to the Trustee the following amounts at the following times and in the following order of priority:

(a) Interest and Principal Deposits. Subject to the terms of the applicable Loan, no later than each January 20 and June 30 of each year, commencing January 20, 2010, the Agency shall withdraw from such Special Fund and transfer to the Trustee all payment amounts on the Loan becoming due and payable on the applicable Interest Payment Date.

(b) Reserve Account Deposits. In the event that the amount on deposit in the Reserve Account relating to a Loan Agreement is less than the Reserve Requirement, the Trustee shall immediately notify the Agency and the Agency shall immediately withdraw from the Special Fund and transfer to the Trustee for deposit in the Reserve Account an amount of money necessary to maintain the Reserve Requirement in the Reserve Account; provided that amounts required to be transferred to the Reserve Account shall, if necessary, first be used to reinstate the principal amount of any Qualified Credit Instrument and shall then be used to replenish any cash portion of the Reserve Requirement.

(c) Surplus. Except as may be otherwise provided in any documents authorizing the issuance of any Parity Debt, the Agency shall not be obligated to deposit in a Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in such Special Fund, exceeds the amounts required to be deposited with the Trustee in such Bond Year. Any amounts remaining in a Special Fund on any August 2 shall be withdrawn by the Agency and used for any lawful purposes provided that interest, profits and other income from investment of moneys in the Reserve Account which is in excess of the Reserve Requirement shall first be applied, to the extent necessary, to restore the Reserve Requirement with respect to Other Loan Agreements, as described below under the caption "Other Covenants of the Agency - Limitation on Superior Debt; Subordinate Debt; Junior Pledge in Favor of the Loan Agreement."

Investment of Moneys; Valuation of Investments

All moneys in each Redevelopment Fund and Special Fund shall be invested by the Agency solely in Permitted Investments, maturing no later than the respective dates on which such moneys are estimated by the Agency to be required for application to the Redevelopment Project or required to be deposited with the Trustee pursuant to the applicable Loan Agreement, as applicable. All moneys in each Reserve Account shall be invested by the Trustee solely in

Permitted Investments pursuant to the direction of the Agency given to the Trustee (and promptly confirmed in writing by the Agency) in advance of the making of such investments. In the absence of any such direction from the Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (e) of the definition thereof. Subject to the following sentence, Permitted Investments of moneys in the Reserve Account shall have a maturity of no greater than five (5) years. If a Permitted Investment may be liquidated or "put" at a price equal to the yield to maturity of such Permitted Investment with or to the provider thereof or such other entity rated at least "Aa3" by Moody's Investors Service and "AA-" by Standard & Poor's Ratings Services at least semiannually in connection with the Interest Payment Dates on the Bonds, then such Permitted Investment may, notwithstanding any other maturity limitation set forth in the applicable Loan Agreement or in the definition of Permitted Investments in the Indenture, have a maturity of more than five years. The Agency shall not enter into any such liquidation or "put" agreement if such liquidation or "put" agreement would result in the ratings then in effect on the Bonds being lowered.

Subject to certain limitations with respect to the 2009 Series B Bonds, during the period beginning on the date of issuance of the Bonds and ending on the date on which all amounts in the Redevelopment Fund have been expended, Investment Earnings on moneys in the Redevelopment Fund shall be deposited into the Redevelopment Fund and, thereafter, such Investment Earnings shall be transferred by the Agency Treasurer to the Special Fund and used to pay debt service on the Bonds.

Loan proceeds on deposit in the Low and Moderate Income Housing Fund shall be invested in either Permitted Investments or any other legal investments of the Agency. Investment Earnings on moneys in the Low and Moderate Income Housing Fund shall be deposited into the Low and Moderate Income Housing Fund.

Provided that the amount on deposit in the Reserve Account is at least equal to the Reserve Requirement, Investment Earnings on amounts on deposit in the Reserve Account shall be transferred by the Trustee from the Reserve Account to the Interest Account held by the Trustee under the Indenture and used to pay debt service on the Bonds.

Investment Earnings on amounts on deposit in the Special Fund shall be deposited in a segregated account in the Agency's general fund or other such fund into which Agency administrative funds are deposited, such deposits to be made by the Agency Treasurer from time to time when Investment Earnings are available; but in any event, Investment Earnings on amounts on deposit in the Special Fund during any Fiscal Year shall be so deposited promptly following the last day of such Fiscal Year; provided that:

- (i) at the time of any such deposit, the amount required to maintain the Reserve Requirement shall be on deposit in the Reserve Account; and
- (ii) at the time of any such deposit, debt service payable on the Bonds during such Fiscal Year shall have been paid or provided for.

Permitted Investments acquired as an investment of moneys in any fund or account held under a Loan Agreement shall be credited to such fund or account. For the purpose of determining the amount in any fund, the value of Permitted Investments credited to such fund shall be calculated at the market value thereof excluding accrued interest. Permitted Investments on deposit in the Reserve Account shall be valued by the Trustee at least annually. In making any valuation of Permitted Investments, the Trustee may utilize computerized

securities pricing services that may be available to it, including those available through its regular accounting system and rely thereon.

Other Covenants of the Agency

Limitation on Superior Debt; Subordinate Debt; Junior Pledge in Favor in Certain Other Loan Agreements; Junior Pledge in Favor of the Loan Agreement. So long as the Loan remains unpaid, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any loans, advances or indebtedness, which is in any case secured by a lien on all or any part of the Tax Revenues securing such Loan which is superior to or on a parity with the lien established for the security of such Loan, excepting only Parity Debt. The Agency may issue Subordinate Debt as described above.

The Agency has determined in Resolution No. 123-89, adopted on June 13, 1989 and hereby confirms such determination (and the Board of Supervisors of the City and County has determined in its Resolution No. 498-89, adopted June 26, 1989, its Resolution No. 331-08 adopted July 22, 2008 and its Resolution No. 336-08 adopted July 22, 2008) that the low and moderate income housing components of the redevelopment projects financed or refinanced pursuant to the "Other Loan Agreements" referred to below are of benefit to each Project Area and that Tax Revenues (other than Tax Revenues relating to the Mission Bay North Project Area and the Mission Bay South Project Area) shall be applied to meet any deficiency which may exist in the amounts required to be transferred to the applicable trustee from one or more of the Other Reserve Accounts, as hereinafter defined, such reserve accounts having been established by the loan agreements entered into in connection with the issuance of the Prior Bonds, and by the loan agreements being entered into in connection with the 2009 Series A Bonds and the 2009 Series B Bonds (collectively, the "Other Loan Agreements"), relating respectively to project areas of the Agency other than such Project Area (collectively, the "Other Project Areas") (such reserve accounts collectively being referred to as the "Other Reserve Accounts," as more fully described below):

(i) In the event there shall, at any time or from time to time, be insufficient moneys in one or more of the Other Reserve Accounts to transfer to the applicable trustee when due the full amount required to be transferred to the applicable trustee in accordance with the applicable provisions of the Other Loan Agreements, the Agency, subject, however, to certain limitations set forth in each Loan Agreement, shall cause Tax Revenues from such Project Area (other than Tax Revenues relating to the Mission Bay North Project Area and the Mission Bay South Project Area) relating to the Fiscal Year in which such shortfall occurs in the amount of such insufficiency to be paid to the applicable trustee; provided however, that the obligation with respect to such Project Area to pay any such insufficiency shall be a pro rata share of the total insufficiency, calculated as an amount determined by multiplying a fraction, the numerator of which is the amount of the excess Allocable Tax Revenues of such Project Area and the denominator of which is the total excess Allocable Tax Revenues available for such Project Area and the Other Project Areas that do not have insufficiencies, by the amount of such insufficiency, and, provided further, that the aggregate obligation of such Project Area and the Other Project Areas to pay such insufficiencies shall not exceed the aggregate of the amount of proceeds of the Bonds and the Prior Bonds deposited in the Low and Moderate Income Housing Fund of the Agency pursuant to the applicable Loan Agreement and the Other Loan Agreements (plus applicable reserves and financing costs, including, without limitation, interest paid on such amounts);

(ii) Upon receipt of a notice regarding any such insufficiency in the Other Reserve Accounts, the Agency shall promptly transfer to the applicable trustee an amount of Tax Revenues relating to such Project Area (other than Tax Revenues relating to the Mission Bay North Project Area and the Mission Bay South Project Area) equal to the portion of such insufficiency apportioned to such Project Area;

(iii) If there shall then not be sufficient Tax Revenues from any of the Project Areas (other than Tax Revenues relating to the Mission Bay North Project Area and the Mission Bay South Project Area) to transfer an amount equal to the portion of such insufficiency apportioned to such Project Area, the Agency shall have an obligation to continue making transfers of Tax Revenues relating to such Project Area (other than Tax Revenues relating to the Mission Bay North Project Area and the Mission Bay South Project Area) to the applicable trustee until an amount equal to such portion has been transferred to the applicable trustee;

(iv) Such obligation to pay Tax Revenues (other than Tax Revenues relating to the Mission Bay North Project Area and the Mission Bay South Project Area) shall be an indebtedness of the Agency within the meaning of Section 33445 of the Redevelopment Law;

(v) Such obligation to pay Tax Revenues (other than Tax Revenues relating to the Mission Bay North Project Area and the Mission Bay South Project Area) shall constitute a pledge of and lien on the Tax Revenues (other than Tax Revenues relating to the Mission Bay North Project Area and the Mission Bay South Project Area) junior and subordinate, in all respects, to the payment of the applicable Loan and any Parity Debt, in accordance with the further provisions of the applicable Loan Agreement, but such obligation to pay Tax Revenues relating to the applicable Project Area (other than Tax Revenues relating to the Mission Bay North Project Area and the Mission Bay South Project Area) shall be superior to all other future obligations payable from such Tax Revenues (other than Tax Revenues relating to the Mission Bay North Project Area and the Mission Bay South Project Area); and

(vi) In the event there shall, at any time or from time to time, be insufficient moneys in any Reserve Account to transfer to the Trustee when due the full amount required to be so transferred to the Trustee in accordance with the applicable provisions of the applicable Loan Agreement and such insufficiency shall be paid pursuant to one or more of the Other Loan Agreements, the Agency shall cause the first available surplus Tax Revenues relating to the applicable Project Area (other than Tax Revenues relating to the Mission Bay North Project Area and the Mission Bay South Project Area) in the amount of such insufficiency to be returned to the applicable special funds of the Other Loan Agreements.

If appropriate determinations have been made by the Agency and the Board of Supervisors of the City and County that any portion of a redevelopment project to be financed with the proceeds of any indebtedness of the Agency with respect to the Other Project Areas is of benefit to any Project Area, then the Agency may provide in the applicable indebtedness instrument that provisions of like force and effect to the provisions described herein apply with respect to any reserve account established for such indebtedness and such provisions of such indebtedness instrument shall be deemed to be on a parity with the provisions described herein.

Additionally, if and to the extent the Trustee is obligated to make a draw on any Reserve Account or a reserve account relating to a loan for a Project Area made from the proceeds of the Prior Bonds due to an insufficiency of Tax Revenues to make payments on the related Loan or any of the related loans made from the proceeds of the Prior Bonds, the Agency shall transfer tax revenues attributable to Other Project Areas (other than the Mission Bay North Project Area and the Mission Bay South Project Area) to the Trustee to replenish such Reserve Account to the extent and as permitted by the Other Loan Agreements; provided, however, that the amount to be transferred from each of such Other Project Areas shall be a pro rata share of the total insufficiency, calculated as an amount determined by multiplying a fraction, the numerator of which is the amount of the excess allocable tax revenues of such Other Project Area and the denominator of which is the total excess allocable tax revenues available for all of the Other Project Areas (other than the Mission Bay North Project Area and the Mission Bay South Project Area) that do not have insufficiencies, by the amount of such insufficiency. If there shall then not be sufficient tax revenues from any of the Other Project Areas (other than the Mission Bay North Project Area and the Mission Bay South Project Area) to transfer an amount equal to the portion of such insufficiency apportioned to such Other Project Area, the Agency shall have an obligation to continue making transfers of tax revenues from such Other Project Area to the Trustee until an amount equal to such portion has been transferred to the Trustee. The obligation of the Agency to transfer such tax revenues from the Other Project Areas shall constitute a pledge of and lien on the applicable tax revenues junior and subordinate, in all respects, to the obligation of the Agency to use such tax revenues to make payments due directly with respect to the Other Loan Agreements as described herein, but shall be on a parity with the obligation of the Agency to use such tax revenues to make payments due on a subordinate basis with respect to the Other Loan Agreements as described herein.

The "Other Project Areas" include the Bayview Hunters Point Redevelopment Project Area, Project Area B, the Hunters Point Redevelopment Project Area, India Basin Industrial Park Redevelopment Project Area (the "India Basin Redevelopment Project Area"), the Merged Embarcadero-Lower Market (Golden Gateway) Redevelopment Project Area/South of Market Redevelopment Project Area/Federal Office Building Redevelopment Project Area, the Mission Bay North Project Area, the Mission Bay South Project Area; the Rincon Point-South Beach Redevelopment Project Area, the South of Market Redevelopment Project Area, the Transbay Redevelopment Project Area, the Western Addition Redevelopment Project Area A-2, the Yerba Buena Center Approved Redevelopment Project Area D-1 and any other project area of the Agency for which the appropriate findings are made and which the Agency determines shall be an "Other Project Area", provided, however, as set forth in the immediately preceding paragraph, the obligation to transfer tax revenues to the Reserve Account, the reserve accounts relating to the loans for the Project Area made from the proceeds of the Prior Bonds, or the reserve accounts established by the Other Loan Agreements, shall not apply to the tax revenues attributable to the Mission Bay North Project Area or the Mission Bay South Project Area.

Books and Accounts; Financial Statements. The Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Redevelopment Funds, the Tax Revenues, the Special Fund, the Low and Moderate Income Housing Fund, the Reserve Account and the Revenue Fund and the accounts therein, established by the Indenture. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Authority, the Trustee (who shall have no duty to inspect) and the Owners of any Bonds then Outstanding, or their representatives authorized in writing.

The Agency will cause to be prepared and filed with the Trustee annually, within one hundred and eighty (180) days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements from the Special Fund, the Low and Moderate Income Housing Fund, the Redevelopment Funds, the Reserve Account and the Revenue Fund and the accounts therein, established by the Indenture, and the financial condition of the Project Area, including the balances in all such Funds and Accounts relating to the Project Area, as of the end of such Fiscal Year. The Agency will furnish a copy of such statements, upon reasonable request, to any Bond Owner. The Trustee shall have no duty to review such financial statements.

Protection of Security and Rights. The Agency will preserve and protect the security of the Loans and the Notes and the rights of the Trustee and the Bond Owners with respect to the Loans. From and after the Closing Date, the Loans and the Notes shall be incontestable by the Agency.

Taxation of Leased Property. All amounts derived by the Agency pursuant to Section 33673 of the Redevelopment Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of the Loan Agreements, and shall be paid to the Agency for deposit in the respective Special Funds.

Disposition of Property. The Agency will not participate in the disposition of any land or real property in a Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the related Redevelopment Plan in effect on the date of the Loan Agreements) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in such Project Area unless such disposition is permitted as hereinafter described. If the Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Redevelopment Consultant to report on the effect of said proposed disposition. If the Report of the Independent Redevelopment Consultant concludes that the security of the Loan or the rights of the Authority, the Owners and the Trustee will not be materially impaired by said proposed disposition, the Agency may thereafter make such disposition. If said Report concludes that such security will be materially impaired by said proposed disposition, the Agency shall disapprove said proposed disposition.

Maintenance of Tax Revenues. (a) The Agency shall comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the City and County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State. The Agency shall not enter into any agreement with the City and County or any other governmental unit which would have the effect of reducing the amount of Tax Revenues available to the Agency for payment of the Loan. Nothing in any Loan Agreement is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the Loans and all Parity Debt.

(b) The Agency shall not approve any amendment to a Redevelopment Plan which would, in and of itself, cause the amount of Allocable Tax Revenues in any succeeding Fiscal year to fall below 125% of Maximum Annual Debt Service on the Loan and any Parity Debt.

Amendment of a Loan Agreement. A Loan Agreement may only be amended as provided in the applicable Indenture.

Events of Default and Remedies

The following events shall constitute Events of Default under a Loan Agreement:

(a) Failure by the Agency to pay the principal of or interest or prepayment premiums (if any) on the applicable Loan or any Parity Debt when and as the same shall become due and payable.

(b) Failure by the Agency to observe and perform any of the covenants, agreements or conditions on its part contained in the applicable Loan Agreement, other than as referred to in the preceding clause (a), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Agency by the Trustee; provided, however, that if in the reasonable opinion of the Agency the failure stated in such notice (other than a failure to pay the fees and expenses of the Trustee) can be corrected, but not within such thirty (30)-day period, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Agency within such thirty (30)-day period and diligently pursued until such failure is corrected.

(c) The Agency commences a voluntary bankruptcy action under Title 11 of the United States Code or any substitute or successor statute.

If an Event of Default has occurred and is continuing, the Trustee shall, at the written direction of the Owners of a majority in aggregate principal amount of the Bonds Outstanding, (a) declare the principal of the related Loan, together with the accrued interest on all unpaid installment payments thereof, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the applicable Loan Agreement to the contrary notwithstanding, and (b) subject to receipt of indemnity satisfactory to the Trustee, exercise any other remedies available to the Trustee in law or at equity. Immediately upon becoming actually aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency by telephone, telecopier or other telecommunication device, promptly confirmed in writing. The Trustee shall not be deemed to have actual knowledge of an Event of Default (other than the failure by the Agency to pay the principal of or interest or prepayment premiums (if any) on the Loan when and as the same shall become due) until a Responsible Officer of the Trustee shall have been given written notice thereof. This provision, however, is subject to the condition that if, at any time after the principal of the Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all payments on the related Loan matured prior to such declaration, with interest on such overdue payments at the rate then borne by the related Outstanding Bonds, and the reasonable expenses of the Trustee (including but not limited to attorneys fees), and any and all other defaults known to the Trustee shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority in aggregate principal amount of the Bonds Outstanding may, by written notice to the Trustee and the Agency rescind and annul such declaration and its consequences. However,

no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of any Loan Agreement shall be applied by the Trustee in the following order:

First, to the payment of any outstanding fees and expenses of the Trustee and of the fees, costs and expenses of the Trustee in carrying out the provisions of such Loan Agreement relating to remedies, including reasonable compensation to its agents, attorneys and counsel; and

Second, to the payment of all payments on such Loan then due and unpaid, with interest on overdue payments to the extent permitted by law at the rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the order by which the overdue payments first became delinquent; and

Third, to the payment of all amounts then due and payable to or on behalf of the provider of the Qualified Credit Instrument by the Agency under the terms of the Qualified Credit Instrument.

No Waiver. Nothing in any provision of any Loan Agreement shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the applicable Tax Revenues and other amounts pledged thereunder, the payments and prepayment premiums (if any) on the applicable Loan to the Trustee, as therein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the applicable Loan Agreement.

A waiver of any default under a Loan Agreement by the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee by the Redevelopment Law or by the Loan Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Trustee, the Agency and the Trustee shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Discharge of Loan Agreement

If the Agency shall pay and discharge all or a portion of the entire indebtedness on any Loan in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the payments on all or a portion of such Loan, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, cash in an amount which, together with the available amounts then on deposit in any of the funds and accounts established pursuant to the related Indenture or the applicable Loan Agreement, is fully sufficient to pay all or a portion of the payments on such Loan; or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, non-callable Defeasance Obligations in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the related Indenture or pursuant to the applicable Loan Agreement, be fully sufficient to pay and discharge all or a portion of the indebtedness on such Loan (including all prepayments and prepayment premiums) at or before maturity;

then, at the election of the Agency in connection with the prepayment in full of the Loan, but only if all other amounts then due and payable under the applicable Loan Agreement, including any amounts owed to the provider of a Qualified Credit Instrument, shall have been paid or provision for their payment made, and the Bonds corresponding to the Loan or the portion thereof being discharged have been discharged as provided in the related Indenture, the pledge of and lien upon the applicable Tax Revenues and other funds provided for in the applicable Loan Agreement and all other obligations of the Trustee, the Authority and the Agency under such Loan Agreement with respect to that portion of the Loan so prepaid and discharged shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Trustee, from the amounts so deposited with the Trustee or such other fiduciary, all sums due with respect to the Loan and all expenses and costs of the Trustee and the provider of any Qualified Credit Instrument. Notice of such election shall be filed with the Authority, and the Trustee.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATES

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Redevelopment Agency of the City and County of San Francisco (the “Agency”) in connection with the issuance by the City and County of San Francisco Redevelopment Financing Authority (the “Authority”) of its \$_____ aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority [2009 Series A Taxable/2009 Series B] Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects) (the “Bonds”). The Bonds are being issued pursuant to Resolution No. [1-2009][2-2009] of the Authority and Resolution No. [65-2009][66-2009] of the Agency, each adopted on June 16, 2009, [Resolution No. 4-2009 of the Authority and Resolution No. 89-2009 of the Agency, each adopted on August 4, 2009,] and an Indenture of Trust (the “Indenture”) dated as of September 1, 2009, between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds are payable from and secured by certain amounts payable by the Agency to the Authority pursuant to various loan agreements obligating the Agency to pay amounts which are calculated to be sufficient to pay debt service on each Series of Bonds when due. The Agency covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing December 31, 2009, with the report for the 2008-09 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Trustee and the Participating Underwriter. Not later than fifteen (15) Business Days prior to the Annual Report Date, the Agency shall provide the Annual Report to the Dissemination Agent, if other than the Agency. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the financial information regarding each of the Project Areas described in the Official Statement (collectively, the "Project Areas") may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date if not available by that date. If the Agency's or any of the Project Area's fiscal year changes, the Agency, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Agency and shall have no duty or obligation to review such Annual Report.

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

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

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

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

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

Section 4. Content of Annual Reports. The Agency's Annual Report shall contain or incorporate by reference the following:

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

(b) The following additional items:

1. Assessed valuations, tax revenues and allocable tax revenues for the fiscal year to which the Annual Report pertains, by means of an update to the “Property Taxable Values and Allocable Tax Revenues” tables for the Project Areas shown in the Official Statement for the Bonds;
2. Description of any Parity Debt (date, amount, term, rating, insurance) issued by the Agency in the fiscal year to which the Annual Report pertains and amount of all Agency debt outstanding payable with tax increment revenue from the Project Areas as of the end of the fiscal year to which the Annual Report pertains;
3. Estimated annual debt service coverage for obligations of the Agency by means of an update to the “Estimated Annual Debt Service Coverage by Project Area” table for the Project Areas shown in the Official Statement for the Bonds;
4. Assessment appeals, of which the Agency is aware after reasonable inquiry, of property holdings in each Project Area which, if successful, could reduce the tax increment revenue in such Project Area by ten percent (10%) or more;
5. Top ten property tax assesses in each Project Area for the fiscal year to which the Annual Report pertains, taxable value and percentage of total taxable value for such Project Area.

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

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

Section 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the security;
7. Modifications to rights of security holders;
8. Unscheduled Bond calls;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds; and
11. Rating changes.

(b) Promptly after obtaining actual knowledge of the occurrence of any of the Listed Events at the principal corporate trust office of the Trustee in San Francisco, California, the Trustee (who shall have no obligation to determine the materiality thereof) shall contact the Agency at its notice address in the Indenture, inform it of the event, and request that the Agency promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f). For the purpose of this

Disclosure Certificate, “actual knowledge” means actual knowledge at the Trust Office of the Trustee by an officer of the Trustee with responsibility for matters related to the administration of the Indenture.

(c) Whenever the Agency obtains knowledge of the occurrence of any Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Agency shall determine as soon as possible if such event would constitute material information for Bond Owners within the meaning of the federal securities laws.

(d) If the Agency has determined that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Agency shall, or by written direction cause the Dissemination Agent (if not the Agency) to, promptly file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, with a copy to the Trustee and the Participating Underwriter, together with written direction to the Trustee whether or not to notify the Bond Owners of the filing of such notice. In the absence of any such direction, the Trustee shall not send such notice to the Bond Owners. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (a)(9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

(e) If in response to a request under subsection (b), the Agency determines that the Listed Event would not be material, the Agency shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Indenture and notice of any other Listed Event is only required following the actual occurrence of the Listed Event.

(g) The Dissemination Agent may rely conclusively on an opinion of counsel that the Agency’s instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

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

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

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

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

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

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

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

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate, the Trustee may (and, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), after receiving indemnification satisfactory to the Trustee, or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

To the Agency:

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

[With Respect to 2009 Series A Bonds]

[To the Participating Underwriter:

Piper Jaffray & Co.
345 California Street, Suite 2400
San Francisco, CA 94104
Fax: (415) 984-5159
Attention: Public Finance]

[With Respect to 2009 Series B Bonds]

[To the Participating Underwriter:

De La Rosa & Co.
101 Montgomery Street, Suite 2150
San Francisco, CA 94104
Fax: (415) 495-8864
Attention: _____]

To the Trustee:

U. S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Fax: (415) 273-4547
Attention: _____

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

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

Date: _____, 2009

REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO

By: _____
Deputy Executive Director, Finance and
Administration

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Redevelopment Agency of the City and County of San Francisco

Name of Issue: City and County of San Francisco Redevelopment Financing Authority [2009
Series A Taxable /2009 Series B] Tax Allocation Revenue Bonds (San Francisco
Redevelopment Projects)

Date of Issuance: _____, 2009

NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City and County of San Francisco (the "Agency") has not provided an Annual Report with respect to the above-named Bonds as required by Section ____ of the Several Loan Agreements (as such term is defined in the Indenture of Trust, dated as of September 1, 2009, by and between the City and County of San Francisco Redevelopment Financing Authority and U. S. Bank National Association, as trustee. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO

By: _____
Title: _____

cc: Trustee and Participating Underwriter

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APPENDIX E
FORMS OF BOND COUNSEL FINAL OPINIONS

September __, 2009

City and County of San Francisco
Redevelopment Financing Authority
1 South Van Ness Avenue
San Francisco, California 94103

Redevelopment Agency of the
City and County of San Francisco
1 South Van Ness Avenue
San Francisco, California 94103

\$75,000,000
City and County of San Francisco Redevelopment Financing Authority
2009 Series A Taxable Tax Allocation Revenue Bonds
(San Francisco Redevelopment Projects)

Ladies and Gentlemen:

We have acted as Bond Counsel to the City and County of San Francisco Redevelopment Financing Authority (the "Authority") with respect to \$75,000,000 aggregate principal amount of the Authority's 2009 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects) (the "Bonds").

In that connection, we have examined certain proceedings of the Authority with respect to the authorization and issuance of the Bonds, including but not limited to Resolution No. 1-2009 adopted by the Authority on June 16, 2009 (the "Authority Resolution"), Resolution No. 65-2009 adopted by the Redevelopment Agency of the City and County of San Francisco (the "Agency") on June 16, 2009 (the "Agency Resolution"), an Indenture of Trust, dated as of September 1, 2009 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), the Several Loan Agreements (as defined in the Indenture) (each, a "Loan Agreement"), the Several Notes (as defined in the Indenture), and such opinions, certificates and other documents as we deemed necessary or appropriate to render this opinion. As to questions of fact material to our opinion, we have relied upon said certified proceedings and other certifications of public officials furnished to us without undertaking to verify the accuracy or truthfulness of the same by independent investigation.

The Bonds are being issued pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), the Authority Resolution and the Indenture. The Bonds are being issued by the Authority to make loans to the Agency in order to assist the Agency in financing its redevelopment activities.

The opinions expressed herein are based on an analysis of the Act and other existing statutes and court decisions, and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted, and by events occurring, after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or omitted or do occur. We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

1. The Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State of California with full power to adopt the Authority Resolution and to enter into the Indenture and the Several Loan Agreements, to perform the agreements on its part contained therein, and to issue the Bonds. The Agency is a redevelopment agency duly organized and validly existing under the laws of the State of California with full power to adopt the Agency Resolution and to enter into the Several Loan Agreements, and to perform the agreements on its part contained therein, and to execute and deliver the Several Notes.

2. The Indenture has been duly approved by the Authority and constitutes the valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms. The Indenture creates a valid pledge of the Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

3. The Several Loan Agreements have been duly approved by the Authority and the Agency and constitute the valid and binding obligations of the Authority and the Agency enforceable against the Authority and the Agency in accordance with their respective terms. The Several Loan Agreements each create a valid pledge of and lien upon the Tax Revenues (as such term is defined in each such Loan Agreement) in accordance with the respective terms thereof. The Several Notes have been duly approved by the Agency and constitute the valid and binding obligations of the Agency enforceable against the Agency in accordance with their respective terms.

4. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, payable solely from the sources provided therefor in the Indenture.

5. The interest on the Bonds is not excluded from gross income for federal income tax purposes.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

To ensure compliance with requirements imposed by the Internal Revenue Service, we inform owners of the Bonds that any U.S. federal tax advice contained in this opinion is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

Further, we note that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Several Loan Agreements may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Respectfully submitted,

A Professional Law Corporation

September __, 2009

City and County of San Francisco
Redevelopment Financing Authority
1 South Van Ness Avenue
San Francisco, California 94103

Redevelopment Agency of the
City and County of San Francisco
1 South Van Ness Avenue
San Francisco, California 94103

\$17,625,000
City and County of San Francisco Redevelopment Financing Authority
2009 Series B Tax Allocation Revenue Bonds
(San Francisco Redevelopment Projects)

Ladies and Gentlemen:

We have acted as Bond Counsel to the City and County of San Francisco Redevelopment Financing Authority (the "Authority") with respect to \$17,625,000 aggregate principal amount of the Authority's 2009 Series B Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects) (the "Bonds").

In that connection, we have examined certain proceedings of the Authority with respect to the authorization and issuance of the Bonds, including but not limited to Resolution No. 2-2009 adopted by the Authority on June 16, 2009 and Resolution No. 4-2009 adopted by the Authority on August 4, 2009 (collectively, the "Authority Resolution"), Resolution No. 66-2009 adopted by the Redevelopment Agency of the City and County of San Francisco (the "Agency") on June 16, 2009 and Resolution No. 89-2009 adopted by the Agency on August 4, 2009 (collectively, the "Agency Resolution"), an Indenture of Trust, dated as of September 1, 2009 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), the Several Loan Agreements (as defined in the Indenture) (each, a "Loan Agreement"), the Several Notes (as defined in the Indenture), and such opinions, certificates and other documents as we deemed necessary or appropriate to render this opinion. As to questions of fact material to our opinion, we have relied upon said certified proceedings and other certifications of public officials furnished to us without undertaking to verify the accuracy or truthfulness of the same by independent investigation.

The Bonds are being issued pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), the Authority Resolution and the Indenture. The Bonds are being issued by the Authority to make loans to the Agency in order to assist the Agency in financing its redevelopment activities.

The opinions expressed herein are based on an analysis of the Act and other existing statutes and court decisions, and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted, and by events occurring, after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or omitted or do occur. We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

1. The Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State of California with full power to adopt the Authority Resolution and to enter into the Indenture and the Several Loan Agreements, to perform the agreements on its part contained therein, and to issue the Bonds. The Agency is a redevelopment agency duly organized and validly existing under the laws of the State of California with full power to adopt the Agency Resolution and to enter into the Several Loan Agreements, and to perform the agreements on its part contained therein, and to execute and deliver the Several Notes.

2. The Indenture has been duly approved by the Authority and constitutes the valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms. The Indenture creates a valid pledge of the Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

3. The Several Loan Agreements have been duly approved by the Authority and the Agency and constitute the valid and binding obligations of the Authority and the Agency enforceable against the Authority and the Agency in accordance with their respective terms. The Several Loan Agreements each create a valid pledge of and lien upon the Tax Revenues (as such term is defined in each such Loan Agreement) in accordance with the respective terms thereof. The Several Notes have been duly approved by the Agency and constitute the valid and binding obligations of the Agency enforceable against the Agency in accordance with their respective terms.

4. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, payable solely from the sources provided therefor in the Indenture.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion set forth in the preceding sentence is subject to the condition that the Authority and the Agency comply with all requirements of the

Internal Revenue Code of 1986 which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the Agency have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Further, we note that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Several Loan Agreements may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Respectfully submitted,

A Professional Law Corporation

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC and neither the Agency nor the Authority takes any responsibility for the completeness or accuracy thereof. Accordingly, the DTC Participants, the Indirect Participants and the Beneficial Owners should not rely on the information in this Appendix F with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be. The Agency and the Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The information set forth on such websites is not incorporated by reference.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details

of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

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